

VOLUNTEERS OF AMERICA OF ALASKA

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

Year Ended June 30, 2022



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PORTER & ALLISON

INC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Volunteers of America of Alaska
Anchorage, Alaska

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Volunteers of America of Alaska (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Volunteers of America of Alaska as of June 30, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Volunteers of America of Alaska and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Volunteers of America of Alaska's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Volunteers of America of Alaska's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Volunteers of America of Alaska's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 the Schedule of State Financial Assistance, as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, and schedules of revenue and expenses – budget and actual, 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 supplementary 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 24, 2022 on our consideration of the Volunteers of America of Alaska'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 solely 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 the effectiveness of the Volunteers of America of Alaska's 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 the Volunteers of America of Alaska's internal control over financial reporting and compliance.

Porter & Allison, Inc.

Anchorage, Alaska

October 24, 2022

FINANCIAL STATEMENTS

VOLUNTEERS OF AMERICA OF ALASKA

Statement of Financial Position

June 30, 2022

(With Comparative Totals at June 30, 2021)

	2022	2021
	<u>2022</u>	<u>2021</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,588,685	\$ 1,982,126
Accounts receivable, net	1,514,061	1,355,037
Prepaid expenses	64,541	56,306
Total Current Assets	<u>4,167,287</u>	<u>3,393,469</u>
Fixed Assets:		
Land and buildings	6,874,498	6,874,498
Furnishing and equipment	737,269	740,575
Accumulated depreciation	<u>(2,207,297)</u>	<u>(2,091,366)</u>
Net Fixed Assets	<u>5,404,470</u>	<u>5,523,707</u>
Other assets	32,110	32,110
Investments	<u>606,655</u>	<u>705,992</u>
Total Assets	<u><u>\$ 10,210,522</u></u>	<u><u>\$ 9,655,278</u></u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 116,391	\$ 119,764
Accrued expenses	469,233	282,746
Deferred revenue	<u>353,162</u>	<u>401,510</u>
Total Current Liabilities	<u>938,786</u>	<u>804,020</u>
Net Assets:		
Without donor restrictions	9,211,736	8,851,258
With donor restrictions	<u>60,000</u>	<u>-</u>
Total Net Assets	<u>9,271,736</u>	<u>8,851,258</u>
Total Liabilities and Net Assets	<u><u>\$ 10,210,522</u></u>	<u><u>\$ 9,655,278</u></u>

See accompanying notes to financial statements.

VOLUNTEERS OF AMERICA OF ALASKA

Statement of Activities
Year Ended June 30, 2022
(With Comparative Totals for 2021)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	
			2022	2021
Revenues and support from operations:				
Public Support:				
Public support received directly:				
Contributions	\$ 536,121	60,000	596,121	\$ 701,943
SBA PPP Loan forgiveness contribution	-	-	-	599,701
Special events, net of direct benefit costs	113,750	-	113,750	48,874
Contributions, in-kind space use	20,000	-	20,000	11,502
Contributions, in-kind goods and materials	27,056	-	27,056	2,000
Contributed services, at fair value	54,525	-	54,525	266,606
Public support received indirectly:				
United Way	66,148	-	66,148	77,744
Volunteers of America	19,000	-	19,000	-
Combined Federal Campaign	143	-	143	-
Total Public Support	836,743	60,000	896,743	1,708,370
Revenues and support from governmental agencies	6,821,899	-	6,821,899	6,321,058
Other Revenues:				
Program service fees	1,561,004	-	1,561,004	724,613
Other operating income	26,194	-	26,194	45,669
Total Other Revenues	1,587,198	-	1,587,198	770,282
Net assets released from restrictions	-	-	-	-
Total Support, Revenue, and Reclassifications	9,245,840	60,000	9,305,840	8,799,710
Expenses:				
Operating Expenses:				
Program Services:				
Encouraging positive development	355,941	-	355,941	411,233
Fostering independence	1,585,461	-	1,585,461	1,511,068
Promoting self sufficiency	5,299,672	-	5,299,672	4,908,042
Total Program Services	7,241,074	-	7,241,074	6,830,343
Support Services:				
Management and general	1,251,360	-	1,251,360	808,817
Fundraising	303,116	-	303,116	111,591
Total Support Services	1,554,476	-	1,554,476	920,408
Total Operating Expenses	8,795,550	-	8,795,550	7,750,751
Excess (deficiency) from operations	450,290	60,000	510,290	1,048,959
Non-operating revenues(expense):				
Realized/unrealized gain (loss), net	(111,032)	-	(111,032)	125,116
Interest income, net	15,720	-	15,720	9,283
Gain on disposition of fixed assets	5,500	-	5,500	3,500
Interest expense	-	-	-	(4,096)
Total Non-operating revenues (expense)	(89,812)	-	(89,812)	133,803
Change in Net Assets	360,478	60,000	420,478	1,182,762
Net Assets, beginning of year	8,851,258	-	8,851,258	7,668,496
Net Assets, end of year	\$ 9,211,736	60,000	9,271,736	\$ 8,851,258

See accompanying notes to financial statements.

VOLUNTEERS OF AMERICA OF ALASKA

Statement of Functional Expenses

Year Ended June 30, 2022

(With Comparative Totals for 2021)

	2022								2021	
	Encouraging Positive Development	Fostering Independence	Promoting Self Sufficiency	Total Program Services	Management and General	Fundraising	Total Support Services	Total	Total	
Operating Expenses:										
Salaries and wages	\$ 228,772	895,024	2,863,863	3,987,659	916,700	74,141	990,841	4,978,500	\$ 3,936,943	
Employee benefits	54,819	231,380	772,594	1,058,793	-	15,786	15,786	1,074,579	872,934	
Professional services	16,682	133,933	409,579	560,194	223,708	85,692	309,400	869,594	1,227,635	
Specific assistance	-	118,198	379,275	497,473	-	-	-	497,473	508,051	
Occupancy	23,761	58,892	197,655	280,308	54,468	33,455	87,923	368,231	334,821	
Program supplies and equipment	23,439	45,864	224,718	294,021	19,740	42,905	62,645	356,666	336,749	
Office supplies and expenses	5,309	26,272	95,897	127,478	20,449	39,287	59,736	187,214	159,373	
Depreciation and amortization	1,024	5,119	170,313	176,456	-	-	-	176,456	158,932	
Travel, conferences, and meetings	1,971	44,828	94,260	141,059	16,295	8,464	24,759	165,818	71,331	
Other	164	25,951	91,518	117,633	-	3,386	3,386	121,019	214,623	
	355,941	1,585,461	5,299,672	7,241,074	1,251,360	303,116	1,554,476	8,795,550	7,821,392	
Transfers of capitalized equipment	-	-	-	-	-	-	-	-	(70,641)	
Total Operating Expenses	\$ 355,941	1,585,461	5,299,672	7,241,074	1,251,360	303,116	1,554,476	8,795,550	\$ 7,750,751	

See accompanying notes to financial statements.

VOLUNTEERS OF AMERICA OF ALASKA

Statement of Cash Flows

Year Ended June 30, 2022

(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows provided (used) by Operating Activities:		
Change in net assets	\$ 420,478	\$ 1,182,762
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	176,456	158,932
Realized and unrealized (gains) losses on investments	111,032	(125,116)
Forgiveness of PPP loan	-	(599,701)
Gain on sale of fixed asset	(5,500)	(3,500)
Decrease (increase) in assets:		
Accounts receivable	(159,024)	(455,575)
Prepaid expenses and other assets	(8,235)	(11,782)
Increase (decrease) in liabilities:		
Accounts payable	(3,373)	(93,838)
Accrued expenses	186,487	27,095
Deferred revenue	(48,348)	357,015
Net Cash Flows provided (used) by Operating Activities	<u>669,973</u>	<u>436,292</u>
Cash Flows provided (used) by Investing Activities:		
Purchase of equipment	(57,219)	(70,641)
Proceeds from sale of fixed assets	5,500	3,500
Proceeds from sales investments	4,025	-
Purchase of investments	(15,720)	(8,714)
Net Cash Flows provided (used) by Investing Activities	<u>(63,414)</u>	<u>(75,855)</u>
Cash Flows provided (used) by Financing Activities:		
Interest paid on PPP loan	<u>-</u>	<u>4,096</u>
Net Increase in Cash and Cash Equivalents	606,559	364,533
Cash and Cash Equivalents, beginning of year	<u>1,982,126</u>	<u>1,617,593</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 2,588,685</u></u>	<u><u>\$ 1,982,126</u></u>
Supplemental Cash Flows Disclosures:		
Interest paid during the year	<u><u>\$ -</u></u>	<u><u>\$ 4,096</u></u>

See accompanying notes to financial statements.

VOLUNTEERS OF AMERICA OF ALASKA

Notes to Financial Statements

Year Ended June 30, 2022

Note 1: Nature of the Organization

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

The Organization 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. The 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.

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 a coalition of community organizations and members who promote healthy choices through public education, outreach, advocacy, and youth-led activities.

Corrections:

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.

Promoting Self-sufficiency

The Organization promotes self-sufficiency for individuals and families who have experienced homelessness, or other personal crisis, including chemical dependency, involvement with the corrections system and unemployment. The Organization focuses on solution-oriented approaches, using a continuum of services from prevention to intervention to long-term support.

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. This program provides general and intensive outpatient, and assertive continuing care services to youth and young adults through the age of 24.

Housing:

Trailside Heights Affordable Housing Complex: This program provides 141 units of affordable housing through tax credit investors to qualifying tenants.

VOLUNTEERS OF AMERICA OF ALASKA

Notes to Financial Statements

Year Ended June 30, 2022

Lumen: 20 units of low-income senior housing.

Juneau: 40 units of income-restricted housing.

Community Enhancement:

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, including substance abuse. The program focuses are on employment and career development, education, living situation, personal effectiveness/well-being, community, and life functioning.

Fostering Independence

The Organization fosters 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.

Elderly Services:

Kinship Project: Statewide support program for grandparent and other kinship raising children.

Mental Health:

Mental Health Therapy: Counseling and support services for youth, adults, and families. Parent support groups are also offered.

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.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The accounting policies of the agency conform to generally accepted accounting principles as applicable to voluntary health and welfare organizations in the United States of America. The financial statements and notes are the representations of the Organization's management, which is responsible for their integrity and objectivity.

The financial statement presentation follows the recommendations of the American Institute of Certified Public Accountants in its Audit and Accounting Guide, Health Care Organizations, which incorporates by reference Financial Accounting Standards Board (FASB) codification 958, *Financial Statements of Not-for-Profit Organizations*.

The more significant accounting policies of the agency are described below:

VOLUNTEERS OF AMERICA OF ALASKA

Notes to Financial Statements

Year Ended June 30, 2022

Net Assets

The Organization classifies net assets into two categories: with or without donor/grantor-imposed restrictions. All net assets are considered available for unrestricted use unless specifically restricted by the donor by law. Net assets with donor restrictions that are perpetual in nature include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity but permitting the use of all or part of the investment income earned on the contributions.

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.

Fixed Assets

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)

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, with or without donor restrictions, and securities that are pledged and held by the lender as collateral for financing. Donors include other types of contributors, including makers of certain grants.

Operations

The Organization defines operations as all program and supporting service activities undertaken. See Note 1. 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 the 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 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, 2022. With few exceptions, the Organization is not subject to an audit of its tax returns after three years.

VOLUNTEERS OF AMERICA OF ALASKA

Notes to Financial Statements

Year Ended June 30, 2022

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.

Investments

The Organization's investments are pooled with Volunteers of America, Inc.'s 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.

The Organization presents on net basis, with all external and direct internal investment management and custodial expenses netted against the return. No longer required to report investment income components and related expenses separately. Internal expenses include the direct conduct or direct supervision of the strategic and tactical activities involved in generating investment return. Salaries, benefits, travel and other costs associated with staff responsible for development and execution of investment strategy, including supervision, selecting and monitoring external managers. Excludes costs not associated with generating investment return, such as administrative management, contracts, pooled-fund administration.

Liquidity and Availability

As part of the Organization's liquidity management, the Organization has structured its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization has the ability to draw from its long-term investment portfolio to meet cash needs for general expenditure but does not intend to, as anticipated revenues and support are believed to meet these needs in the subsequent year's operating budget.

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. The statements of functional expenses present the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the community programs, management and general, and fundraising expenses.

Expenses related to more than one function are charged to each function as follows:

- Salaries costs for overhead positions are allocated based upon a combination of management estimates, historical data, and periodic time studies
- Personnel fringe benefits are allocated based on salaries expense
- Occupancy expenses are allocated based on management estimates
- Depreciation is allocated based upon the use of the related assets
- Other allocable expenses are charged using management estimates and historical data

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.

VOLUNTEERS OF AMERICA OF ALASKA

Notes to Financial Statements

Year Ended June 30, 2022

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). 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.

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 the collection of doubtful accounts has been established by the Organization based on management's assessment of the collectability of receivables and past historical trends. No interest is accumulated on delinquent receivables. Receivables are charged off when all collection efforts have been exhausted.

Prepaid Expenses

Payments to vendors for costs applicable to future accounting periods are recorded as prepaid expenses.

Revenue Recognition

Special event revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. Special event revenue is recognized equal to the fair value of direct benefits to donors at a point in time when the special event takes place. The Organization recognizes the contribution element, if any, immediately upon receipt, unless there is a right of return if the special event does not take place.

Management fees are recognized ratably over the life of the contract.

Program services fees are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations.

VOLUNTEERS OF AMERICA OF ALASKA

Notes to Financial Statements

Year Ended June 30, 2022

Generally, the Organization bills the patients and third-party payors several days after services are performed.

The Organization recognizes revenue as its performance obligations are completed. Each service encounter is treated as a single performance obligation satisfied at a point in time when those services are rendered.

The Organization determines the transaction price based on established billing rates reduced by contractual adjustments provided to third-party payors. Contractual adjustments are based on contractual agreements and historical experience. The Organization considers the patient's ability and intent to pay the amount of consideration upon admission. Subsequent changes resulting from a patient's ability to pay are recorded as bad debt expense, which is included as a component of other operating expenses in the statement of activities.

Medicaid program revenues are subject to audit and retroactive adjustment by government representatives or their agents. Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable considerations and are included in the determination of the estimated transaction price for providing patient care. Final reimbursements are determined after submission of annual cost reports and audits thereof by the fiscal intermediaries, and the prospective payment system to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty is associated with the retroactive adjustment is subsequently resolved. Adjustments arising from a change in the transaction price have not been significant to the Organization.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization also provides services to uninsured clients, and offers those uninsured clients a discount, in accordance with their policy, from standard charges. The Organization estimates the transaction price for clients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to client service revenue in the period of the change. Each year there is additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years. All of the Organization's performance obligations related to contracts have a duration of less than one year, therefore the Organization does not have any deferred revenues (contract liabilities) related to client services provided at the beginning or end of the year.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: (1) Payors having different reimbursement and payment methodologies and (2) the Organization's line of services that are provided to patients.

VOLUNTEERS OF AMERICA OF ALASKA

Notes to Financial Statements

Year Ended June 30, 2022

Contributions and Support Recognition

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.

A portion of the Organization's support is derived from cost-reimbursable federal and state grants, which are conditioned upon certain performance requirements and/or the occurrence of allowable qualifying expenses. Amounts received are recognized as support when expenditures are incurred in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

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.

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.

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 up to \$250,000. The Organization is not a party to any financial instruments with off-balance-sheet risk.

Summary Financial Information for 2021

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, 2021, from which the summarized information was derived.

Subsequent Events

The Organization has evaluated subsequent events through October 24, 2022, the date the financial statements were available to be issued.

VOLUNTEERS OF AMERICA OF ALASKA

Notes to Financial Statements

Year Ended June 30, 2022

Note 3: Cash and Cash Equivalents

Included in cash and equivalents are two interest-bearing accounts, one non-interest-bearing checking account, and petty cash with a carrying amount totaling \$2,540,220. Additional collateral is maintained for the sweep repurchase account. As of June 30, 2022, the Organization had \$2,290,220 of uninsured cash and cash equivalents.

Note 4: Accounts Receivable

Accounts receivable by payer type consists of the following:

	<u>June 30, 2022</u>	<u>July 1, 2021</u>
Patient receivable	\$ 1,152,461	\$ 1,053,441
Grants receivable	315,198	236,153
Trade accounts receivable	<u>123,424</u>	<u>142,465</u>
	1,591,083	1,432,059
Less: allowance for doubtful accounts	<u>(77,022)</u>	<u>(77,022)</u>
Accounts Receivable, net	\$ <u>1,514,061</u>	\$ <u>1,355,037</u>

Net program service fees are 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 support from governmental agencies (Note 13).

Note 5: Fixed Assets

The following is a summary of major classifications of fixed assets at June 30, 2022:

Building	\$ 6,534,701
Equipment	534,314
Land	339,797
Automobiles	<u>202,955</u>
Total Fixed Assets	7,611,767
Accumulated depreciation	<u>(2,207,297)</u>
Net Fixed Assets	\$ <u>5,404,470</u>

VOLUNTEERS OF AMERICA OF ALASKA

Notes to Financial Statements

Year Ended June 30, 2022

Note 6: Investments

Investments follow the fair value measurement as defined above in Note 2. Investments are categorized based on the inputs to the valuation technique as follows at June 30, 2022:

	Level 1	Level 2	Level 3	Total
Cash and equivalents	\$ 17,010	-	-	17,010
Stocks	187,028	628	-	187,656
Equity ETFs	138,936	-	-	138,936
Corporate bonds	-	64,744	-	64,744
Government bonds	-	47,983	-	47,983
Total investments measured at fair value	\$ 342,974	113,355	-	456,329
Investments measured at net asset value				150,326
Total Investments			\$	606,655

Note 7: Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30, 2022:

Restricted for specific use:	
Children and youth prevention services	\$ 10,000
Youth restorative justice program	50,000
	\$ 60,000

There were no net assets with donor restrictions as June 30, 2021.

Note 8: Leases

The Organization is obligated under a five year operating lease agreement for office space, which expires on March 31, 2024. The rental expense related to this lease was \$179,567 for the year ended June 30, 2022.

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

2023	\$ 183,139
2024	139,428
	\$ 322,567

VOLUNTEERS OF AMERICA OF ALASKA

Notes to Financial Statements

Year Ended June 30, 2022

Note 9: Pension Plans

Pension Plan for Employees other than Ministers

The Organization provides retirement benefits for all full-time and part-time employees through a 403(b) plan. All employees who were formerly part of the defined contribution plan were transitioned to the 403(b) plan in December 2021. Employees may voluntarily contribute to the plan immediately. After one year of service, the Organization contributes 3% of total covered payroll for the fiscal year. There is a three-year vesting schedule, at the end of which the employee is fully vested in the plan. The vesting schedule is only for the Organization contributions to the plan, the employee contributions are vested immediately. Contributions to the plan totaled \$83,678 for the year ended June 30, 2022.

Note 10: Related Parties

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, 2022, the Organization's investment was \$32,110.

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, Inc. housing development located at 2574 Vista Drive on Douglas Island in Juneau, AK. This is a brand-new community constructed of 80 units that are 1, 2, and 3-bedroom homes. 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.

The Organization is affiliated with Volunteers of America, Inc., which provides supportive services to the agency for a fee. Affiliate fees for the fiscal year ended June 30, 2022, totaled \$180,149 and are included in professional services on the statement of functional expenses. Amounts owed at year end to Volunteers of America, Inc. for affiliates fees was \$17,462.

Note 11: Contributed Services to Programs

The Organization recognized approximately 28 individuals who contributed volunteer time. Those services primarily benefited Youth Treatment and Youth Prevention, in addition to supporting general activities during the year ended June 30, 2022. There were no contributed services that meet recognition criteria for recording the financial statements for the year ended June 30, 2022.

VOLUNTEERS OF AMERICA OF ALASKA

Notes to Financial Statements

Year Ended June 30, 2022

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.

Note 13: Revenues and Support from Governmental Agencies

The following is the list of revenues and support from governmental agencies:

Federal grant support:	
Department of Housing and Urban Development	\$ 708,855
Department of Treasury	563,516
Department of Justice	138,938
Department of Health and Human Services –	
Other grants	353,274
Provider Relief Funds	-
Department of Agriculture	45,065
Total Federal grant support	<u>1,809,648</u>
State grant support:	
Department of Health and Social Services	1,216,538
Alaska Mental Health Trust Authority	185,000
Department of Public Safety	12,547
Total State grant support	<u>1,414,085</u>
Local government grant support:	
Municipality of Anchorage	638,998
Total Grant Support	<u>3,862,731</u>
Medicaid revenues	<u>2,959,168</u>
Total Support and Revenues from Governmental Agencies	<u>\$ 6,821,899</u>

Note 14: Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and cash equivalents	\$ 2,588,685
Accounts receivable, net	1,514,061
Investments	606,655
	<u>4,709,401</u>
Amounts restricted for specific use (Note 7)	<u>(60,000)</u>
Total financial assets available to meet cash needs	
for general expenditures within one year	<u>\$ 4,649,401</u>

VOLUNTEERS OF AMERICA OF ALASKA

Notes to Financial Statements

Year Ended June 30, 2022

Note 15: Subsequent Events

The Organization entered into a lease agreement for the use of space for their Supportive Housing program and some administrative staff in Anchorage. The lease was signed in July 2022 and space use began on August 1, 2022 and ends July 2024, with the option to extend for two additional periods of two years each. The lease agreement required a deposit of \$3,492 and has increasing rent payments starting at \$3,492 and increases each year to \$4,714.

Note 16: Accounting Pronouncements Issued But Not Yet Adopted or Currently in Effect

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for the entities' fiscal years beginning after December 15, 2021, with early adoption permitted.

SUPPLEMENTARY INFORMATION

VOLUNTEERS OF AMERICA OF ALASKA

Schedule of Revenues and Expenses - Budget and Actual Comprehensive Behavioral Health Treatment and Recovery 602-208-22013 Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
State of Alaska -			
Department of Health and Social Services	\$ <u>606,401</u>	<u>606,401</u>	<u>-</u>
Expenses:			
Personal services	<u>606,401</u>	<u>606,401</u>	<u>-</u>
Excess of revenues over expenses	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

VOLUNTEERS OF AMERICA OF ALASKA

Schedule of Revenues and Expenses - Budget and Actual Comprehensive Behavioral Health Treatment and Recovery

602-208-22081

Year Ended June 30, 2022

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
State of Alaska -			
Department of Health and Social Services	\$ <u>396,000</u>	<u>396,000</u>	<u>-</u>
Expenses:			
Personal services	349,149	349,149	-
Facility	<u>46,851</u>	<u>46,851</u>	<u>-</u>
Total Expenses	<u>396,000</u>	<u>396,000</u>	<u>-</u>
Excess of revenues over expenses	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

VOLUNTEERS OF AMERICA OF ALASKA

Schedule of Revenues and Expenses - Budget and Actual

National Family Caregiver Support

607-307-22003

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Federal sources passed through the State of Alaska	\$ 103,274	103,274	-
State of Alaska -			
Department of Health and Social Services	128,143	128,143	-
Total Revenues	<u>231,417</u>	<u>231,417</u>	<u>-</u>
Expenses:			
Personal services	168,172	170,728	(2,556)
Travel	2,568	2,568	-
Facility	25,316	25,316	-
Supplies	13,643	11,082	2,561
Equipment	580	585	(5)
Other direct expenses	21,138	21,138	-
Total Expenses	<u>231,417</u>	<u>231,417</u>	<u>-</u>
Excess of revenues over expenses	<u>\$ -</u>	<u>-</u>	<u>-</u>

VOLUNTEERS OF AMERICA OF ALASKA

Schedule of Revenues and Expenses - Budget and Actual

Mental Health Essential Program Equipment

C12-041-21020

Year Ended June 30, 2022

		<u>Actual</u>			
	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Variance</u>
Revenues:					
State of Alaska -					
Department of Health and Social Services	\$ <u>24,723</u>	<u>8,729</u>	<u>15,994</u>	<u>24,723</u>	<u>-</u>
Expenses:					
Equipment	<u>24,723</u>	<u>8,729</u>	<u>15,994</u>	<u>24,723</u>	<u>-</u>
Excess of revenues over expenses	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

VOLUNTEERS OF AMERICA OF ALASKA

Schedule of Revenues and Expenses - Budget and Actual

Alcohol Safety Action Program (Adult and Juvenile)

602-201-22012

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Federal sources passed through the State of Alaska -			
Department of Health and Social Services	\$ <u>150,000</u>	<u>150,000</u>	<u>-</u>
Expenses:			
Personal services	114,249	111,969	2,280
Travel	200	240	(40)
Facility	11,481	12,490	(1,009)
Supplies	6,143	7,372	(1,229)
Equipment	5,280	5,282	(2)
Other direct expenses	<u>12,647</u>	<u>12,647</u>	<u>-</u>
Total Expenses	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Excess of revenues over expenses	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

VOLUNTEERS OF AMERICA OF ALASKA

Schedule of Revenues and Expenses - Budget and Actual

Comprehensive Behavioral Health Prevention and Early Intervention Services

602-207-22015

Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Federal sources passed through the State of Alaska -			
Department of Health and Social Services	\$ <u>100,000</u>	<u>100,000</u>	<u>-</u>
Expenses:			
Personal services	81,149	81,170	(21)
Travel	-	-	-
Facility	12,258	12,258	-
Supplies	1,461	1,252	209
Equipment	141	141	-
Other direct expenses	<u>4,991</u>	<u>5,179</u>	<u>(188)</u>
Total Expenses	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Excess of revenues over expenses	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

VOLUNTEERS OF AMERICA OF ALASKA

Schedule of Revenues and Expenses - Budget and Actual
Tobacco Prevention and Control (Community Based Grants)
601-294-22005
Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
State of Alaska -			
Department of Health and Social Services	\$ <u>70,000</u>	<u>70,000</u>	<u>-</u>
Expenses:			
Personal services	58,414	58,414	-
Facility	6,335	6,335	-
Supplies	165	165	-
Equipment	141	141	-
Other direct expenses	<u>4,945</u>	<u>4,945</u>	<u>-</u>
Total Expenses	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Excess of revenues over expenses	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

VOLUNTEERS OF AMERICA OF ALASKA

Schedule of State Financial Assistance

Year Ended June 30, 2022

State Agency/Program Title	Award Number	State Expenditures
Department of Health and Social Services:		
* Comprehensive Behavioral Health Treatment and Recovery	602-208-22013	\$ 606,401
* Comprehensive Behavioral Health Treatment and Recovery	602-208-22081	396,000
National Family Caregiver Support	607-307-22003	128,143
Tobacco Prevention and Control	601-294-22005	70,000
Mental Health Essential Program Equipment	C12-041-21020	15,994
Total Department of Health and Social Services		1,216,538
Department of Public Safety:		
Supplemental Funding	n/a	12,547
Alaska Mental Health Trust Authority:		
Kinship Caregiver Support	13234	85,000
Clinical Skill Development VOA Youth Treatment Services	13120	100,000
Total Alaska Mental Health Trust Authority		185,000
Total State Financial Assistance		\$ 1,414,085

Note 1. Major Program Notation

* Denotes Major State Program

Note 2. Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of Volunteers of America of Alaska under programs of the State of Alaska for the year ended June 30, 2022. 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, 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.

Note 3. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the full accrual basis of accounting.

Note 4. Awards to Subrecipients

No state awards were passed through to subrecipients for the year ended June 30, 2022.

VOLUNTEERS OF AMERICA OF ALASKA

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal Reference Number/Pass- Through Entity Identifying Number	Federal Assistance Listing Number/ CFDA Number	Passed- through to Subrecipients	Total Federal Expenditures
Department of Health and Human Services				
Passed through the State of Alaska -				
Department of Health and Social Services:				
National Family Caregiver Support, Title III, Part E	607-307-22003	93.052	\$ -	103,274
Block Grants for Prevention and Treatment of Substance Abuse	602-207-22015	93.959	-	100,000
Block Grants for Prevention and Treatment of Substance Abuse	602-201-22012	93.959	-	150,000
			-	250,000
Provider Relief Fund	n/a	93.498	-	54,178
Total Department of Health and Human Services			-	407,452
United States Department of Justice				
Passed through the State of Alaska - Department of Public Safety, CDVSA:				
Crime Victim Assistance (Enhanced VOCA Mental Health)	22-MH-5VO21	16.575	-	138,938
United States Department of Agriculture				
Passed through the State of Alaska -				
Child Nutrition Cluster:				
Department of Health and Social Services:				
National School Lunch Program	30601	10.555	-	45,065
Department of Housing and Urban Development				
Emergency Solutions Grants Program:				
Case Management and Support Housing	PO: 2021002383	14.231	-	540,261
Continuum of Care Program	AK0073Y0C002002	14.267	-	124,169
Continuum of Care Program	AK0073Y0C001901	14.267	-	44,425
			-	168,594
Total Department of Housing and Urban Development			-	708,855
Department of the Treasury				
Coronavirus Relief Fund:				
Passed through the State of Alaska -				
Department of Public Safety, CDVSA:				
Crime Victim Assistance (Enhanced VOCA Mental Health)	22-MH-05VO21	21.019	-	7,312
Pandemic Technology purchases	n/a	21.019	-	4,038
			-	11,350

VOLUNTEERS OF AMERICA OF ALASKA

Schedule of Expenditures of Federal Awards, continued

Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal Reference Number/Pass- Through Entity Identifying Number	Federal Assistance Listing Number/ CFDA Number	Passed- through to Subrecipients	Total Federal Expenditures
Coronavirus State and Local Fiscal Recovery Funds:				
Passed through Alaska Community Foundation:				
COVID-19 CARES ACT funds	27192	21.027	\$ -	90,000
Passed through the Municipality of Anchorage -				
Department of Community Development:				
COVID-19 CARES ACT Public Health and Mental				
Support Personnel	PO: 2020004928	21.027	100,000	600,000
			100,000	690,000
Total Department of the Treasury			100,000	701,350
Total Expenditures of Federal Awards			\$ 100,000	\$ 2,001,660

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 under programs of the federal government for the year ended June 30, 2022. 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, 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.

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.

Note 3. Indirect Cost Rate

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

Note 4. Provider Relief Funds

During the year end June 30, 2022 Volunteers of America of Alaska received Provider Relief Funds. Payments received that are from Period 2 are included on the Schedule.

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
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 (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 24, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Volunteers of America of Alaska's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Volunteers of America of Alaska'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Volunteers of America of Alaska'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 financial statements. 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 24, 2022



PORTER & ALLISON

INC

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
Volunteers of America of Alaska
Anchorage, Alaska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Volunteers of America of Alaska's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Volunteers of America of Alaska's major federal programs for the year ended June 30, 2022. Volunteers of America of Alaska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Volunteers of America of Alaska 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Volunteers of America of Alaska and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Volunteers of America of Alaska's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Volunteers of America of Alaska's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Volunteers of America of Alaska's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Volunteers of America of Alaska's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Volunteers of America of Alaska's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Volunteers of America of Alaska's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Volunteers of America of Alaska's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not

identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 24, 2022



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
Anchorage, Alaska

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Volunteers of America of Alaska's compliance with the types of compliance requirements identified as subject to audit in State of Alaska Audit Guide and Compliance Supplements that could have a direct and material effect on each of Volunteers of America of Alaska's major state programs for the year ended June 30, 2022. Volunteers of America of Alaska's major state programs are identified on the Schedule of State Financial Assistance.

In our opinion, Volunteers of America of Alaska complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements in the State of Alaska Audit Guide. Our responsibilities under those standards and the State of Alaska Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Volunteers of America of Alaska and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Volunteers of America of Alaska's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Volunteers of America of Alaska's state programs.

VOLUNTEERS OF AMERICA OF ALASKA

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Volunteers of America of Alaska's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and State of Alaska Audit Guide requirements will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Volunteers of America of Alaska's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State of Alaska Audit Guide, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Volunteers of America of Alaska's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Volunteers of America of Alaska's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State of Alaska requirements, but not for the purpose of expressing an opinion on the effectiveness of Volunteers of America of Alaska's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

VOLUNTEERS OF AMERICA OF ALASKA

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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. Accordingly, this report is not suitable for any other purpose.

Porter & Allison, Inc.

Anchorage, Alaska

October 24, 2022

VOLUNTEERS OF AMERICA OF ALASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I – 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	___X___ no
• Significant deficiency(ies) identified?	_____ yes	___X___ none reported
• Noncompliance material to financial statements noted?	_____ yes	___X___ no
<i>Federal Awards</i>		
Internal control over major programs:		
• Material weakness(es) identified?	_____ yes	___X___ no
• Significant deficiency(ies) identified?	_____ yes	___X___ no
Type of auditor’s report issued on compliance for major federal programs [<i>unmodified, qualified, adverse, or disclaimer</i>]: Unmodified		
Any audit findings related to major federal programs required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes	___X___ no
Identification of major federal programs:		
Assistance Listing Number / CFDA Number(s)	Name of Federal Program or Cluster	
21.027	Coronavirus State and Local Fiscal Recovery Funds	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000	
Auditee qualified as low-risk auditee?	___X___ yes	_____ no
<i>State Financial Assistance</i>		
Type of auditor’s report 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	___X___ no
• Significant deficiency(ies) identified?	_____ yes	___X___ none reported
Dollar threshold used to distinguish a between a state type A and type B programs:	\$750,000	
Auditee qualified as low-risk auditee?	___X___ yes	_____ no

VOLUNTEERS OF AMERICA OF ALASKA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section II – Financial Statement Findings

Volunteers of America of Alaska did not have any findings that relate to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

Section III –Federal Award Findings and Questioned Costs

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

Section IV –State Award Findings and Questioned Costs

Volunteers of America of Alaska did not have any findings related to state awards.