

VOLUNTEERS OF AMERICA OF ALASKA, INC.

**FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND COMPLIANCE REPORTS
(With Independent Auditor's Report Thereon)**

Year Ended June 30, 2017



VOLUNTEERS OF AMERICA OF ALASKA, INC.

**FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND COMPLIANCE REPORTS
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Year Ended June 30, 2017

VOLUNTEERS OF AMERICA OF ALASKA, INC.

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PORTER & ALLISON

INC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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, 2017, 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, 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Address: 9138 Arlon Street, Suite A3 #270 Anchorage, Alaska 99507

Phone: 907-770-CPAs (2727)

Report on Summarized Comparative Information

Other auditors previously audited Volunteers of America of Alaska, Inc.'s 2016 financial statements (not presented herein), and an unmodified opinion was expressed on those audited financial statements in their report dated November 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supplementary Information as listed in the table of contents, including the Schedule of State Financial Assistance, as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and schedules of expenses – budget to actuals for grants are presented for purposes of additional analysis and is 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2017, 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 Volunteer of America of Alaska, Inc.'s internal control over financial reporting and compliance.

Porter & Allison, Inc.

Anchorage, Alaska
October 27, 2017

FINANCIAL STATEMENTS

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Statement of Financial Position
(With Comparative Totals for June 30, 2016)
June 30, 2017

	2017	2016
Assets		
Current Assets:		
Cash and equivalents	\$ 1,430,630	2,261,415
Accounts receivable, net	238,325	49,746
Grants receivable	239,976	304,396
Inventory	6,477	11,319
Prepaid expenses	40,943	27,182
Total Current Assets:	<u>1,956,351</u>	<u>2,654,058</u>
Fixed Assets:		
Land and buildings	6,797,880	6,797,880
Furnishing and equipment	780,154	772,245
Accumulated depreciation	<u>(1,641,629)</u>	<u>(1,469,793)</u>
Net fixed assets	5,936,405	6,100,332
Other assets	32,110	32,110
Long-term investments	<u>499,601</u>	<u>456,223</u>
Total Assets	<u>\$ 8,424,467</u>	<u>9,242,723</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 30,017	127,002
Accrued expenses	328,122	428,682
Payable to State of Alaska	<u>37,992</u>	<u>32,077</u>
Total Current Liabilities	396,131	587,761
Retirement credit payable	<u>-</u>	<u>12,723</u>
Total Liabilities	<u>396,131</u>	<u>600,484</u>
Net Assets:		
Unrestricted		
Undesignated	7,938,514	8,615,928
Temporarily restricted	<u>89,822</u>	<u>26,311</u>
Total Net Assets	<u>8,028,336</u>	<u>8,642,239</u>
Total Liabilities and Net Assets	<u>\$ 8,424,467</u>	<u>9,242,723</u>

See accompanying notes to financial statements.

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Statement of Activities

(With Comaparative Totals for June 30, 2016)

Year Ended June 30, 2017

			Total	
	Unrestricted	Temporarily Restricted	2017	2016
Revenues from operations:				
Public support received directly:				
Contributions	\$ 40,173	127,819	167,992	132,656
Contributions, in-kind	79,099	-	79,099	125,864
Special events, net of direct benefit costs	20,655	-	20,655	64,013
Contributed services, at fair value	132,359	-	132,359	456,491
Public support received indirectly:				
United Way	102,903	-	102,903	137,433
Total Public Support	375,189	127,819	503,008	916,457
Revenues and grants from governmental agencies	4,210,315	-	4,210,315	3,834,450
Other Revenue:				
Patient services revenues (net of contractual allowances and discounts):				
Third Party	290,763	-	290,763	847,993
Self Pay	59,138	-	59,138	36,300
Net patient service revenues	349,901	-	349,901	884,293
Housing development	207,992	-	207,992	113,629
Miscellaneous	112,038	-	112,038	96,650
Total Other Revenues	669,931	-	669,931	1,094,572
Net assets released from restrictions	64,308	(64,308)	-	-
Total Support, Revenue, and Reclassifications	5,319,743	63,511	5,383,254	5,845,479
Expenses:				
Operating Expenses:				
Program Services:				
Encouraging positive development	973,411	-	973,411	1,351,028
Fostering independence	301,686	-	301,686	307,650
Promoting self-sufficiency	3,859,350	-	3,859,350	3,742,174
Total Program Services	5,134,447	-	5,134,447	5,400,852
Support Services:				
Management and general	658,542	-	658,542	539,104
Fundraising	144,203	-	144,203	118,869
Total Support Services	802,745	-	802,745	657,973
Affiliate fees	104,296	-	104,296	114,685
Total Operating Expenses:	6,041,488	-	6,041,488	6,173,510
Excess (deficiency) from operations	(721,745)	63,511	(658,234)	(328,031)
Non-operating revenues:				
Interest income	953	-	953	10,719
Relaized/unrealized gains (losses)	43,378	-	43,378	(11,052)
Total Non-operating revenues	44,331	-	44,331	(333)
Change in Net Assets	(677,414)	63,511	(613,903)	(328,364)
Net Assets Beginning of Year	8,615,928	26,311	8,642,239	8,970,603
Net Assets End of Year	\$ 7,938,514	89,822	8,028,336	8,642,239

See accompanying notes to financial statements.

VOLUNTEERS OF AMERICA OF ALASKA, INC.
Statement of Functional Expenses
(With Comparative Totals for 2016)
Year Ended June 30, 2017

	Program Services						Support Services			Total		
	Encouraging Positive Development		Fostering Independence		Promoting Self-Sufficiency		Total Program Services	Management and General	Fundraising	Total Support Services	2017	2016
	Children and Youth Prevention Services	Community Enhancement	Elderly Services	Substance Abuse	Correctional Services	Housing						
Functional Expenses:												
Salaries	\$ 299,942	34,672	116,720	2,142,766	64,458	28,205	2,686,763	440,177	99,555	539,732	3,226,495	3,060,211
Pension expense	6,914	2,572	3,357	38,025	1,466	674	53,008	26,662	2,833	29,495	82,503	83,161
Other employee benefits	26,773	3,031	8,521	266,684	9,211	130	314,350	37,615	8,730	46,345	360,695	346,540
Payroll taxes	42,118	3,110	15,978	251,248	9,435	4,292	326,181	40,966	11,156	52,122	378,303	357,330
Legal	-	-	-	25	-	-	25	-	-	-	25	-
Accounting/audit fees	-	-	-	-	-	-	-	18,206	-	18,206	18,206	29,392
Other professional fees	387,666	931	15,455	251,845	13,044	1,258	670,199	12,706	1,907	14,613	684,812	830,849
Supplies	69,460	35	56,841	135,248	17,601	1,626	280,811	12,835	12,249	25,084	305,895	424,875
Telephone	4,864	287	2,642	21,909	941	7,878	38,521	3,435	452	3,887	42,408	38,126
Postage	6	-	28	1,896	-	10	1,940	509	284	793	2,733	2,836
Occupancy expenses	63,577	880	53,505	290,109	20,389	129	428,589	24,959	6,300	31,259	459,848	473,241
Insurance	8,674	269	3,018	29,104	4,825	18	45,908	3,026	446	3,472	49,380	52,930
Equipment rental and maintenance	3,259	-	195	22,912	128	-	26,494	-	-	-	26,494	31,478
Printing and publications	-	-	-	5,734	745	-	6,479	2,810	221	3,031	9,510	13,988
Travel	5,404	-	-	6,418	3,091	-	14,913	-	-	-	14,913	16,386
Conference and meetings	8,967	-	3,323	22,228	6,160	2,131	42,809	30,044	70	30,114	72,923	101,660
Direct client expense	-	-	22,103	7,710	-	400	30,213	-	-	-	30,213	18,742
Other	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	167,244	-	-	167,244	4,592	-	4,592	171,836	177,080
Total Functional Expenses	\$ 927,624	45,787	301,686	3,661,105	151,494	46,751	5,134,447	658,542	144,203	802,745	5,937,192	6,058,825
Administrative fees paid to the National Organization											104,296	114,685
Total Expenses											\$ 6,041,488	6,173,510

See accompanying notes to financial statements.

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Statement of Cash Flows (With Comparative Totals for 2016) Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>
Cash Flows provided (used) by Operating Activities:		
Change in net assets	\$ (613,903)	(328,364)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	171,836	176,297
Realized and unrealized gains on investments	(43,378)	1,444
Provision for uncollectable accounts receivable	78,951	14,920
Decrease (increase) in assets:		
Accounts receivable	(203,110)	73,913
Inventory	4,842	(5,595)
Prepaid expenses and other assets	(13,761)	16,800
Increase (decrease) in liabilities:		
Accounts payable	(96,985)	(7,262)
Accrued expenses	(100,560)	172,196
Payable to State of Alaska	5,915	(20,207)
Retirement credit payable	<u>(12,723)</u>	<u>-</u>
Net Cash Flows provided (used) by Operating Activities	<u>(822,876)</u>	<u>94,142</u>
Cash Flows provided (used) by Investing Activities:		
Purchase of equipment	<u>(7,909)</u>	<u>(97,265)</u>
Net Decrease in Cash and Cash Equivalents	(830,785)	(3,123)
Cash and Cash Equivalents, Beginning of Year	<u>2,261,415</u>	<u>2,264,538</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,430,630</u>	<u>2,261,415</u>

See accompanying notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Notes to Financial Statements

Year Ended June 30, 2017

Note 1: Summary of Significant Accounting Policies

Reporting Entity

Volunteers of America of 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.

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.

Community Enhancement:

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.

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:

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Notes to Financial Statements

Year Ended June 30, 2017

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:

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

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.

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.

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Notes to Financial Statements

Year Ended June 30, 2017

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.

Restricted and Designated Assets

Restricted and designated assets represent the total of all assets that are encumbered by donor restrictions, legal agreements, and board designation or are otherwise unavailable for the general use of the Organization. This category generally includes client/custodial funds, escrow/reserve funds, temporarily and permanently restricted assets, and securities that are pledged and held by the lender as collateral for financing.

Net Assets

The Organization classifies net assets into three categories: unrestricted, temporarily restricted and permanently restricted. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Temporarily restricted net assets include contributions with temporary, donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted and are reported in the statement of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose. Permanently restricted net assets include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all or part of the investment income earned on the contributions.

Use of estimates

The preparation of financial statements in conformity with accounting principles general 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.

Fair Value Measurement

The fair value of an asset is the amount at which the asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The Organization's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's classification is based on the lowest level input that is significant to its measurement. For example, a level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Notes to Financial Statements

Year Ended June 30, 2017

The levels of the fair value hierarchy are as follows:

Level 1 – Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spread and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's estimate of what hypothetical market participants would use to determine a transaction price for the asset at the reporting date.

Given the narrow definition of Level 1 and the Organization's investment strategy, primarily all the Organization's investment assets are classified as Level 1. Unadjusted quoted prices for these investments are provided to the Organization by independent pricing services.

Cash and 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 restricted or designated. The carrying amount approximates fair value because of the short maturity of those instruments.

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. All other investments are reported at historical cost, if purchased, or, if contributed, at fair value at the date of contribution.

Accounts 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 \$151,383 as of June 30, 2017. No interest is accumulated on delinquent receivables. Receivables are charged off when all collection efforts have been exhausted.

Prepaid expenses

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

Inventories

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.

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Notes to Financial Statements

Year Ended June 30, 2017

Property, Equipment & Depreciation

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

Revenue Recognition

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

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.

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.

Advertising

Advertising costs are expensed as incurred.

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Notes to Financial Statements

Year Ended June 30, 2017

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.

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.

Concentration of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents and investments are maintained at high-quality financial institutions and are insured.

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. 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, 2017. With few exceptions, the Organization is not subject to audit of its tax returns prior to June 30, 2014.

The Organization 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.

Subsequent events

The Organization has evaluated subsequent events through October 27, 2017, the date the financial statements were available to be issued.

Summary Financial Information for 2016

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Reclassifications

Certain 2016 amounts have been reclassified to conform to the 2017 financial statement presentation.

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Notes to Financial Statements

Year Ended June 30, 2017

Note 2: Cash and Equivalents

Included in cash and equivalents are two interest-bearing accounts, one non-interest-bearing checking account, and petty cash totaling \$1,430,630. The checking accounts bear interest rates of approximately .09%.

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, 2017, the Organization had \$660,796 of uninsured cash and 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.

Note 3: Accounts Receivable

The Organization 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:

	Medicaid	Third Party	Self-Pay	General	Total
Accounts receivable	\$ 258,900	46,268	43,743	40,797	389,708
Allowance for doubtful accounts	(84,001)	(26,770)	(40,612)	-	(151,383)
Net accounts receivable	\$ <u>174,899</u>	<u>19,498</u>	<u>3,131</u>	<u>40,797</u>	<u>238,325</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 \$1,813,554 for the year ended 2017.

Note 4: 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 publicly quoted; accordingly, the fair values of the referenced account are reported at level 2.

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Notes to Financial Statements

Year Ended June 30, 2017

Investments are categorized based on the inputs to the valuation technique as follows at June 30, 2017:

	Investments at Fair Value			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	\$ 8,517	-	-	\$ 8,517
Stocks	273,198	24,938	-	298,136
Corporate fixed	131,159	-	-	131,159
Government fixed	61,789	-	-	61,789
Total investments	\$ 474,663	24,938	-	\$ 499,601

Note 5: Property and Equipment

The following is a summary of major classifications of property and equipment at June 30, 2017:

Building	\$ 6,458,083
Equipment	623,260
Land	339,797
Automobiles	156,894
Total Property and Equipment	7,578,034
Less accumulated depreciation	(1,641,629)
Net Property and Equipment	\$ 5,936,405

Depreciation expense totaled \$171,836 for the year.

Note 6: Leases

The Organization is obligated under a ten-year operating lease agreement for office space, which expires on February 28, 2023. Rental expense was \$272,212 for the year ended June 30, 2017.

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

2018	\$ 269,664
2019	277,752
2020	286,080
2021	294,660
Thereafter	511,912
	\$ 1,640,068

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Notes to Financial Statements

Year Ended June 30, 2017

Note 7: Pension Plans

Pension Plan 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. Pension plan expense was \$23,563 for the year ended June 30, 2017. 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.

Pension Plan for Employees other than Ministers

The Organization provides pension and retirement benefits for all 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 \$58,939 for the year ended June 30, 2017.

Note 8: Related Parties

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, 2017, totaled \$104,296. Amounts due to Volunteers of America, Inc. at June 30, 2017 totaled \$0.

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 considerable influence, Volunteers of America, Inc. consolidates 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, 2017, 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 considerable 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

Year Ended June 30, 2017

The Organization is affiliated with Volunteers of America, Inc., which provides supporting services to the agency for a fee. Affiliate fees for the fiscal year ended June 30, 2017 totaled \$104,296. Amounts due to/from Volunteers of America, Inc. at June 30, 2017 were as follows:

Affiliated fees/pension assessment from 2017	\$ 634
Reimbursement for Trailside expenses	27,888
Initial investment TH VOA MM LLC	(267)
National conference fees	<u>(3,000)</u>
Total due to the Organization	\$ <u>25,255</u>

The Organization contracted with board members to provide services to the Organization. A total of \$75,068 was paid under contracts in fiscal year 2017.

Note 9: Net Assets

Temporarily restricted net assets as of June 30, 2017 were \$89,822 related to donor restricted contributions for Grand families, Prevention, Restitution Center, and Camp Hope programs.

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose were as follows for the year ended June 30, 2017:

Restricted actions accomplished:	
Treatment	\$ 1,580
HVHC	5,044
Camp Hope	<u>57,684</u>
	\$ <u><u>64,308</u></u>

Note 10: Contributed Services

The Organization recognized 4,779 hours of contributed volunteer time, those services benefited Youth Treatment, Senior Support, Grandfamilies and HVHC, during the year ended June 30, 2017.

During the year ended June 30, 2017, the Organization received in-kind contribution in the form of professional services, space and goods in the amount of \$211,458.

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Notes to Financial Statements

Year Ended June 30, 2017

Note 11: Revenues from governmental agencies

The following is the list of revenues from governmental agencies:

Federal grants:	
Department of Agriculture	\$ 48,208
Department of Health and Human Services	<u>747,038</u>
Total Federal	795,246
State grants:	
Department of Health and Social Services	1,588,252
Medicaid	1,813,554
Municipality of Anchorage	<u>13,263</u>
Total Revenues from governmental agencies	\$ <u>4,210,315</u>

Note 12: Commitments and Contingencies

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.

SUPPLEMENTARY INFORMATION

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Schedule of Activities - Budget to Actual

Comprehensive Behavioral Health Treatment and Recovery Program

602-208-1714

Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
State of Alaska -			
Department of Health and Social Services	\$ 1,275,995	1,275,994	1
Project Support	2,644,348	2,507,604	136,744
Required match	318,999	318,999	-
Total Revenues	<u>4,239,342</u>	<u>4,102,597</u>	<u>136,745</u>
Expenditures:			
Personal services	3,258,614	3,177,993	80,621
Travel	36,200	30,527	5,673
Facility	320,860	338,605	(17,745)
Supplies	169,100	142,524	26,576
Equipment	25,500	25,478	22
Other direct expenses	429,068	387,470	41,598
Total Expenditures	<u>4,239,342</u>	<u>4,102,597</u>	<u>136,745</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Schedule of Activities - Budget to Actual

Nutrition, Transportation and Support Services

607-309-1727

Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Federal sources passed through the State of Alaska	\$ 35,285	35,285	-
State of Alaska -			
Department of Health and Social Services	24,248	24,248	-
Project Support	682	606	76
Required match	5,953	5,953	-
Total Revenues	<u>66,168</u>	<u>66,092</u>	<u>76</u>
Expenditures:			
Personal services	43,632	45,081	(1,449)
Travel	250	250	-
Facility	8,100	8,057	43
Supplies	7,056	7,047	9
Equipment	-	-	-
Other direct expenses	7,130	5,657	1,473
Total Expenditures	<u>66,168</u>	<u>66,092</u>	<u>76</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Schedule of Activities - Budget to Actual

Comprehensive Behavioral Health Prevention and Early Intervention Services

607-207-1719

Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
State of Alaska -			
Department of Health and Social Services	\$ 264,458	264,458	-
Required match	26,446	26,446	-
Total Revenues	<u>290,904</u>	<u>290,904</u>	<u>-</u>
Expenditures:			
Personal services	92,849	92,269	580
Travel	1,274	825	449
Facility	17,800	17,626	174
Supplies	15,850	10,473	5,377
Equipment	1,700	1,791	(91)
Other direct expenses	161,431	167,920	(6,489)
Total Expenditures	<u>290,904</u>	<u>290,904</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Schedule of Activities - Budget to Actual

National Family Caregiver Support

607-307-1704

Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Federal sources passed through the State of Alaska	\$ 68,448	68,448	-
State of Alaska -			
Department of Health and Social Services	23,552	23,552	-
Required match	9,200	57,012	(47,812)
Total Revenues	<u>101,200</u>	<u>149,012</u>	<u>(47,812)</u>
Expenditures:			
Personal services	69,439	71,581	(2,142)
Travel	2,900	3,073	(173)
Facility	10,495	24,504	(14,009)
Supplies	4,976	9,988	(5,012)
Equipment	195	195	-
Other direct expenses	13,195	39,671	(26,476)
Total Expenditures	<u>101,200</u>	<u>149,012</u>	<u>(47,812)</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Schedule of Activities - Budget to Actual

Alcohol Safety Action Program

602-201-1713

Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Federal sources passed through the State of Alaska	\$ 150,000	137,500	12,500
Project Support	17,620	13,146	4,474
Required match	15,000	13,750	1,250
Total Revenues	<u>182,620</u>	<u>164,396</u>	<u>18,224</u>
Expenditures:			
Personal services	106,255	101,444	4,811
Travel	8,800	9,251	(451)
Facility	37,000	21,716	15,284
Supplies	9,600	16,110	(6,510)
Equipment	600	128	472
Other direct expenses	20,365	15,747	4,618
Total Expenditures	<u>182,620</u>	<u>164,396</u>	<u>18,224</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Schedule of Activities - Budget to Actual

Bring the Kids Home

602-205-1709

Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Federal sources passed through the State of Alaska	\$ 270,211	230,681	39,530
Project Support	4,476	326	4,150
Required match	67,553	57,701	9,852
Total Revenues	<u>342,240</u>	<u>288,708</u>	<u>53,532</u>
Expenditures:			
Personal services	231,566	191,723	39,843
Travel	6,000	4,447	1,553
Facility	28,538	23,882	4,656
Supplies	20,000	16,004	3,996
Equipment	600	1,046	(446)
Other direct expenses	55,536	51,606	3,930
Total Expenditures	<u>342,240</u>	<u>288,708</u>	<u>53,532</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Schedule of Activities - Budget to Actual

National School Lunch Program

0307-01

Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Federal sources passed through the State of Alaska	\$ <u>48,208</u>	<u>48,208</u>	<u>-</u>
Expenditures:			
Supplies	<u>48,208</u>	<u>48,208</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Schedule of Activities - Budget to Actual

Strategic Prevention Framework Partnerships for Success

602-236-1706

Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Federal sources passed through the State of Alaska -			
Department of Health and Social Services	\$ 200,000	175,000	25,000
Project Support	313	313	-
Required match	20,000	20,000	-
Total Revenues	<u>220,313</u>	<u>195,313</u>	<u>25,000</u>
Expenditures:			
Personal services	13,246	10,880	2,366
Travel	5,313	5,420	(107)
Facility	2,240	2,231	9
Supplies	23,200	20,682	2,518
Equipment	425	423	2
Other direct expenses	175,889	155,677	20,212
Total Expenditures	<u>220,313</u>	<u>195,313</u>	<u>25,000</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

Agency or Department/Name of Program/Name of Grant	Reference Number/Pass Through Entity Identifying Number	Federal CFDA Number	Passed through to Subrecipients	Amount of Award	Allowable Expenditures
Department of Health and Human Services					
Direct:					
Drug-Free Communities Support Program Grants	1H79SP018786-01	93.276	\$ -	125,000	100,124
Passed through the State of Alaska -					
Department of Health and Social Services:					
Special Programs for the Aging Title III, Part B					
Grants for Supportive Services and Senior Centers	607-309-1727	93.044	-	35,285	35,285
National Family Caregiver Support, Title III, Part E	607-307-1704	93.052	-	68,448	68,448
Substance Abuse and Mental Health Services					
Projects of Regional and National Significance					
Bring the Kids Home	602-205-1709	93.243	-	270,211	230,681
Strategic Prevention Framework Partnerships for Success	602-236-1706	93.243	-	200,000	175,000
Total Substance Abuse and Mental Health Services			-	470,211	405,681
Projects of Regional and National Significance					
Block Grants for Prevention and Treatment of Substance Abuse	602-201-1713	93.959	-	150,000	137,500
Total Department of Health and Human Services			-	848,944	747,038
United States Department of Agriculture					
Passed through the State of Alaska -					
Department of Health and Social Services:					
National School Lunch Program	0307-01	10.555	-	48,208	48,208
Total Expenditures of Federal Awards			\$ -	897,152	795,246

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, 2017. 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 full 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. Volunteers of America of Alaska, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Unearned Revenue

	CFDA Number	Amount
Private Grants and Contracts	n/a	\$ 22,453
State of Alaska Program Funds	n/a	15,539
		\$ 37,992

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Schedule of State Financial Assistance Year Ended June 30, 2017

Grantor/Award Name	Award Number	Total Award Amount	Eligible Expenditures
Department of Health and Social Services:			
* Comprehensive Behavioral Health Prevention and Early Intervention Services	602-207-1719	\$ 264,458	\$ 264,458
* Comprehensive Behavioral Health Treatment and Recovery	602-208-1714	1,275,995	1,275,994
National Family Caregiver Support	607-307-1704	23,552	23,552
Nutrition, Transportation and Support Services	607-309-1727	24,248	<u>24,248</u>
Total Department of Health and Social Services			\$ <u><u>1,588,252</u></u>

* Denotes Major State Program

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 government for the year ended June 30, 2017. 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 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 full accrual basis of accounting.

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COMPLIANCE REPORTS



PORTER & ALLISON INC CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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

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. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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 October 27, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Volunteers of America of Alaska, Inc.'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 Volunteers of America of Alaska, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Volunteers of America of Alaska, Inc.'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Volunteers of America of Alaska, Inc.'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 organization'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.

Porter & Allison, Inc.

Anchorage, Alaska
October 27, 2017



PORTER & ALLISON

INC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE*

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 compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Volunteers of America of Alaska, Inc.'s major federal programs for the year ended June 30, 2017. Volunteers of America of Alaska, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying 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 Volunteers of America of Alaska, Inc.'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 Volunteers of America of Alaska, Inc.'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 Volunteers of America of Alaska, Inc.'s compliance.

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, 2017.

Report on Internal Control Over Compliance

Management of Volunteers of America of Alaska, Inc., 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 Volunteers of America of Alaska, Inc.'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 Volunteers of America of Alaska'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.

Porter & Allison, Inc.

Anchorage, Alaska

October 27, 2017



PORTER & ALLISON

INC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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

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 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 Volunteers of America of Alaska, Inc.'s major state programs for the year ended June 30, 2017. Volunteers of America of Alaska, Inc.'s major state programs are identified in 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 Volunteers of America of Alaska, Inc.'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 audit requirements of 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 Volunteers of America of Alaska, Inc.'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 Volunteers of America of Alaska, Inc.'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, 2017.

Report on Internal Control over Compliance

Management of Volunteers of America of Alaska, Inc. 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 Volunteers of America of Alaska, Inc.'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 Volunteers of America of Alaska, Inc.'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.

Porter & Allison, Inc.

Anchorage, Alaska
October 27, 2017

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2017

Section 1 – Summary of Auditor’s Results

<i>Financial Statements</i>		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP [<i>unmodified, qualified, adverse, or disclaimer</i>]: Unmodified		
Internal control over financial reporting:		
• Material weakness(es) identified?	_____ yes	___ <u>X</u> ___ no
• Significant deficiency(ies) identified?	_____ yes	___ <u>X</u> ___ no
• Noncompliance material to financial statements noted?	_____ yes	___ <u>X</u> ___ no
<i>Federal Awards</i>		
Internal control over major federal programs:		
• Material weakness(es) identified?	_____ yes	___ <u>X</u> ___ no
• Significant deficiency(ies) identified?	_____ yes	___ <u>X</u> ___ no
Type of auditor’s report issued on compliance for major federal programs [<i>unmodified, qualified, adverse, or disclaimer</i>]: Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes	___ <u>X</u> ___ no
Identification of major federal programs:		
CFDA Number(s)	Name of Federal Program or Cluster	
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000	
Auditee qualified as low-risk auditee?	___ <u>X</u> ___ yes	_____ no
<i>State Financial Assistance</i>		
Type of report the auditor issued on compliance for major State programs [<i>unmodified, qualified, adverse, or disclaimer</i>]: Unmodified		
Internal control over major State programs:		
• Material weakness(es) identified?	_____ yes	___ <u>X</u> ___ no
• Significant deficiency(ies) identified?	_____ yes	___ <u>X</u> ___ no
Dollar threshold used to distinguish a state major program:	\$75,000	

VOLUNTEERS OF AMERICA OF ALASKA, INC.

Schedule of Findings and Questioned Costs, *continued*

For the Year Ended June 30, 2017

Section 2 – Financial Statement Findings

Volunteers of America of Alaska, Inc. did not have any financial statement findings.

Section 3 – Federal and State Award Findings and Questioned Costs

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