

VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2024 AND 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEETS	4
CONSOLIDATED STATEMENTS OF ACTIVITIES	6
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	10
CONSOLIDATED STATEMENTS OF CASH FLOWS	12
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	13
CONSOLIDATING SUPPLEMENTARY INFORMATION	
CONSOLIDATING BALANCE SHEET	31
CONSOLIDATING STATEMENT OF ACTIVITIES	33



INDEPENDENT AUDITORS' REPORT

Board of Directors
Volunteers of America Minnesota and Wisconsin
Minneapolis, Minnesota

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Volunteers of America Minnesota and Wisconsin, which comprise the consolidated balance sheets as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Volunteers of America Minnesota and Wisconsin as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Volunteers of America Minnesota and Wisconsin and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

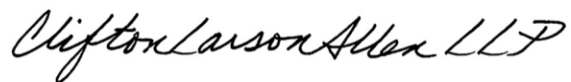
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated 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 Volunteers of America Minnesota and Wisconsin'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Volunteers of America Minnesota and Wisconsin'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.

Board of Directors
Volunteers of America Minnesota and Wisconsin

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 5, 2024

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2024 AND 2023**

ASSETS	2024	2023
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,678,048	\$ 2,513,510
Certificates of Deposit	2,614,638	2,513,436
Accounts Receivable, Net of Allowance for Credit Losses of \$238,907 in 2024 and \$450,286 in 2023	2,241,641	4,122,647
Government Contracts and Grants Receivable	2,882,362	3,050,954
Pledges Receivable	14,000	21,781
Prepaid Expenses and Other Current Assets	329,346	448,760
Residents' Funds and Deposits	21,873	30,562
Total Current Assets	11,781,908	12,701,650
PROPERTY AND EQUIPMENT, Net	6,923,758	8,212,953
RIGHT-OF-USE ASSETS, Net	3,288,008	3,870,873
PROPERTY HELD FOR SALE	667,866	-
OTHER ASSETS		
Escrow Funds	959,092	915,534
Funds Held by Foundation	33,904	33,165
Notes Receivable	381,248	381,248
Total Other Assets	1,374,244	1,329,947
Total Assets	\$ 24,035,784	\$ 26,115,423

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED BALANCE SHEETS (CONTINUED)
JUNE 30, 2024 AND 2023**

	2024	2023
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 124,646	\$ 211,097
Current Maturities of Lease Liabilities	587,102	618,053
Accounts Payable	817,869	553,547
Accrued Interest	54,500	59,000
Accrued Payroll and Payroll Taxes	1,636,212	1,696,642
Deferred Revenue	104,756	25,173
Residents' Fund, Deposits, and Trust Account Liabilities	172,285	65,048
Other Current Liabilities	326,391	247,302
Total Current Liabilities	3,823,761	3,475,862
LONG-TERM LIABILITIES		
Lease Liabilities	2,818,137	3,359,875
Deferred Loan Agreements	445,460	468,190
Long-Term Debt, Less Current Maturities	2,487,243	2,596,155
Total Long-Term Liabilities	5,750,840	6,424,220
Total Liabilities	9,574,601	9,900,082
NET ASSETS		
Without Donor Restrictions	13,327,012	14,623,825
Without Donor Restrictions, Noncontrolling Interest	604,075	892,777
Total Net Assets Without Donor Restrictions	13,931,087	15,516,602
With Donor Restrictions	530,096	698,739
Total Net Assets	14,461,183	16,215,341
Total Liabilities and Net Assets	\$ 24,035,784	\$ 26,115,423

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Direct Public Support	\$ 505,158	\$ 297,805	\$ 802,963
Indirect Public Support:			
Volunteer of America Awards and Grants	78,415	-	78,415
Governmental Contract and Grant Revenue	14,368,083	-	14,368,083
Program Service Fees, Medicaid, and Medicare	6,438,557	-	6,438,557
Program Service Fees	7,862,635	-	7,862,635
Miscellaneous Income	2,473,271	-	2,473,271
Net Assets Released from Restrictions	466,448	(466,448)	-
Total Support and Revenue	32,192,567	(168,643)	32,023,924
EXPENSES			
Program Services:			
Fostering Independence	15,152,890	-	15,152,890
Encouraging Positive Development	7,487,917	-	7,487,917
Promoting Self-Sufficiency	5,129,522	-	5,129,522
Total Program Services	27,770,329	-	27,770,329
Management and General	5,925,675	-	5,925,675
Fundraising	299,097	-	299,097
Total Expenses	33,995,101	-	33,995,101
CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS	(1,802,534)	(168,643)	(1,971,177)
DISCONTINUED OPERATIONS			
Other Income	47,330	-	47,330
Expenses	(15,496)	-	(15,496)
Net Income from Discontinued Operations	31,834	-	31,834
NONOPERATING ACTIVITIES			
Interest and Dividends	185,185	-	185,185
Total Nonoperating Activities	185,185	-	185,185
CHANGE IN CONSOLIDATED NET ASSETS	(1,585,515)	(168,643)	(1,754,158)
Change in Net Assets Without Restrictions			
Attributable to Noncontrolling Interest (Subsidiary's Limited Partners)	288,702	-	288,702
Change in Net Assets Attributable to the Parent	(1,296,813)	(168,643)	(1,465,456)
Net Assets - Controlling Interest - Beginning of Year	14,623,825	698,739	15,322,564
NET ASSETS - CONTROLLING INTEREST - END OF YEAR	\$ 13,327,012	\$ 530,096	\$ 13,857,108

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGE IN NET ASSETS ATTRIBUTABLE TO NONCONTROLLING INTEREST	\$ (288,702)	\$ -	\$ (288,702)
Net Assets - Noncontrolling Interest - Beginning of Year	892,777	-	892,777
NET ASSETS - NONCONTROLLING INTEREST - END OF YEAR	\$ 604,075	\$ -	\$ 604,075

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Direct Public Support	\$ 509,542	\$ 607,773	\$ 1,117,315
Indirect Public Support:			
Volunteer of America Awards and Grants	102,900	-	102,900
Governmental Contract and Grant Revenue	15,013,696	-	15,013,696
Program Service Fees, Medicaid, and Medicare	5,833,778	-	5,833,778
Program Service Fees	8,266,729	-	8,266,729
Miscellaneous Income	2,007,695	-	2,007,695
Net Assets Released from Restrictions	596,877	(596,877)	-
Total Support and Revenue	32,331,217	10,896	32,342,113
EXPENSES			
Program Services:			
Fostering Independence	15,102,591	-	15,102,591
Encouraging Positive Development	9,030,656	-	9,030,656
Promoting Self-Sufficiency	4,565,345	-	4,565,345
Total Program Services	28,698,592	-	28,698,592
Management and General	6,716,653	-	6,716,653
Fundraising	287,740	-	287,740
Total Expenses	35,702,985	-	35,702,985
CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS	(3,371,768)	10,896	(3,360,872)
DISCONTINUED OPERATIONS			
Program Service Fees, Medicaid, and Medicare	2,097,230	-	2,097,230
Other Income	2,588	-	2,588
Expenses	(1,875,556)	-	(1,875,556)
Net Income from Discontinued Operations	224,262	-	224,262
NONOPERATING ACTIVITIES			
Interest and Dividends	139,164	-	139,164
Gain on Sale of Property and Equipment	714,025	-	714,025
Gain on Mortgage Transfer	274,855	-	274,855
Distributions to Subsidiary's Limited Partners	-	-	-
Total Nonoperating Activities	1,128,044	-	1,128,044
CHANGE IN CONSOLIDATED NET ASSETS	(2,019,462)	10,896	(2,008,566)
Change in Net Assets Without Restrictions			
Attributable to Noncontrolling Interest (Subsidiary's Limited Partners)	265,445	-	265,445
Change in Net Assets Attributable to the Parent	(1,754,017)	10,896	(1,743,121)
Net Assets - Controlling Interest - Beginning of Year	16,377,842	687,843	17,065,685
NET ASSETS - CONTROLLING INTEREST - END OF YEAR	\$ 14,623,825	\$ 698,739	\$ 15,322,564

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGE IN NET ASSETS ATTRIBUTABLE TO NONCONTROLLING INTEREST	\$ (265,445)	\$ -	\$ (265,445)
Net Assets - Noncontrolling Interest - Beginning of Year	1,158,222	-	1,158,222
NET ASSETS - NONCONTROLLING INTEREST - END OF YEAR	\$ 892,777	\$ -	\$ 892,777

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024**

	Program Services			Management and General	Fundraising	Total
	Fostering Independence	Encouraging Positive Development	Promoting Self- Sufficiency			
Personnel Expenses	\$ 12,520,215	\$ 5,550,895	\$ 2,649,940	\$ 3,426,801	\$ 269,955	\$ 24,417,806
Professional Fees	369,415	62,414	480,068	1,047,664	2,956	1,962,517
Program Supplies and Expenses	87,864	47,242	99,157	469	-	234,732
Office Supplies and Expenses	555,988	168,206	201,820	290,967	20,748	1,237,729
Occupancy	565,342	982,523	1,040,244	491,972	-	3,080,081
Interest	331	195	113,519	35,791	-	149,836
Travel, Conferences, and Meetings	277,949	132,619	45,069	39,809	1,834	497,280
Specific Assistance to Individuals	625,570	463,652	195,278	-	-	1,284,500
Other	150,066	7,160	110,916	25,984	3,604	297,730
Depreciation and Amortization	150	73,011	193,511	566,218	-	832,890
Total Expenses by Function	<u>\$ 15,152,890</u>	<u>\$ 7,487,917</u>	<u>\$ 5,129,522</u>	<u>\$ 5,925,675</u>	<u>\$ 299,097</u>	<u>\$ 33,995,101</u>

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	Program Services			Management and General	Fundraising	Total
	Fostering Independence	Encouraging Positive Development	Promoting Self- Sufficiency			
Personnel Expenses	\$ 11,127,798	\$ 7,101,162	\$ 3,020,665	\$ 3,945,728	\$ 270,244	\$ 25,465,597
Professional Fees	749,904	216,239	248,191	977,056	2,667	2,194,057
Program Supplies and Expenses	177,128	114,551	106,019	386,274	144	784,116
Office Supplies and Expenses	391,550	286,583	77,393	9,619	3,309	768,454
Occupancy	970,404	814,530	608,103	250,441	1,944	2,645,422
Interest	116,736	2,735	6,223	24,598	-	150,292
Travel, Conferences, and Meetings	208,855	144,540	21,566	40,930	5,299	421,190
Specific Assistance to Individuals	786,066	158,722	431,957	-	-	1,376,745
Other	408,781	120,131	23,987	550,982	4,133	1,108,014
Depreciation and Amortization	165,369	71,463	21,241	531,025	-	789,098
Total Expenses by Function	<u>\$ 15,102,591</u>	<u>\$ 9,030,656</u>	<u>\$ 4,565,345</u>	<u>\$ 6,716,653</u>	<u>\$ 287,740</u>	<u>\$ 35,702,985</u>

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,754,158)	\$ (2,008,566)
Noncash Adjustments:		
Depreciation and Amortization	832,890	789,098
Credit Loss Expense	98,601	557,455
Change in Value of Funds Held at Community Foundation	(739)	(175)
Gain on Sale of Property and Equipment	-	(714,025)
Gain on Mortgage Transfer	(224,919)	(274,855)
Noncash Donations of Low-Interest, Forgivable, or Contributed Loans	202,189	(69,414)
Change in Assets and Liabilities:		
Accounts Receivable	1,782,405	(1,232,683)
Government Contracts and Grants Receivable	168,592	674,320
Pledge Receivable	7,781	(10,859)
Prepaid Expenses and Other Current Assets	119,414	(161,268)
Escrow Funds	115,926	23,693
Lease Asset and Liabilities	44,677	107,589
Accounts Payable	264,322	(103,090)
Accrued Interest	(4,500)	893
Accrued Payroll and Payroll Taxes	(60,430)	(309,238)
Deferred Revenue	79,583	(215,212)
Other Liabilities	79,089	(20,065)
Net Cash Provided (Used) by Operating Activities	1,750,723	(2,966,402)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(200,985)	(550,636)
Proceeds from Sale of Property and Equipment	-	1,397,000
Purchases of Certificates of Deposit, Net	(101,202)	(2,513,436)
(Increase) Decrease in Escrow Funds	(43,558)	77,015
Increase in Assets Under Bond and Indenture Agreements	-	17,454
Net Cash Used by Investing Activities	(345,745)	(1,572,603)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Financing Leases	(34,501)	(34,501)
Principal Payments of Long-Term Debt and Capital Leases	(205,939)	(151,204)
Net Cash Used by Financing Activities	(240,440)	(185,705)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,164,538	(4,724,710)
Cash and Cash Equivalents - Beginning of Year	2,513,510	7,238,220
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,678,048	\$ 2,513,510
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 149,836	\$ 150,292

See accompanying Notes to Consolidated Financial Statements.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The consolidated financial statements for Volunteers of America Minnesota and Wisconsin include Volunteers of America of Minnesota, Volunteers of America in Minnesota, Volunteers of America of Wisconsin, and 2100 Bloomington, LP which collectively are referred to as the Organization. Volunteers of America Minnesota and Wisconsin is a nonprofit health and human services organization committed to serving people in need, strengthening families, and building communities. For 128 years, the Organization has stepped forward as community builders working to close gaps between people and possibility with services that span housing, health, education, treatment, and support. Through a comprehensive range of innovative services and networks that respond to the needs of the community, the Organization strives to challenge inequities while generating powerful results. From infants to older adults, its work encompasses the entire lifespan --- and the whole human experience, serving about 22,000 people in need every year.

The Organization provides program services in the following Impact Areas:

Fostering Independence

Volunteers of America fosters the health and independence of older adults, persons with disabilities, and those struggling with mental health through quality affordable housing, behavioral and mental health services, and community-based programs. Services aim to restore, maintain, and promote independence, by supporting physical, emotional, and spiritual well-being. The Organization's Older Adult Services works with older adults, family caregivers, and community partners to support healthy aging in place. The Organization provides home delivered and group meal services, culturally appropriate caregiver support and dementia services, care management and consultation, legal services, and older adult volunteer programs. The Organization's Disability Services provides residential, in-home, and community-based support for individuals with intellectual and developmental disabilities. The Organization also provides outpatient clinical mental health services and targeted case management.

Encouraging Positive Development

Volunteers of America believes that all young people have the ability to reach their full potential and works to prepare children and adolescents for success in school, career, and life. Over the years, the Organization has helped thousands of children and adolescents flourish through promoting positive development, health, and academic success. The Organization provides residential treatment for children and youth who are experiencing emotional and behavioral challenges and operates an alternative high school and authorizes charter schools.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Organization (Continued)

Promoting Self-Sufficiency

Volunteers of America works to help individuals, families, and communities attain a self-sufficient, healthy, and sustainable future through the integration of affordable housing and supportive services. The Organization understands that housing is more than just a place to sleep, it is the foundation for life, opportunity, and upward mobility. For over 50 years, Volunteers of America has provided services to help individuals with a criminal record successfully transition from prison to a productive life in the community. Services include transitional housing and work-release programs, as well as one of the state's longest standing and most successful transitional mentoring programs for those leaving incarceration.

Basis of Accounting

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America as applicable to voluntary health and welfare organizations.

Principles of Consolidation

The consolidated financial statements include Volunteers of America Minnesota and Wisconsin, Volunteers of America of Minnesota; Volunteers of America in Minnesota; Volunteers of America of Wisconsin; and 2100 Bloomington, LP (collectively, the Organization). The economic interest and control factors between the organizations require a consolidated financial statement presentation. All material inter-organization transactions and accounts have been eliminated.

Volunteers of America Minnesota and Wisconsin (VOA MNWI) had no assets or liabilities or activity as of June 30, 2024 and 2023.

Volunteers of America of Minnesota (VOA of MN) is a nonprofit human services organization, incorporated in Minnesota, that provides social services within the state of Minnesota. VOA MNWI is the sole member of VOA of MN.

Volunteers of America in Minnesota (VOA in MN) is a nonprofit corporation organized for the purposes of holding title to real property and equipment for the benefit of carrying out its affiliate's charitable missionary and social service functions. VOA MNWI is the sole member of VOA in MN.

Volunteers of America of Wisconsin, Inc. (VOA WI) is a nonprofit human services organization, incorporated in Wisconsin, that provides social services within the state of Wisconsin. VOA MNWI is the sole member of VOA WI. VOA WI does not have current operations. Activities of VOA WI are presented as discontinued operations.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation (Continued)

2100 Bloomington, LP (Franklin Station) is a tax credit housing project located at 2100 Bloomington Avenue in Minneapolis that consists of a 90-unit multifamily apartment building for low-income families. The project's general partner is 2100 Bloomington, LLC whose sole member is VOA in MN. The general partner holds a 0.01% equity interest in the project with the remaining 99.99% balance of equity interest held by limited partners.

Consolidation of Franklin Station

The Organization follows the accounting guidance under FASB ASC 810-20. This guidance includes a presumption that a general partner controls the partnership no matter what the ownership interest is and requires the sole general partner in a limited partnership to consolidate the partnership unless that presumption of control is overcome.

The Organization evaluated its relationship with Franklin Station in which it is currently the general partner and determined the presumption of control, as defined by accounting guidance, could not be overcome. Therefore, the Organization has consolidated the assets, liabilities, and results of operations, and recorded the noncontrolling interest's share of this limited partnership since control was obtained.

Statement Presentation

Net assets and revenue, gains and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets without donor restrictions consist of those resources over which the board of directors has discretionary control.

With Donor Restrictions – Net assets with donor restrictions consist of those resources which are limited as to use by donor-imposed stipulations or those resources subject to donor-imposed stipulations that they be maintained in perpetuity by the Organization. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as Net Assets Released from Restrictions. The donors of those resources required to be maintained in perpetuity by the Organization permit the Organization to use all or part of the income earned, including capital appreciation or related investment income, for purposes without donor restriction.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, 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. The Organization maintains checking and savings accounts. A portion of these balances may exceed the Organization's Federal Deposit Insurance Corporation coverage at times during the year.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Accounts Receivable

Accounts receivable are uncollateralized customer and third-party payor obligations outstanding for client services provided. The carrying amount of accounts receivable approximates what is expected to be collected based on a contract or agreed upon rates with the third-party payor for the services provided. Management determines the allowance for credit losses based on historical experience, current economic conditions, forward-looking information and management's evaluation of individual outstanding receivables. The allowance for credit losses totaled \$238,907 and \$450,286, while the provider reductions totaled \$261,962 and \$252,331 on June 30, 2024 and 2023, respectively.

Government Contracts and Grants Receivable

Government contracts and grants receivable are stated at their net realizable value and relate primarily to contracts and awards to provide various services on a cost-reimbursement basis. These receivables are generally contractually obligated and as such, no allowance was considered necessary at June 30, 2024 and 2023.

Pledges Receivable

The Organization accounts for uncollectible pledges receivable by the reserve method. Promises to give that are expected to be collected within one year are recorded at their net realizable value. 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. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the promise is received. Conditional promises to give are not included in support until such time as the conditions are substantially met. Pledges receivable at June 30, 2024 and 2023 are expected to be collected within one year. No allowance was considered necessary at June 30, 2024 and 2023.

Note Receivable

VOA in MN holds a surplus cash note receivable from VOA MN 1900, LLC. The note bears simple interest at 6.0% and is receivable in semi-annual installments from only the surplus cash. The principal balance due as of both June 30, 2024 and 2023 is \$381,248 and accrued interest due as of June 30, 2024 and 2023 is \$82,155 and \$59,280, respectively. The balance of principal plus accrued interest is due on July 1, 2051.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost at the date of acquisition or fair market value at the date of the donation in the case of donated property. If the donor stipulates how long the asset must be used, the contribution is recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as contributions without donor restrictions. The Organization follows the practice of capitalizing all expenditures for furnishings, equipment, and improvements in excess of \$3,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed on the straight-line method based upon the estimated useful lives of the assets, which range between 3 and 30 years. Leasehold improvements are amortized over the shorter of the life of the asset or the lease term.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Property and Equipment (Continued)

The Organization reviews long-lived asset groups for impairment whenever events or changes in circumstances indicate the carrying amount of an asset group may not be recoverable. Recoverability of asset groups to be held and used is measured by a comparison of the carrying amount of an asset group to future undiscounted net cash flows expected to be generated by the asset group. If such asset groups are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset groups exceeds the fair value of the asset groups. Asset groups to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Property Held for Sale

The Organization classifies land and fixed assets actively marketed for sale as property held for sale. It is measured at the lower of its carrying amount or fair value less estimated costs to sell.

Leases

The Organization leases building space, office equipment, and vehicles. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and long-term lease liabilities on the consolidated balance sheets. Finance leases are included in financing lease right-of-use (ROU) assets, other current liabilities, and long-term lease liabilities on the consolidated balance sheets.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments for finance leases. The Organization uses a risk-free rate at commencement date in determining the present value of lease payments for operating leases. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the consolidated balance sheets.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Financing Fees

Financing fees consist of issuance costs for certain long-term debt and are amortized over the respective term of the related debt. These costs are presented net with the related long-term debt (Note 6).

Funds Held by Foundation

The Organization has established the Volunteers of America of Minnesota Fund accounts at The Minneapolis Foundation and the Saint Paul and Minnesota Foundation. The Organization's agreement with the Foundations states the Foundations will distribute to the Organization the Fund's net income or principal or both as determined by the Foundations. The Organization retains a future economic benefit in the transferred assets and, therefore, has an ongoing economic interest in the net assets of the Foundations.

Certificates of Deposit

The Organization holds two certificates of deposit with a financial institution that have original terms of six month maturity dates.

Revenue Recognition

The Organization receives revenue primarily from governmental contracts and grants and program service fees.

Cost-reimbursable federal and state contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions or provided services required by the contract. The Organization was awarded cost-reimbursable grants of approximately \$5.8 million that have not been recognized at June 30, 2024 because qualifying expenditures have not yet been incurred. To the extent that grant advances exist, these amounts are deferred until such time as the related services are provided. Rental income is recognized when earned. Expenditures under governmental contracts are subject to review by the granting authority. While management anticipates no disallowance, to the extent that such a review reduces expenditures allowable under these contracts, the Organization will reduce revenues for the period within which the disallowance is determined.

Program service revenue is primarily derived from services rendered to clients for various types of health services. The services provided by the Organization have no fixed duration and can be terminated by the client at any time, and therefore, each treatment is its own stand-alone contract. Program service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. These amounts are due from third-party payors (including health insurers and government programs), clients and others. Revenue is recognized as performance obligations are satisfied. Performance obligations are satisfied over time as services are rendered.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured clients in accordance with the Organization's policy, and/or implicit price concessions provided to uninsured clients. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policy, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of clients.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical information.

Contributions

Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give (pledge) 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 use to meet general expenditures unless specifically restricted by the donor.

Contributions of property and equipment are reported as revenues without donor restrictions. Contributions of cash or other assets to be used to acquire property and equipment are reported as revenues with donor restrictions; the restrictions are considered to be released at the time such long-lived assets are placed in service.

Contributed Services

Volunteers have made significant contributions of their time to develop, enhance, and deliver the Organization's programs. The value of this contributed volunteer time does not meet the recognition requirements for contributed services and, as such, is not reflected in these statements.

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 nonoperating.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Allocation of Functional Expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated 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. Certain administrative costs associated with the grant process are not included under grants on the consolidated statements of functional expenses and have been more appropriately reflected under community programs.

Certain direct care costs are program specific and recorded directly to the program category itself. Salaries that can be allocated to multiple programs are allocated based on an estimate of time provided to each program. Insurance specific to facilities and programs are allocated to each program based on facility costs. Facility costs are allocated based on square footage. Technology expenses are allocated based on the number of full-time equivalent employees.

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 Minnesota and the state of Wisconsin, Volunteers of America Minnesota and Wisconsin and Volunteers of America of Wisconsin, Inc., are 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 Service as a religious organization described in Section 501(c)(3).

Franklin Station is a separate legal entity for state law and bankruptcy purposes. However, because Volunteers of America of Minnesota is the sole member of this entity, activities of the organization are included in the Section 501(c)(3) tax filings of Volunteers of America of Minnesota.

The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization has minimal activities that are subject to tax on unrelated business income.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

The Organization receives a significant amount of funding from the government through various grants and contracts. If a significant reduction in the level of this funding were to occur, it might have a significant effect on the Organization's programs and activities.

Adoption of New Accounting Standards

The Organization has adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 5, 2024, the date the consolidated financial statements were available to be issued.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2024	2023
Vehicles	\$ 788,182	\$ 783,241
Furnishings and Equipment	2,947,522	2,907,840
Work in Process	-	264,377
Building and Leasehold Improvements	6,790,763	7,299,584
Buildings	12,079,068	12,987,068
Land	1,237,893	1,237,893
Software	217,313	-
Subtotal	<u>24,060,741</u>	<u>25,480,003</u>
Less: Accumulated Depreciation	<u>(17,136,983)</u>	<u>(17,267,050)</u>
Total	<u>\$ 6,923,758</u>	<u>\$ 8,212,953</u>

Property held for sale at June 30, 2024 consisted of a property in Minnetonka listed for sale with a book value of \$667,866.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 3 ESCROW FUNDS

Escrow funds consisted of the following at June 30:

	2024	2023
Under the terms of the IRP Escrow and Debt Service Account Security Agreement with U.S. Bank, Franklin Station has established the accounts to deposit the IRP payments received and to pay monthly principal and interest.	\$ 211,653	\$ 211,454
Other	145,026	156,502
Repair and Replacement Reserve Funds:		
Money Market Funds	494,912	491,141
Real Estate Tax and Insurance Reserve Funds:		
Money Market Funds	81,476	30,418
Operating Reserve Funds:		
Money Market Funds	26,025	26,019
Total	\$ 959,092	\$ 915,534

Assets under bond and indenture agreements are included in the above amounts and consist of the following:

For Franklin Station

Repair and Replacement Reserve Funds – An agreement with US Bank to establish the repair and replacement reserve fund to be funded by Franklin Station. The annual reserve amount was initially set at \$27,000 as of May 1, 2007, which is to be increased 3% each year. The reserve shall be used to make disbursements to the project for capital improvements noted.

Real Estate Tax and Insurance Reserve Funds – An agreement with US Bank to make monthly payments into an interest bearing real estate tax and insurance reserve account. Cash may be withdrawn from this account for payment of real estate and insurance.

Operating Reserve Funds – An agreement with US Bank to establish an operating reserve in the amount of \$25,811 at the time of closing.

NOTE 4 SHORT-TERM CREDIT ARRANGEMENTS

VOA of MN has a line of credit of \$3,000,000. The line of credit carries a variable interest rate of the lender’s reference rate plus 0.5% with a 4.75% floor, and is secured by all Organization assets and accounts receivable of VOA of MN. The maturity date is February 1, 2025. There was no balance outstanding on the line of credit as of both June 30, 2024 and 2023.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 5 DEFERRED LOAN AGREEMENTS

Deferred loan agreements consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Hennepin County Housing and Redevelopment Authority (VOA in MN)	\$ 400,000	\$ 400,000
Department of Housing and Urban Development Supportive Housing Grant (VOA of MN)	<u>45,460</u>	<u>68,190</u>
Total	<u>\$ 445,460</u>	<u>\$ 468,190</u>

Hennepin County Housing and Redevelopment Authority granted VOA in MN a \$400,000 loan for use in construction of a portion of 2100 Bloomington Limited Partnership. The grant agreement required VOA in MN to execute a note with 2100 Bloomington Limited Partnership in the amount of the affordable housing incentive funds (AHIF). VOA in MN may assign its interest in the note to the Authority. The grant agreement expires 30 years from the latter of the date of the agreement or the date all 45 low-income units are available for occupancy (May 2037). The grant agreement states VOA in MN shall only be required to repay such funds out of amounts recovered from 2100 Bloomington Limited Partnership pursuant to the note or VOA in MN's mortgage. This effectively limits the ability of the Authority to recover the \$400,000 up to the amount recoverable from 2100 Bloomington Limited Partnership. However, upon expiration of the agreement, VOA in MN is still entitled to receive repayment from 2100 Bloomington Limited Partnership but no longer needs to repay the Authority. The receipt becomes at that time a restricted net asset because the grant agreement requires that the repaid amount be spent on capital improvements for housing in Hennepin County that is affordable to very low-income people.

The Department of Housing and Urban Development supportive housing grant will be forgiven at a rate of 10% beginning August 2016 for each year in excess of 10 years that the Our Home Permanent Supportive Housing project is used as supportive housing. If the project ceases to be used as supportive housing within 10 years after the project is placed in service, VOA of MN will be obligated to repay the entire grant to the Department of Housing and Urban Development.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 6 LONG-TERM DEBT

Long-term debt consisted of the following at June 30:

<u>Description</u>	<u>2024</u>	<u>2023</u>
The Minnesota Housing Finance Agency loan payable is for the Our Home Permanent Supportive Housing project. The loan is noninterest-bearing and due in a lump sum payment on October 7, 2034, or on an event of default as outlined in the loan agreement. (VOA of MN)	\$ 230,000	\$ 230,000
The Greater Minnesota Housing Fund note payable is for the Our Home Permanent Supportive Housing project. The note has a face amount of \$120,000 and is non-interest bearing and due in a lump sum payment on October 7, 2034, or on an event of default as outlined in the note agreement. Imputed interest of \$47,809 has been recorded on this note using an interest rate of 4.61% derived from comparable municipal bond rates from October 2004. This loan is secured by property of the Organization. (VOA of MN)	120,000	120,000
Alerus Bank Mortgage - The note is payable in monthly installments of \$4,569, including interest and principal. The interest rate was set on December 16, 2019 and is fixed at 4.65%. Final payment was due and paid on December 1, 2023 for all unpaid principal and accrued interest. This loan is secured by the real property at Children's Residential Treatment Center in Minnetonka. (VOA of MN)	-	27,041
First Bank & Trust and Blaine Economic Development Authority Mortgage - The mortgage bears a variable interest rate of 4% per annum and is issued to Volunteers of America in Minnesota for property in Blaine, Minnesota. The interest rate was set February 28, 2008 and has been adjusted every five years thereafter equal to the rate of the current five-year treasury bond rate, with a floor of 3.5%. The current rate of interest on the mortgage is 3.5%. The mortgage is payable in monthly installments of \$8,453.00 through February 2033. The property is located at Avanti Center for Girls in Blaine, Minnesota and VOA of MN is a guarantor of the mortgage. (VOA in MN)	762,811	834,104

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 6 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>2024</u>	<u>2023</u>
First National Bank of Milaca Mortgage - The note is payable in monthly installments of \$862 through June 20, 2019, and in monthly installments of \$900 thereafter, including interest and principal, and is issued to Volunteers of America in Minnesota for property in Milaca, Minnesota. The interest rate is fixed at 5.75% and a final balloon payment was due and paid on May 20, 2024. The loan was secured by property in Milaca, Minnesota and Volunteers of America of Minnesota is a guarantor of the mortgage	\$ -	\$ 65,700
City of Minneapolis, Minnesota - Multifamily Housing Revenue Refunding Notes Series 2006A. Interest-only payments through December 2006. Monthly principal and interest payments of \$8,594 through December 1, 2035. The interest rate is 5.89%. The loan is secured by land, buildings, fixtures, and equipment owned by Franklin Station. (2100 Bloomington)	910,409	958,034
City of Minneapolis, Minnesota - Community Planning and Economic Development loan with 1% simple interest. No payments required until maturity in May 2036. Loan secured by mortgage assignment of leases and rents and financing statement of Franklin Station. (2100 Bloomington)	300,000	300,000
The Minnesota Housing Finance Agency PARIF - noninterest bearing loan with no payments until maturity in May 2036. Loan secured by first mortgage, security agreement, and fixture financing statement of Franklin Station. (2100 Bloomington)	<u>450,000</u>	<u>450,000</u>
Total	2,773,220	2,984,879
Less: Unamortized Discount (4.61%)	(44,482)	(47,809)
Less: Current Maturities	(124,646)	(211,097)
Less: Financing Fees	<u>(116,849)</u>	<u>(129,818)</u>
Long-Term Debt	<u>\$ 2,487,243</u>	<u>\$ 2,596,155</u>

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 6 LONG-TERM DEBT (CONTINUED)

The estimated principal payments of long-term debt at June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 124,646
2026	127,624
2027	134,207
2028	140,909
2029	147,952
Thereafter	2,097,882
Total	<u><u>\$ 2,773,220</u></u>

NOTE 7 CLASSIFICATION OF NET ASSETS

Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2024</u>	<u>2023</u>
Purpose Restricted	\$ 417,491	\$ 582,807
Unamortized Discount on Noninterest-Bearing Note	44,482	47,809
Angel Fund	21,242	21,242
Funds Held in Perpetuity	46,881	46,881
Total	<u><u>\$ 530,096</u></u>	<u><u>\$ 698,739</u></u>

Net assets released from restriction were released for the following purposes for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Purpose/Time Restrictions	\$ 466,448	\$ 596,877
Total	<u><u>\$ 466,448</u></u>	<u><u>\$ 596,877</u></u>

Net assets restricted by donors to be maintained in perpetuity totaling \$46,881 and \$46,881 at June 30, 2024 and 2023, respectively, consist of endowment funds.

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 8 RETIREMENT PLANS

Pension Plan – Ministers

The National Volunteers of America, Inc. sponsors a noncontributory defined benefit pension and retirement plan for ministers nation-wide commissioned prior to December 31, 1999. The plan currently includes one minister within the Organization. The plan is administered through a commercial insurance company under contract to Volunteers of America, Inc. The Organization's expense was \$71,674 and \$60,905 for the years ended June 30, 2024 and 2023, respectively. This plan is a multiemployer plan and is not required to record the unfunded pension liability in its financials. The plan's disclosure information regarding the projected benefit obligation and unfunded status as they relate solely to the National Organization is not available, which is typical for multiemployer plans. Because this plan is a church plan and not subject to the Employment Retirement Security Act of 1974 (ERISA), the Organization is not required to file a Form 5500. The unfunded liability is collectively the liability of all participating employers. If there were any cash shortfalls in the plan, the plan would look towards the participating employers to help fund these amounts.

As the participating employers of this plan are affiliated with the Organization, it is not anticipated that any employer will choose to stop participating.

The financial health of the multiemployer pension plan is indicated by the zone status, as defined by the Pension Protection Act of 2006, which represents the funded status of the plan as certified by the plan's actuary. Plans in the red zone are less than 65% funded, the yellow zone are between 65% and 80% funded, and the green zone are at least 80% funded. As of June 30, 2024 and 2023, the multiemployer plan is in yellow and green zone status respectively.

VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 9 LEASES

The Organization leases building space, office equipment, and vehicles under various operating and financing leases.

The following table provides quantitative information concerning the Organization's leases:

Lease Cost	<u>2024</u>	<u>2023</u>
Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$ 10,108	\$ 33,967
Interest on Lease Liabilities	179	3,747
Operating Lease Cost	<u>715,997</u>	<u>733,617</u>
Total Lease Cost	<u>\$ 726,284</u>	<u>\$ 771,331</u>

Other Information

Cash Paid for Amounts Included in the

Measurement of Lease Liabilities:

Operating Cash Flows from Finance Leases	\$ 179	\$ 3,747
Operating Cash Flows from Operating Leases	\$ 695,535	\$ 634,132
Financing Cash Flows from Finance Leases	\$ 10,281	\$ 37,714
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ 4,457,205
Right-of-Use Assets Obtained in Exchange for New Financing Lease Liabilities	\$ 66,910	\$ -
Weighted-Average Remaining Lease Term - Finance Leases	4.29 Years	0.9 Years
Weighted-Average Remaining Lease Term - Operating Leases	6.23 Years	7.0 Years
Weighted-Average Discount Rate - Finance Leases	0.66%	7.35%
Weighted-Average Discount Rate - Operating Leases	2.89%	2.89%

The Organization classifies the total discounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024, is as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
2025	\$ 663,464	\$ 15,847	\$ 679,311
2026	672,308	11,715	684,023
2027	641,859	11,715	653,574
2028	484,126	11,715	495,841
2029	416,681	6,469	423,150
Thereafter	<u>789,667</u>	<u>-</u>	<u>789,667</u>
Undiscounted Cash Flows	3,668,105	57,461	3,725,566
Less: Imputed Interest	<u>(319,493)</u>	<u>(834)</u>	<u>(320,327)</u>
Total Present Value	<u>\$ 3,348,612</u>	<u>\$ 56,627</u>	<u>\$ 3,405,239</u>

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 9 LEASES (CONTINUED)

ROU assets and lease liabilities were comprised of the following as of June 30:

	2024	2023
Right-of-Use Assets - Operating Leases	\$ 3,231,206	\$ 3,848,979
Right-of-Use Assets - Financing Leases	56,802	21,894
Total Right-of-Use Assets	<u>\$ 3,288,008</u>	<u>\$ 3,870,873</u>
Lease Liabilities, Current Portion - Operating Leases	\$ 571,583	\$ 593,937
Lease Liabilities, Current Portion - Financing Leases	15,519	24,116
Total Lease Liabilities, Current Portion	<u>\$ 587,102</u>	<u>\$ 618,053</u>
Lease Liabilities, Long-Term - Operating Leases	\$ 2,777,029	\$ 3,354,526
Lease Liabilities, Long-Term - Financing Leases	41,108	5,349
Total Lease Liabilities, Long-Term	<u>\$ 2,818,137</u>	<u>\$ 3,359,875</u>

NOTE 10 RELATED PARTY TRANSACTIONS

The Organization is affiliated with Volunteers of America, Inc., which provides supporting services to the Organization for a fee. Charter service fees for the fiscal years ended June 30, 2024 and 2023 were \$799,049 and \$653,789, respectively. The amount due to Volunteers of America National Services is \$151,600 and \$-0- at June 30, 2024 and 2023, respectively.

The Organization received a contribution of \$78,415 and \$102,900 from Volunteers of America, Inc. during the years ended June 30, 2024 and 2023, respectively.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Legal Contingencies

The Organization is involved in various legal claims and disputes arising in the ordinary course of business. Although it is not possible to predict the outcome of these matters, it is management's opinion that the outcomes will not have a material effect on the consolidated balance sheets of the Organization.

VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 LIQUIDITY AND AVAILABILITY

The Organization manages its liquidity to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity including cash and cash equivalents, accounts receivable, pledges receivable, and a line of credit.

As of June 30, the following table shows the amounts of financial assets due within one year of the balance sheet date available for general expenditures:

	<u>2024</u>	<u>2023</u>
Cash	\$ 3,678,048	\$ 2,513,510
Certificates of Deposit	2,614,638	2,513,436
Accounts Receivable, Net	2,241,641	4,122,647
Government Contracts and Grants Receivable	2,882,362	3,050,954
Pledges Receivable	14,000	21,781
Less: Assets With Donor Restrictions	<u>(530,096)</u>	<u>(677,497)</u>
Total	<u>\$ 10,900,593</u>	<u>\$ 11,544,831</u>

As part of its liquidity management practices, the Organization has a goal to maintain cash and cash equivalents with available lines of credit to meet 30 days of normal operating expenses. As of June 30, the following table shows the calculated available cash:

	<u>2024</u>	<u>2023</u>
Cash	\$ 3,678,048	\$ 2,513,510
Available Lines of Credit	<u>3,000,000</u>	<u>3,000,000</u>
Total Cash Available	<u>\$ 6,678,048</u>	<u>\$ 5,513,510</u>
Days of Available Cash	<u>73</u>	<u>57</u>

VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATING BALANCE SHEET
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	VOA in Minnesota			VOA of Minnesota		Adjustments And Eliminations	Total
	VOA in Minnesota	Franklin Station	Subtotal	VOA of Minnesota Programs	VOA Wisconsin		
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 165,988	\$ 128,668	\$ 294,656	\$ 2,762,551	\$ 620,841	\$ -	\$ 3,678,048
Certificates of Deposit	-	-	-	2,614,638	-	-	2,614,638
Accounts Receivables, Net	82,155	88,048	170,203	2,071,438	-	-	2,241,641
Government Contracts and Grants Receivable	-	-	-	2,882,362	-	-	2,882,362
Pledges Receivable	-	-	-	14,000	-	-	14,000
Prepaid Expenses and Other Current Assets	-	(6,571)	(6,571)	335,917	-	-	329,346
Residents' Funds and Deposits	-	21,873	21,873	-	-	-	21,873
Due from (to) Affiliates	10,679,235	(1,787,969)	8,891,266	(9,009,461)	118,195	-	-
Total Current Assets	<u>10,927,378</u>	<u>(1,555,951)</u>	<u>9,371,427</u>	<u>1,671,445</u>	<u>739,036</u>	<u>-</u>	<u>11,781,908</u>
PROPERTY AND EQUIPMENT, NET	3,081,358	2,883,266	5,964,624	959,134	-	-	6,923,758
RIGHT-OF-USE ASSETS, NET	531,250	-	531,250	2,756,758	-	-	3,288,008
PROPERTY HELD FOR SALE	-	-	-	667,866	-	-	667,866
OTHER ASSETS							
Escrow Funds	-	814,066	814,066	145,026	-	-	959,092
Funds Held by Foundation	-	-	-	33,904	-	-	33,904
Notes Receivable	381,248	-	381,248	-	-	-	381,248
Total Other Assets	<u>381,248</u>	<u>814,066</u>	<u>1,195,314</u>	<u>178,930</u>	<u>-</u>	<u>-</u>	<u>1,374,244</u>
Total Assets	<u>\$ 14,921,234</u>	<u>\$ 2,141,381</u>	<u>\$ 17,062,615</u>	<u>\$ 6,234,133</u>	<u>\$ 739,036</u>	<u>\$ -</u>	<u>\$ 24,035,784</u>

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATING BALANCE SHEET (CONTINUED)
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)**

	VOA in Minnesota			VOA of Minnesota		Adjustments And Eliminations	Total
	VOA in Minnesota	Franklin Station	Subtotal	VOA of Minnesota Programs	VOA Wisconsin		
LIABILITIES AND NET ASSETS (DEFICIT)							
CURRENT LIABILITIES							
Current Maturities of Long-Term Debt	\$ 74,534	\$ 50,112	\$ 124,646	\$ -	\$ -	\$ -	\$ 124,646
Current Maturities of Lease Liabilities	91,771	-	91,771	495,331	-	-	587,102
Accounts Payable	29,416	159,831	189,247	628,622	-	-	817,869
Accrued Interest	-	54,500	54,500	-	-	-	54,500
Accrued Payroll and Payroll Taxes	-	6,357	6,357	1,629,855	-	-	1,636,212
Deferred Revenue	-	13,304	13,304	37,781	53,671	-	104,756
Residents' Fund, Deposits, and Trust Account Liabilities	-	21,475	21,475	150,810	-	-	172,285
Other Current Liabilities	82,465	147,036	229,501	92,833	4,057	-	326,391
Total Current Liabilities	<u>278,186</u>	<u>452,615</u>	<u>730,801</u>	<u>3,035,232</u>	<u>57,728</u>	<u>-</u>	<u>3,823,761</u>
LONG-TERM LIABILITIES							
Lease Liabilities	446,941	-	446,941	2,371,196	-	-	2,818,137
Deferred Loan Agreements	-	-	-	45,460	-	400,000	445,460
Long-Term Debt, Less Current Maturities	1,064,828	1,516,897	2,581,725	305,518	-	(400,000)	2,487,243
Total Long-Term Liabilities	<u>1,511,769</u>	<u>1,516,897</u>	<u>3,028,666</u>	<u>2,722,174</u>	<u>-</u>	<u>-</u>	<u>5,750,840</u>
Total Liabilities	1,789,955	1,969,512	3,759,467	5,757,406	57,728	-	9,574,601
NET ASSETS (DEFICIT)							
Without Donor Restrictions (Deficit)	13,112,329	(432,206)	12,680,123	(34,419)	681,308	-	13,327,012
Noncontrolling Interest (Subsidiary's Limited Partners)	-	604,075	604,075	-	-	-	604,075
Total Net Assets Without Donor Restrictions (Deficit)	13,112,329	171,869	13,284,198	(34,419)	681,308	-	13,931,087
With Donor Restrictions	18,950	-	18,950	511,146	-	-	530,096
Total Net Assets (Deficit)	<u>13,131,279</u>	<u>171,869</u>	<u>13,303,148</u>	<u>476,727</u>	<u>681,308</u>	<u>-</u>	<u>14,461,183</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 14,921,234</u>	<u>\$ 2,141,381</u>	<u>\$ 17,062,615</u>	<u>\$ 6,234,133</u>	<u>\$ 739,036</u>	<u>\$ -</u>	<u>\$ 24,035,784</u>

VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	VOA in Minnesota			VOA of Minnesota	VOA Wisconsin	Adjustments And Eliminations	Total
	VOA in Minnesota	Franklin Station	Subtotal	VOA of Minnesota Programs			
NET ASSETS WITHOUT RESTRICTIONS							
Support and Revenue:							
Direct Public Support	\$ -	\$ -	\$ -	\$ 505,158	\$ -	\$ -	\$ 505,158
Indirect Public Support:							
Volunteers of America Awards and Grants	-	-	-	78,415	-	-	78,415
Government Contract and Grant Revenue	-	69,823	69,823	14,298,260	-	-	14,368,083
Program Service Fees, Medicaid, and Medicare	-	-	-	6,438,557	-	-	6,438,557
Program Service Fees	-	889,716	889,716	6,972,919	-	-	7,862,635
Rental Income	715,094	-	715,094	-	-	(715,094)	-
Miscellaneous Income	-	1,616	1,616	2,895,671	-	(424,016)	2,473,271
Net Assets Released from Restrictions	-	-	-	445,206	21,242	-	466,448
Total Support and Revenue	<u>715,094</u>	<u>961,155</u>	<u>1,676,249</u>	<u>31,634,186</u>	<u>21,242</u>	<u>(1,139,110)</u>	<u>32,192,567</u>
EXPENSES							
Program Services:							
Fostering Independence	-	1,248,116	1,248,116	16,810,517	-	(2,905,743)	15,152,890
Positive Development	-	-	-	9,447,844	-	(1,959,927)	7,487,917
Promoting Self-Sufficiency	-	-	-	6,164,878	-	(1,035,356)	5,129,522
Total Program Services	-	<u>1,248,116</u>	<u>1,248,116</u>	<u>32,423,239</u>	-	<u>(5,901,026)</u>	<u>27,770,329</u>
Management and General	696,166	-	696,166	467,593	-	4,761,916	5,925,675
Fundraising	-	-	-	299,097	-	-	299,097
Total Expenses	<u>696,166</u>	<u>1,248,116</u>	<u>1,944,282</u>	<u>33,189,929</u>	<u>-</u>	<u>(1,139,110)</u>	<u>33,995,101</u>
CHANGE IN NET ASSETS WITHOUT RESTRICTIONS FROM CONTINUING OPERATIONS	18,928	(286,961)	(268,033)	(1,555,743)	21,242	-	(1,802,534)
DISCONTINUED OPERATIONS							
Other Income	-	-	-	-	47,330	-	47,330
Expenses	-	-	-	-	(15,496)	-	(15,496)
Net Income from Discontinued Operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,834</u>	<u>-</u>	<u>31,834</u>
CHANGE IN NET ASSETS BEFORE NONOPERATING ACTIVITIES	18,928	(286,961)	(268,033)	(1,555,743)	53,076	-	(1,770,700)

**VOLUNTEERS OF AMERICA MINNESOTA AND WISCONSIN
CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)**

	VOA in Minnesota			VOA of Minnesota VOA of Minnesota Programs		VOA Wisconsin	Adjustments And Eliminations	Total
	VOA in Minnesota	Franklin Station	Subtotal					
NONOPERATING ACTIVITIES								
Interest and Dividends	\$ 72,389	\$ (1,770)	\$ 70,619	\$ 114,566	\$ -	\$ -	\$ 185,185	
Total Nonoperating Activities	<u>72,389</u>	<u>(1,770)</u>	<u>70,619</u>	<u>114,566</u>	<u>-</u>	<u>-</u>	<u>185,185</u>	
CHANGE IN NET ASSETS BEFORE EQUITY TRANSFER	91,317	(288,731)	(197,414)	(1,441,177)	53,076	-	(1,585,515)	
CHANGE IN NET ASSETS WITHOUT RESTRICTIONS (DEFICIT) BEFORE NONCONTROLLING INTEREST	91,317	(288,731)	(197,414)	(1,441,177)	53,076	-	(1,585,515)	
Noncontrolling Interest (Subsidiary's Limited Partners)	-	288,702	288,702	-	-	-	288,702	
CHANGE IN NET ASSETS WITHOUT RESTRICTIONS (DEFICIT) CONTROLLING INTEREST	91,317	(29)	91,288	(1,441,177)	53,076	-	(1,296,813)	
NET ASSETS WITH RESTRICTIONS								
Direct Public Support	-	-	-	297,805	-	-	297,805	
Net Assets Released from Restrictions	-	-	-	(445,206)	(21,242)	-	(466,448)	
CHANGE IN NET ASSETS WITH RESTRICTIONS	-	-	-	(147,401)	(21,242)	-	(168,643)	
CHANGE IN NET ASSETS (DEFICIT) - CONTROLLING INTEREST	<u>\$ 91,317</u>	<u>\$ (29)</u>	<u>\$ 91,288</u>	<u>\$ (1,588,578)</u>	<u>\$ 31,834</u>	<u>\$ -</u>	<u>\$ (1,465,456)</u>	



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.