

Volunteers of America of Alaska, Inc.

Financial Statements, Supplementary Information  
and Compliance Reports

(With Independent Auditor's Report Thereon)

Year Ended June 30, 2016

Volunteers of America of Alaska, Inc.

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and Compliance Reports

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Volunteers of America of Alaska, Inc.

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### **Independent Auditor's Report**

Members of the Board of Directors  
Volunteers of America of Alaska, Inc.  
Anchorage, Alaska

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Volunteers of America of Alaska, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Volunteers of America of Alaska, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of activities- budget and actual, the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of state financial assistance, as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***2015 Summarized Comparative Information***

The financial statements of Volunteers of America of Alaska, Inc. as of June 30, 2015, were audited by other auditors whose report dated October 20, 2015, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2016, on our consideration of Volunteers of America of Alaska, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Volunteers of America of Alaska Inc.'s internal control over financial reporting and compliance.



Anchorage, Alaska  
November 14, 2016

## Volunteers of America of Alaska, Inc.

Statement of Financial Position  
(with comparative totals for 2015)

June 30, 2016

ASSETS	2016	2015
Current assets:		
Cash and cash equivalents	\$ 2,261,415	2,264,538
Accounts receivable, net of allowance for uncollectibles of \$575,895 in 2016 and \$560,975 in 2015.	49,746	38,622
Grants receivable	304,396	404,353
Inventory	11,319	5,724
Prepaid expenses	27,182	43,982
Total current assets	<u>2,654,058</u>	<u>2,757,219</u>
Property and equipment:		
Land and buildings	6,797,880	6,797,880
Automobiles and equipment	772,245	699,259
Accumulated depreciation	(1,469,793)	(1,317,775)
Net property and equipment	<u>6,100,332</u>	<u>6,179,364</u>
Other assets	32,110	32,110
Long-term investments	<u>456,223</u>	<u>457,667</u>
Total assets	<u>\$ 9,242,723</u>	<u>9,426,360</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 127,002	134,264
Accrued expenses	428,682	256,486
Grant advances	32,077	52,284
Total current liabilities	<u>587,761</u>	<u>443,034</u>
Other Liabilities- retirement credit payable	<u>12,723</u>	<u>12,723</u>
Total liabilities	<u>600,484</u>	<u>455,757</u>
Net assets:		
Unrestricted:		
Undesignated	8,615,928	8,959,304
Temporarily restricted	26,311	11,299
Total net assets	<u>8,642,239</u>	<u>8,970,603</u>
Total liabilities and net assets	<u>\$ 9,242,723</u>	<u>9,426,360</u>

See accompanying notes to financial statements.

## Volunteers of America of Alaska, Inc.

Statements of Activities  
(with comparative totals for 2015)

Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total	
			2016	2015
Revenues from operations:				
Public support received directly:	\$			
Contributions	134,789	16,456	151,245	117,296
Contributions, in-kind	125,822	-	125,822	245,168
Special events, net of direct benefit costs	64,013	-	64,013	48,633
Contributed services, at fair value	456,491	-	456,491	115,123
Public support received indirectly -				
United Way	137,433	-	137,433	146,969
Total public support	918,548	16,456	935,004	673,189
Revenues and grants from governmental agencies	3,801,303	-	3,801,303	3,853,864
Other revenues:				
Patient services revenues (net of contractual allowances and discounts):				
Third party	898,807	-	898,807	674,323
Self pay	105,242	-	105,242	72,102
Net patient service revenues	1,004,049	-	1,004,049	746,425
Miscellaneous	52,679	-	52,679	93,965
Total other revenues	1,056,728	-	1,056,728	840,390
Net assets released from restrictions	1,444	(1,444)	-	-
Total revenues from operations	5,778,023	15,012	5,793,035	5,367,443
Operating expenses:				
Program services:				
Encouraging positive development	1,394,118	-	1,394,118	1,145,852
Fostering independence	123,924	-	123,924	267,366
Promoting self-sufficiency	3,742,160	-	3,742,160	3,343,325
Total program services	5,260,202	-	5,260,202	4,756,543
Supporting services:				
Management and general	627,311	-	627,311	564,110
Fundraising	118,868	-	118,868	113,338
Total supporting services	746,179	-	746,179	677,448
Affiliate fees	114,685	-	114,685	99,417
Total operating expenses	6,121,066	-	6,121,066	5,533,408
Excess (deficiency) from operations	(343,043)	15,012	(328,031)	(165,965)
Non-operating revenues:				
Interest income	10,719	-	10,719	12,905
Realized/unrealized gains (losses)	(11,052)	-	(11,052)	(1,600)
Total non-operating revenues	(333)	-	(333)	11,305
Change in net assets	(343,376)	15,012	(328,364)	(154,660)
Net assets, beginning of year	8,959,304	11,299	8,970,603	9,125,263
Net assets, end of year	\$ 8,615,928	26,311	8,642,239	8,970,603

See accompanying notes to financial statements.



## Volunteers of America of Alaska, Inc.

Statement of Functional Expenses  
(with comparative totals for 2015)

Year Ended June 30, 2016

	Program Services						Support Services			Total	
	Encouraging Positive Development Services	Fostering Independence	Promoting Self-Sufficiency							Program and Supporting Services 2016	Program and Supporting Services 2015
	Children and Youth Prevention Services	Senior Support Services	Youth Substance Abuse Treatment	Housing for Families and Singles	Youth Restorative Justice Programs	Total Program Services	Management and General	Fundraising	Total Support Services		
Expenses:											
Salaries	\$ 413,525	57,670	1,972,675	25,172	70,332	2,539,374	425,563	89,562	515,125	3,054,499	2,946,998
Pension expense	8,836	1,793	39,693	-	1,060	51,382	28,963	2,629	31,592	82,974	77,730
Other employee benefits	43,493	339	246,360	82	8,598	298,872	38,937	8,727	47,664	346,536	322,667
Payroll taxes	57,063	7,643	226,684	3,583	10,044	305,017	37,965	13,496	51,461	356,478	251,115
Accounting/audit fees	-	-	-	-	-	-	29,391	-	29,391	29,391	29,568
Other professional fees	581,582	464	193,362	23,226	9,881	808,515	22,298	36	22,334	830,849	500,975
Supplies	82,870	20,450	200,185	32,454	15,078	351,037	15,437	1,687	17,124	368,161	443,359
Telephone	8,651	694	18,937	5,678	2,633	36,593	514	-	514	37,107	31,803
Postage	935	135	1,131	248	39	2,488	350	-	350	2,838	4,046
Occupancy expenses	114,831	29,284	271,231	102	36,518	451,966	7,827	1,206	9,033	460,999	438,045
Insurance	11,715	2,864	32,965	-	5,386	52,930	-	-	-	52,930	46,263
Equipment rental and maintenance	4,256	-	50,574	-	1,571	56,401	147	-	147	56,548	44,345
Printing and publications	4,383	150	7,266	212	-	12,011	475	1,500	1,975	13,986	9,044
Travel	4,257	500	8,515	-	2,468	15,740	646	-	646	16,386	15,238
Conference and meetings	49,710	-	28,485	2,812	6,751	87,758	13,877	25	13,902	101,660	72,524
Direct client expense	8,011	500	9,881	350	-	18,742	-	-	-	18,742	43,111
Other	-	-	-	-	-	-	-	-	-	-	2,796
Depreciation and amortization	-	1,438	170,363	(425)	-	171,376	4,921	-	4,921	176,297	154,364
Total functional expense	\$ 1,394,118	123,924	3,478,307	93,494	170,359	5,260,202	627,311	118,868	746,179	6,006,381	5,433,991
Administrative fees paid to the National Organization										114,685	99,417
Total expenses										\$ 6,121,066	5,533,408

See accompanying notes to financial statements.

## Volunteers of America of Alaska, Inc.

Statement of Cash Flows  
(with comparative totals for 2015)

Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
Cash flows provided (used) by operating activities:		
Change in net assets	\$ (328,364)	(154,660)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Change in allowance for uncollectable accounts	14,920	202,362
Depreciation	176,297	154,364
Unrealized investment (gain) loss	1,444	(7,742)
Decrease in accounts receivable, net	73,913	3,083
(Increase) in inventory	(5,595)	(5,724)
Decrease in prepaid expenses	16,800	12,312
Increase (decrease) in accounts payable	(7,262)	28,203
Increase in accrued expenses	172,196	6,710
(Decrease) in grant advances	(20,207)	(60,407)
Net cash provided (used) by operating activities	<u>94,142</u>	<u>178,501</u>
Cash flows provided (used) by investing activities:		
(Purchase) of property and equipment	(97,265)	(19,574)
Purchase of interest in Lumen Park Limited Partnership	-	(31,843)
Net cash (used) by investing activities	<u>(97,265)</u>	<u>(51,417)</u>
Net increase (decrease) in cash and equivalents	(3,123)	127,084
Cash and cash equivalents, beginning of year	<u>2,264,538</u>	<u>2,137,454</u>
Cash and cash equivalents, end of year	\$ <u><u>2,261,415</u></u>	<u><u>2,264,538</u></u>

See accompanying notes to financial statements.

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Organization**

Volunteers of America Alaska (the Organization) is a nonprofit spiritually based human services organization, incorporated in Alaska, that provides social services within the state of Alaska under a charter from Volunteers of America, Inc., a national nonprofit spiritually based organization providing local human service programs, and opportunities for individual and community involvement.

### *Encouraging Positive Development*

Volunteers of America provides services to encourage positive development for troubled and at-risk children and youth, while also promoting the healthy development of all children, adolescents, and their families. Our programs provide a continuum of care and support for young people ages birth to 21 through prevention, early intervention, crisis intervention, and long-term services. Within the area of Encouraging Positive Development, the Organization provides services to promote healthy development of children, adolescents and their families through a continuum of service from early prevention to intensive intervention approaches.

- Children and Youth:
  - Children and Youth Prevention Services: Established in 1989, it has grown to encompass Camp Hope (summer camp experience for 7-11 year old and 12-14 year old children at risk), and Prime for Life (an alternative to school suspension program). Prevention also includes Healthy Voices Healthy Choices, a coalition of community organizations and members who promote healthy choices through public education, outreach, advocacy and youth-led activities.
  - Parenting with Love and Limits (PLL): Established in 2014, PLL is an evidence based family education, skill building and therapeutic intervention model for adolescents between the ages of 14-18 with substance use disorders and / or serious emotional disturbances.
  - Transition to Independence Process (TIP): Established in 2014, TIP is a community-based model that serves transition aged youth ages 14-20; who are experiencing emotional and/or behavioral difficulties to including substance abuse. The focuses are on employment and career development, education, living situation, personal effectiveness/well-being, community, and life functioning.

*Fostering Independence*

Volunteers of America foster the health and independence of the elderly and persons with disabilities, mental illness, and HIV/AIDS through quality affordable housing, health care services, and a wide range of community services. The Organization offers programs designed to provide care where needed while supporting independence to the degree possible and promoting well-being of individuals through the following services:

- Elderly Services -
  - Senior Support Services: Provides support by senior to seniors and others in the community allowing many to remain independent and in their homes much longer. Seniors volunteering these services will continue to remain active physical and mentally for much longer.
  - Grandfamilies Project: Statewide support program for grandparents raising grandchildren.
  - Mental Health Therapy: Counseling and support services for youth, adults and families. Parent support groups are also offered.

*Promoting Self-sufficiency*

Volunteers of America promote self-sufficiency for individuals and families who have experienced homelessness, or other personal crisis, including chemical dependency, involvement with the corrections system and unemployment. We focus on solution-oriented approaches, using a continuum of services from prevention to intervention to long-term support. Under this impact area, the Organization provides services under the following program areas:

- Substance Abuse -
  - Adolescent Residential Center for Help (ARCH): This program is a youth substance abuse residential treatment program located in Eagle River. ARCH was established in 1981 and serves youth ages 12-18.
  - ASSIST: Established in 1984. It provides outpatient, intensive outpatient, and assertive continuing care services to youth ages 11-18.
- Correctional Services -
  - Youth Restorative Justice Program: Established in 1997, it oversees youth offenders who must complete restitution to the community or attend JASAP (Juvenile Alcohol Safety Action Program) for monitoring. This program also provides victim impact educational classes.
- Housing for Families and Singles -
  - Trailside Heights Affordable Housing Complex: It provides 141 units of affordable housing through tax credit investors to qualifying tenants.
  - Lumen: 20 units of low income senior housing.
  - Juneau: 40 units of income restricted housing.

Notes to Financial Statements, Continued

The major sources of funding for the Organization are grant funds, Medicaid, program fees and public support. Fees are based on a schedule of service provided with fee adjustments made on an individual basis depending on the individual's economic status.

**Basis of Accounting**

The accounting policies conform to accounting principles generally accepted in the United States of America as applicable to voluntary health and welfare organizations. The Organization's financial statements are presented on the accrual basis of accounting for which revenues are recognized when earned and liabilities and expenses are recorded when incurred. The financial statements include assets, liabilities, net assets, and financial activities for which the Organization exercises fiscal and operations control.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

*Unrestricted* net assets represents the portion of net assets that are neither permanently restricted nor temporarily restricted by donor-imposed restrictions.

*Temporarily Restricted* net assets represents the portion of net assets of the Organization whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When the time restriction ends or action is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statements of Activities as net assets released from restrictions.

*Permanently Restricted* net assets represent the portion of net assets from contributions whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

**Cash Equivalents**

Cash equivalents are all highly liquid investments with a maturity of three months or less when purchased, unless held for reinvestment as part of the investment portfolio, pledged to secure loan agreements or otherwise designated or restricted. The carrying amount approximates fair value because of the short maturity of those instruments.

### **Accounts and Grants Receivable**

Accounts receivable consist of primarily amounts due from third party payers. Amounts due from granting agencies are for cost reimbursable grants not received by year end. An allowance for collection of doubtful accounts has been established by the Organization based on management's assessment of the collectability of receivables and past historical trends. The allowance for doubtful accounts was \$575,895 as of June 30, 2016 and \$560,975 as of June 30, 2015. No interest is accumulated on delinquent receivables. Receivables are charged off when all collection efforts have been exhausted.

### **Inventory**

Inventory is comprised of bus passes that are purchased at a discounted price from the Municipality of Anchorage. Inventory is based on lower of cost or market.

### **Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods are recorded as prepaid expenses.

### **Investments**

The Organization's investments are pooled with Volunteers of America, Inc. - pooled investment program. Investments consist primarily of stocks, bonds, and cash reserve funds. They are recorded at fair value based on quoted market prices. Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at current value rather than historical cost. The fair value of short-term investments is based on the underlying value of the securities and will fluctuate based on overall changes in market conditions.

The Financial Accounting Standards Board (FASB) defines fair value in Accounting Standards Codification (ASC) 820 and subsections, as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1 Quoted market prices in active markets for identical assets or liabilities.

Level 2 Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 Unobservable inputs that are not corroborated by market data.

### **Property and Equipment**

Land, buildings and equipment purchased by the Organization are recorded at cost. The Organization follows the practice of capitalizing all expenditures for land, buildings and equipment in excess of \$5,000; the fair value of donated fixed assets is similarly capitalized.

Notes to Financial Statements, Continued

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets: Furniture and Equipment (3 to 5 years), Vehicles (5 years), Buildings and Improvements (55 years).

The granting organizations have the option to require that the Organization turn over equipment purchased with grant funds if the contract between the Organization and the grantor is terminated. Also, the Organization cannot dispose of such property without prior written approval of the grantor.

**Contributions**

Contributions are generally recorded only upon receipt, unless evidence or an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

**Contributed Services**

The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance nonfinancial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

**Operations**

The Organization defines operations as all program and supporting service activities undertaken. Revenues that result from these activities, and their related expenses, are reported as operations. Gains, losses and other revenue that results from ancillary activities, such as investing liquid assets and disposing of fixed or other assets, are reported as non-operating.

**Income Taxes**

Under provision of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the State of Alaska, Volunteers of America of Alaska, Inc. is exempt from income taxes, except for net income from unrelated business income, as a subordinate unit of Volunteers of America, Inc. Volunteers of America, Inc. is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code as a religious organization described in Section 501(c)(3). There were no unrelated business activities and accordingly, no income tax expense was incurred during the year ended June 30, 2016. With few exceptions, the Organization is not subject to audit of its tax returns prior to June 30, 2013.

Volunteers of America of Alaska, Inc. applies the provisions of Topic 740 of the FASB Accounting Standards Codification relating to accounting for uncertainty in income taxes. The Organization believes that it has no uncertain tax positions which would require disclosure or adjustment in these financial statements.

### **Allocation of Functional Expenses**

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statement of activities; accordingly, certain costs have been allocated among the various functions. Management and general expenses have not been allocated to the programs.

### **Annual Leave**

Annual leave is accrued as earned by employees and recorded as an expense in the period earned. Sick leave is non-vesting and is recorded as an expense in the period in which it is used.

### **Revenue Recognition**

Cost reimbursable grant revenues are recorded as earned as related expenses are incurred. Unearned grant receipts are deferred until expended for the purpose of the grant.

Client fees are recorded on an accrual basis. Program fees including Medicaid are a significant source of the Organization's revenue. Net patient service revenue is reported at the net realizable amounts from patients, third-party payers, and others for services rendered.

### **Advertising Costs**

Advertising costs are expensed as incurred.

### **Budgets**

Budgets are prepared for grants in conjunction with the individual program's funding. If a grant extends beyond the fiscal year end of the Organization, the unexpended budget portion is adopted as the approved budget for the subsequent fiscal year.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### **Summary Financial Information for 2015**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.



**II. CASH AND CASH EQUIVALENTS**

Included in cash and cash equivalents are two interest-bearing accounts, one non-interest bearing checking account, and petty cash totaling \$2,261,415. The checking accounts bear interest rates of approximately .06%.

The Organization maintains cash balances at two banks which are insured by the Federal Deposit Insurance Corporation up to \$250,000. Additional collateral is maintained for the sweep repurchase account. As of June 30, 2016 the Organization had \$1,913,950 of uninsured cash and cash equivalents. The Organization is not a party to any financial instruments with off-balance sheet risk. Financial instruments which potentially subject the Organization to concentrations of credit risk are demand deposits and temporary cash investments held in financial institutions.

**III. ACCOUNTS RECEIVABLE**

Volunteers of America of Alaska, Inc. estimates their allowance for doubtful accounts using the balance of the aged accounts receivable. No allowance has been recorded for grants receivable or contributions receivable as management considers all grants and contributions to be fully collectible. Following is the Organization's accounts receivable and allowance as of year end:

<u>2016</u>	<u>Medicaid</u>	<u>Third Party</u>	<u>Self Pay</u>	<u>General</u>	<u>Total</u>
Accounts receivable	\$ 344,247	260,562	904	19,928	625,641
Allowance for doubtful accounts	<u>(327,301)</u>	<u>(247,735)</u>	<u>(859)</u>	<u>-</u>	<u>(575,895)</u>
Net accounts receivable	\$ <u>16,946</u>	<u>12,827</u>	<u>45</u>	<u>19,928</u>	<u>49,746</u>

Net fees for service revenue is reported at the estimated net realizable amounts from clients, third-party payers, and other services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Medicaid revenue is reported on the Statement of Activities as part of Revenues and grants from governmental agencies in the amount of \$1,202,452 and \$1,119,076 for the years ended 2016 and 2015, respectively.

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## Notes to Financial Statements, Continued

**IV. INVESTMENTS**

In accordance with FASB ASC 820 and subsections, the Organization has categorized its financial instruments based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. This fair value hierarchy gives the highest priority to quoted prices, or observable inputs, in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs that are not corroborated by market data (Level 3). The level two investment is measured at net asset value. While the underlying asset values are quoted prices, the net asset value of a separate account is not publically quoted; accordingly, the fair values of the referenced account is reported at level 2. Investments are categorized based on the inputs to the valuation technique as follows at June 30, 2016:

		Investments at Fair Value			
		Level 1	Level 2	Level 3	Total
Cash and equivalents	\$	12,966	-	-	12,966
Stocks		247,284	18,021	-	265,305
Corporate fixed		121,310	-	-	121,310
Government fixed		56,642	-	-	56,642
Total investments	\$	<u>438,202</u>	<u>18,021</u>	<u>-</u>	<u>456,223</u>

**V. PROPERTY AND EQUIPMENT**

The following is a summary of major classifications of property and equipment at June 30, 2016:

Land	\$	339,797
Building		6,458,083
Equipment		615,351
Automobiles		<u>156,894</u>
Total property and equipment		7,570,125
Less – accumulated depreciation		<u>1,469,793</u>
Property and equipment, net	\$	<u>6,100,332</u>

Depreciation expense for the year ended June 30, 2016 was \$176,297.

**VI. LEASES**

The Organization is obligated under a ten-year operating lease agreement for office space, which expires on February 28, 2023. Rental expense was \$260,972 for the year ended June 30, 2016.

Future minimum rental payments through the final term of the lease are:

2017	\$	264,424
2018		272,360
2019		280,528
2020		288,940
2021		297,608
Thereafter		<u>514,948</u>
	\$	<u>1,918,808</u>

**VII. PENSION PLAN – CIGNA FOR MINISTERS**

The Organization participates in a non-contributory defined benefit pension and retirement plan. The plan is administered through a commercial insurance company and covers all ministers commissioned through December 31, 1999. Contributions to the pension plan totaled \$21,231 for the year ended June 30, 2016.

Because the plan is a multi-employer plan, the accumulated benefits and net assets available for benefits as they relate solely to the Organization are not readily available.

**VIII. PENSION PLAN – OTHER EMPLOYEES**

The Organization provides pension and retirement benefits for all of its full-time employees and part-time permanent employees that do not qualify for the Pension Plan for Ministers through Mutual America, through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after completion of one full year of service with the Organization or another qualifying nonprofit organization. The Organization contributed an amount equal to 3% of total covered payroll for the fiscal year. There are no employee contributions. There is a three year vesting schedule, at the end of which the employee is fully vested in the plan. Contributions to the pension plan totaled \$61,743 for the year ended June 30, 2016.

**IX. RELATED PARTY TRANSACTIONS**

The Organization is affiliated with Volunteers of America, Inc., which provides supportive services to the Organization for a fee. Affiliate fees for the year ended June 30, 2016, totaled \$114,685.

For purposes of constructing and providing affordable housing in Alaska through tax credit investors, the Organization has a 20% interest in TH III VOA M.M LLC for which Volunteers of America, Inc. holds the remaining 80% interest. TH III VOA M.M LLC, in turn, is the managing member of Trailside Heights III VOA LLC with .01% interest. As the majority managing member and having significant influence, Volunteers of America, Inc. is consolidating TH III VOA MM LLC. The Organization is reporting its investment in TH III VOA MM LLC at cost as part of Other Assets on the Statement of Financial Position. As of June 30, 2016, the Organization's investment was \$267.

For purposes of constructing and providing affordable housing in Alaska through tax credit investors, the Organization has a 20% interest in JI VOA MM LLC for which Volunteers of America, Inc. holds the remaining 80% interest. JI VOA MM LLC, in turn, is the managing member of Juneau I VOA LLC with .01% interest. As the majority managing member and having significant influence, Volunteers of America, Inc. is consolidating JI VOA MM LLC.

Terraces at Lawson Creek is a Volunteers of America housing development located at 2574 Vista Drive on Douglas Island in Juneau, AK. This is a brand new community constructed of 1, 2 and 3 bedroom homes; currently 40 are completed and filled with residents. The plans are for a total of 80 homes and Phase 2 is currently under construction. These apartments offer beautiful views of the Gastineau Channel, the surrounding mountains and the city of Juneau. Terraces at Lawson Creek are for households earning between 30-50% of median income as well as market rate units.

Volunteers of America of Alaska, Inc.

Notes to Financial Statements, Continued

Amounts due from/to Volunteers of America, Inc. at June 30, 2016 were as follows:

Affiliated fees/pension assessment from 2016	\$ (13,463)
Reimbursement for Trailside expenses	28,677
Initial investment TH VOA MM LLC	(267)
National conference fees	<u>(3,000)</u>
Total due from Volunteers of America, Inc.	\$ <u>11,947</u>

Additional amounts paid to Volunteers of America, Inc. during the year ended June 30, 2016 were as follows:

Career builders	\$ 7,200
National Services Community Coordinator Fund	23,000
Christmas cards	24
Ministers fees	<u>750</u>
Total additional amounts paid to Volunteers of America, Inc.	\$ <u>30,974</u>

The Organization contracted with board members to provide services to Volunteers of America Alaska, Inc. Total of \$135,676 was paid under the contracts in fiscal year 2016.

**X. NET ASSETS**

Unrestricted net assets are available under the specific programs from revenues generated but not expended as follows at June 30, 2016:

Alcohol and Drug Abuse:	
ARCH and Assist	\$ 1,817,308
Youth Intervention (ADIS)	8,105
Community Prevention Services:	
PLL & TIP	(52,344)
Grandfamilies	9,937
CMCA	77,577
Operations and depreciation	6,728,241
CHDO	(99)
Senior Support Services	19,007
Trailside Heights and Lumen Park Senior Housing and Juneau	(28,000)
Restorative Justice Programs:	
Youth Restitution	5,076
JASAP – Underage Drinking	<u>31,120</u>
Total unrestricted net assets	\$ <u>8,615,928</u>

Temporarily restricted net assets as of June 30, 2016 were \$26,311 related to donor restricted contributions for Grandfamilies and Camp Hope programs.

**XI. RELEASED NET ASSETS**

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose were as follows for the year ended June 30, 2016:

Restricted actions accomplished:

Grandfamilies	\$	<u>1,444</u>
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**XII. CONTRIBUTED SERVICES**

The Organization recognized 36,537 hours of contributed volunteer time, those services benefited Youth Treatment, Senior Support, Grandfamilies and HVHC, during the year ended June 30, 2016.

During the year ended June 30, 2016, the Organization received in-kind contribution in the form of professional services, space and goods in the amount of \$582,313.

**XIII. CONTINGENT LIABILITIES**

The Organization earns retirement credits for all employees who resigned prior to total vesting of their retirement. These retirement credits for non-vested prior employees can be used to offset current premium requirements or can be held in reserve to meet the future potential liability for rehired personnel. Per requirement of the plan, any employee that is rehired by the Organization within five years of their departure must have all retirement credits reinstated to their employee account. The amount of retirement credits payable shown on the balance sheet as a non-current liability at June 30, 2016 of \$12,723 represents an estimate of the liability for reinstatement of invested retirement account balances should past employees be rehired. The Organization believes that there is a potential for several employee rehires in the next few years.

Amounts received or receivable from the State of Alaska and federal government are subject to audit and adjustment. Any disallowed claims, including amounts already collected, would become a liability of the Organization.

**XIV. RECLASSIFICATIONS**

The Organization has adopted FASB Topic 954, Health Care Entities; as a result, certain prior year amounts were reclassified to conform to the current year presentation. The statement of activities has been changed to report patient services revenue by major revenue source and show those sources by gross amount before the provision for bad debt.

**XV. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through November 14, 2016, the date on which the financial statements became available for issue, and no events were identified that would require disclosure according to generally accepted accounting principles.

**XVI. GRANTS**

The following is the list of revenues from governmental agencies:

## Federal:

Department of Agriculture	\$	59,439
Department of Health and Human Services		<u>785,954</u>
Total federal		<u>845,393</u>

## State:

Department of Health and Social Services	1,681,589
Mental Health Trust Authority	<u>20,000</u>
Total state	<u>1,701,589</u>

Medicare	<u>1,202,452</u>
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## Local:

Municipality of Anchorage	<u>51,869</u>
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Total revenues and grants from governmental agencies on Exhibit B-1	\$	<u>3,801,303</u>
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## **SUPPLEMENTARY INFORMATION**

## Volunteers of America of Alaska, Inc.

## Schedule of Activities - Budget and Actual

Comprehensive Behavioral Health Treatment and Recovery Program  
(ARCH & ASSIST) 602-208-1614

Year Ended June 30, 2016

	Budget Amounts	Actual Amounts	Variance Favorable (Unfavorable)
Revenues:			
State of Alaska -			
Department of Health and Social Services	\$ 1,369,786	1,369,786	-
Project support	2,074,703	2,029,643	(45,060)
Required match	342,446	342,446	-
Total revenues	<u>3,786,935</u>	<u>3,741,875</u>	<u>(45,060)</u>
Expenditures:			
Personal services	2,845,674	2,798,059	47,615
Travel	27,205	52,908	(25,703)
Facility expense	291,498	288,524	2,974
Supplies	169,100	186,685	(17,585)
Equipment	25,500	50,721	(25,221)
Other direct expenses	427,958	364,978	62,980
Total expenditures	<u>3,786,935</u>	<u>3,741,875</u>	<u>45,060</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>



## Volunteers of America of Alaska, Inc.

## Schedule of Activities - Budget and Actual

Nutrition, Transportation and Support Services  
(Senior Volunteer State Support) 607-309-1627

Year Ended June 30, 2016

	Budget Amounts	Actual Amounts	Variance Favorable (Unfavorable)
Revenues:			
Federal sources passed through the State of Alaska -			
Department of Health and Social Services	\$ 35,285	35,285	-
State of Alaska -			
Department of Health and Social Services	20,352	20,352	-
Project support	44,619	34,423	(10,196)
Required match	5,564	5,564	-
Total revenues	<u>105,820</u>	<u>95,624</u>	<u>(10,196)</u>
Expenditures:			
Personal services	72,676	61,053	11,623
Travel	2,500	1,000	1,500
Facility expense	14,100	7,490	6,610
Supplies	7,064	20,835	(13,771)
Equipment	120	-	120
Other direct expenses	9,360	5,246	4,114
Total expenditures	<u>105,820</u>	<u>95,624</u>	<u>10,196</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>

## Volunteers of America of Alaska, Inc.

## Schedule of Activities - Budget and Actual

CBH Prevention and Early Intervention Services  
602-207-1619

Year Ended June 30, 2016

	Budget Amounts	Actual Amounts	Variance Favorable (Unfavorable)
Revenues:			
State of Alaska -			
Department of Health and Social Services	\$ 264,458	264,458	-
Project support	-	8,745	8,745
Required match	26,446	26,446	-
Total revenues	290,904	299,649	8,745
Expenditures:			
Personal services	105,887	105,887	-
Travel	13,316	13,316	-
Facility expense	24,500	24,500	-
Supplies	22,675	25,606	(2,931)
Equipment	1,200	1,200	-
Other direct expenses	123,326	129,140	(5,814)
Total expenditures	290,904	299,649	(8,745)
Excess of revenues over expenditures	\$ -	-	-

## Volunteers of America of Alaska, Inc.

## Schedule of Activities - Budget and Actual

National Family Caregiver Support Program  
(Grandfamilies) 607-307-1607

Year Ended June 30, 2016

	Budget Amounts	Actual Amounts	Variance Favorable (Unfavorable)
Revenues:			
Federal sources passed through the State of Alaska -			
Department of Health and Social Services	\$ 70,495	69,989	(506)
State of Alaska -			
Department of Health and Social Services	27,188	26,993	(195)
Project support	-	38,009	38,009
Required match	9,768	9,768	-
Total revenues	<u>107,451</u>	<u>144,759</u>	<u>37,308</u>
Expenditures:			
Personal services	73,627	78,796	(5,169)
Travel	2,903	2,903	-
Facility expense	9,900	26,818	(16,918)
Supplies	5,400	6,060	(660)
Equipment	360	360	-
Other direct expenses	15,261	29,822	(14,561)
Total expenditures	<u>107,451</u>	<u>144,759</u>	<u>(37,308)</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>

Volunteers of America of Alaska, Inc.  
Schedule of Activities - Budget and Actual  
Alcohol Safety Action Program 602-201-1613  
Year Ended June 30, 2016

	Budget Amounts	Actual Amounts	Variance Favorable (Unfavorable)
Revenues:			
Federal sources passed through the State of Alaska -			
Department of Health and Social Services	\$ 150,000	150,000	-
Project support	12,956	14,610	1,654
Required match	15,000	15,000	-
Total revenues	<u>177,956</u>	<u>179,610</u>	<u>1,654</u>
Expenditures:			
Personal services	99,789	99,789	-
Travel	9,219	9,219	-
Facility expense	35,400	35,400	-
Supplies	14,917	14,917	-
Equipment	971	971	-
Other direct expenses	17,660	19,314	(1,654)
Total expenditures	<u>177,956</u>	<u>179,610</u>	<u>(1,654)</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>

## Volunteers of America of Alaska, Inc.

## Schedule of Activities - Budget and Actual

Bring the Kids Home (PLL &amp; TIP) 602-205-1609

Year Ended June 30, 2016

	Budget Amounts	Actual Amounts	Variance Favorable (Unfavorable)
Revenues:			
Federal sources passed through the State of Alaska -			
Department of Health and Social Services	\$ 390,849	390,711	(138)
Project support	19,545	63,077	43,532
Required match	58,627	58,627	-
Total revenues	<u>469,021</u>	<u>512,415</u>	<u>43,394</u>
Expenditures:			
Personal services	334,103	341,936	(7,833)
Travel	19,000	34,567	(15,567)
Facility expense	38,010	38,010	-
Supplies	24,725	26,771	(2,046)
Equipment	2,400	2,775	(375)
Other direct expenses	50,783	68,356	(17,573)
Total expenditures	<u>469,021</u>	<u>512,415</u>	<u>(43,394)</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>

## Volunteers of America of Alaska, Inc.

## Schedule of Activities - Budget and Actual

## National School Lunch Program 0306-01

Year Ended June 30, 2016

	Budget Amounts	Actual Amounts	Variance Favorable (Unfavorable)
Revenues:			
Federal sources passed through the State of Alaska - Department of Education and Early Development	\$ 59,439	59,439	-
Expenditures:			
Supplies	59,439	59,439	-
Excess of revenues over expenditures	\$ -	-	-

Volunteers of America of Alaska, Inc.  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

<u>Federal Award Title</u>	<u>Award Number</u>	<u>Catalog of Federal Domestic Assistance Numbers</u>	<u>Total Award</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE				
Passed through the State of Alaska - Department of Education and Early Development -				
National School Lunch Program	0306-01	10.555	\$ 59,439	59,439
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct:				
Drug-Free Communities Support Program Grants	5H79SPO18786-03	93.276	125,000	21,715
Drug-Free Communities Support Program Grants	5H79SPO18786-04	93.276	125,000	118,254
Total CFDA 93.276			250,000	139,969
Passed through the State of Alaska - Department of Health and Social Services:				
Alcohol Safety Action Program	602-201-1613	93.959	150,000	150,000
Bring the Kids Home	602-205-1609	93.243	390,849	390,711
Nutrition, Transportation and Support Services	607-309-1627	93.044	35,285	35,285
National Family Caregiver Support Program	607-307-1607	93.052	70,495	69,989
Total Department of Health and Human Services			896,629	785,954
Total Expenditures of Federal Awards			\$ 956,068	845,393

**Notes to the Schedule:****Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Volunteers of America of Alaska Inc. under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Volunteers of America of Alaska Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Volunteers of America of Alaska Inc.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Volunteers of America of Alaska Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform guidance.

**Note 3. Passed Through Awards**

No amounts were passed through to subrecipients.

Volunteers of America of Alaska, Inc.  
Schedule of State Financial Assistance  
Year Ended June 30, 2016

<u>Grant Title</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Eligible Expenditures</u>
DEPARTMENT OF HEALTH AND SOCIAL SERVICES			
* Comprehensive Behavioral Health Treatment and Recovery Program (ARCH & ASSIST)	602-208-1614	\$ 1,369,786	1,369,786
* CBH Prevention & Early Intervention Services	602-207-1619	264,458	264,458
Nutrition, Transportation & Support Services (Senior Volunteer - Support Services)	607-309-1627	20,352	20,352
National Family Caregiver Support Program (Grandfamilies)	603-307-1607	27,188	26,993
Total Department of Health and Social Services		1,681,784	1,681,589
MENTAL HEALTH TRUST AUTHORITY			
Alaska Mental Trust Authority		20,000	20,000
Total State Financial Assistance		\$ 1,701,784	1,701,589

**Notes to the Schedule:****Note 1. Basis of Presentation**

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of Volunteers of America of Alaska, Inc. under programs of the State of Alaska for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of the State of Alaska Audit Guide and Compliance Supplement for State Single Audits. Because the Schedule presents only a selected portion of the operations of Volunteers of America of Alaska, Inc., it is not intended to and does not present the basic financial statements of Volunteers of America of Alaska, Inc.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the financial statements.

**Note 3. Passed Through Awards**

No amounts were passed through to subrecipients.

**Note 4. Major Programs**

\* denotes a major program for State Single Audit Compliance purposes.



## **COMPLIANCE REPORTS**

**Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

**Independent Auditor's Report**

Members of the Board of Directors  
Volunteers of America of Alaska, Inc.  
Anchorage, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Volunteers of America of Alaska, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Members of the Board of Directors  
Volunteers of America of Alaska, Inc.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Altman, Rogers & Co.".

Anchorage, Alaska  
November 14, 2016

**Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance**

**Independent Auditor's Report**

Members of the Board of Directors  
Volunteers of America of Alaska, Inc.  
Anchorage, Alaska

**Report on Compliance for Each Major Federal Program**

We have audited Volunteers of America of Alaska, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major Federal programs for the year ended June 30, 2016. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying federal schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Members of the Board of Directors  
Volunteers of America of Alaska, Inc.

### ***Opinion on Each Major Federal Program***

In our opinion, Volunteers of America of Alaska, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Anchorage, Alaska  
November 14, 2016

Volunteers of America of Alaska, Inc.

Federal Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Is a going concern emphasis-of-matter paragraph included in the audit report?

\_\_\_\_\_ yes   X   no

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes   X   no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes   X   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes   X   no

Federal Awards

Internal control over major programs (2 CFR 200.516 (a)(1)):

Material weakness(es) identified

\_\_\_\_\_ yes   X   no

Significant deficiency(ies) identified

\_\_\_\_\_ yes   X   none reported

Any material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program (2 CFR 200.516 (a)(2))?

\_\_\_\_\_ yes   X   no

Type of auditor’s report issued on compliance for major program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2 CFR 200.516(a)(3) or (4)?

\_\_\_\_\_ yes   X   no

Identification of major programs:

CFDA Number(s)

93.243

Name of Federal Program or Cluster

Bring the Kids Home

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

  X   yes \_\_\_\_\_ no

Volunteers of America of Alaska, Inc.

Federal Schedule of Findings and Questioned Costs, Continued

***Section II – Financial Statement Findings***

Volunteers of America of Alaska, Inc. did not have any findings that related to the financial statements.

***Section III – Federal Award Findings and Questioned Costs***

Volunteers of America of Alaska, Inc. did not have any findings related to federal awards.

***Section IV – Summary of Prior Audit Findings***

Volunteers of America of Alaska, Inc. did not have any prior year audit findings.

**Report on Compliance for Each Major State Program and Report on Internal Control over Compliance Required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits**

**Independent Auditor's Report**

Members of the Board of Directors  
Volunteers of America of Alaska, Inc.  
Anchorage, Alaska

**Report on Compliance for Each Major State Program**

We have audited Volunteers of America of Alaska, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of the Organization's major state programs for the year ended June 30, 2016. The Organization's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of State Financial Assistance.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Organization's compliance.



### ***Opinion on Each Major State Program***

In our opinion, Volunteers of America of Alaska, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.



Anchorage, Alaska  
November 14, 2016

Volunteers of America of Alaska, Inc.

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness identified?

\_\_\_\_ Yes X No

Significant deficiency identified?

\_\_\_\_ Yes X None reported

Noncompliance material to financial statements noted?

\_\_\_\_ Yes X No

State Awards

Internal Control over major programs:

Material weakness identified?

\_\_\_\_ Yes X No

Significant deficiency identified?

\_\_\_\_ Yes X None reported

Type of auditor's report issued on compliance  
for major programs:

Unmodified

Dollar threshold used to distinguish a state major program:

\$ 75,000

**Section II – Financial Statement Findings**

The Volunteers of America of Alaska, Inc. did not have any findings related to the financial statements.

**Section III – State Award Findings and Questioned Costs**

The Volunteers of America of Alaska, Inc. did not have any findings related to the state awards.

**Section IV – Summary of Prior Audit Findings**

Volunteers of America of Alaska, Inc. did not have any prior year audit findings.