

**Volunteers of America of Greater Ohio**  
**(A Non-Profit Organization)**

YEARS ENDED JUNE 30, 2015 AND 2014

# VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

YEARS ENDED JUNE 30, 2015 AND 2014

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Independent Auditor's Report

Board of Directors  
Volunteers of America of Greater Ohio  
(A Non-Profit Organization)

**Report on the Financial Statements**

We have audited the accompanying financial statements of Volunteers of America of Greater Ohio (the "Organization") (A Non-Profit Organization), which comprise the balance sheets as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Volunteers of America of Greater Ohio as of June 30, 2015 and 2014, and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2015 on our consideration of Volunteers of America of Greater Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Volunteers of America of Greater Ohio's internal control over financial reporting and compliance.

Handwritten signature in cursive script that reads "HW & Co".

Cleveland, Ohio  
September 28, 2015

# VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

BALANCE SHEETS - JUNE 30, 2015 AND 2014

## ASSETS

	2015	2014
<b>Current assets:</b>		
Cash and cash equivalents	\$ 13,253,452	\$ 9,518,444
Accounts receivable, net	2,272,396	1,992,836
Pledges receivable, net	26,700	39,215
Prepaid expenses	213,978	223,626
Total current assets	15,766,526	11,774,121
<b>Fixed assets:</b>		
Land and buildings	25,170,509	24,518,372
Furnishings and equipment	6,859,245	6,298,905
Accumulated depreciation	(14,996,441)	(13,374,566)
Total fixed assets	17,033,313	17,442,711
<b>Other assets:</b>		
Long-term investments	8,241,407	7,876,595
Other assets	1,796,491	1,787,667
Total other assets	10,037,898	9,664,262
	<b>\$ 42,837,737</b>	<b>\$ 38,881,094</b>

## LIABILITIES AND NET ASSETS

<b>Current liabilities:</b>		
Accounts payable	\$ 1,317,340	\$ 732,007
Current portion of long-term debt	196,747	187,558
Accrued expenses	1,631,017	1,398,159
Contract/grant advances	130,258	122,316
Other current liabilities	2,263,886	1,899,393
Total current liabilities	5,539,248	4,339,433
<b>Other liabilities:</b>		
Mortgages payable, noncurrent	1,200,199	1,396,441
Other liabilities	50,422	74,560
Total other liabilities	1,250,621	1,471,001
Total liabilities	6,789,869	5,810,434
<b>Net assets:</b>		
Unrestricted:		
General	33,077,692	30,422,966
Board designated	2,780,017	2,519,239
Total unrestricted	35,857,709	32,942,205
Temporarily restricted	190,159	128,455
Total net assets	36,047,868	33,070,660
	<b>\$ 42,837,737</b>	<b>\$ 38,881,094</b>

See notes to financial statements.

# VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues from operations:</b>				
Public support received directly:				
Contributions	\$ 20,035,492	\$ 151,849	\$ -	\$ 20,187,341
Contributions, in-kind	-	230,485	-	230,485
Legacies and bequests	217,067	-	-	217,067
Total public support	20,252,559	382,334	-	20,634,893
<b>Revenue and grants from governmental agencies</b>	24,220,487	-	-	24,220,487
<b>Other revenue:</b>				
Program service fees	229,114	-	-	229,114
Rental income	957,324	-	-	957,324
Other operating revenue	30,863	-	-	30,863
Total revenue	45,690,347	382,334	-	46,072,681
<b>Net assets released from restrictions</b>	320,630	(320,630)	-	-
<b>Total revenue from operations</b>	46,010,977	61,704	-	46,072,681
<b>Operating expenses:</b>				
Retail stores	12,995,620	-	-	12,995,620
Veterans services	9,288,492	-	-	9,288,492
Corrections programs	7,934,565	-	-	7,934,565
Housing programs	6,194,335	-	-	6,194,335
Total program services	36,413,012	-	-	36,413,012
Management and general	4,701,894	-	-	4,701,894
Resource development	1,327,108	-	-	1,327,108
Fees paid to National Organization	812,710	-	-	812,710
Total supporting services	6,841,712	-	-	6,841,712
Total operating expenses	43,254,724	-	-	43,254,724
<b>Excess from operations</b>	2,756,253	61,704	-	2,817,957
<b>Nonoperating gains, losses and other revenue:</b>				
Investment gain	220,170	-	-	220,170
Loss on disposition of fixed assets	(575)	-	-	(575)
Unrealized loss on investments	(60,344)	-	-	(60,344)
Excess from other activities	159,251	-	-	159,251
<b>Change in net assets</b>	2,915,504	61,704	-	2,977,208
<b>Net assets, beginning of year</b>	32,942,205	128,455	-	33,070,660
<b>Net assets, ending of year</b>	<b>\$ 35,857,709</b>	<b>\$ 190,159</b>	<b>\$ -</b>	<b>\$ 36,047,868</b>

See notes to financial statements.

# VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues from operations:</b>				
Public support received directly:				
Contributions	\$ 19,892,421	\$ 89,415	\$ -	\$ 19,981,836
Contributions, in-kind	122,261	96,706	-	218,967
Legacies and bequests	75,291	-	-	75,291
Total public support	20,089,973	186,121	-	20,276,094
<b>Revenue and grants from governmental agencies</b>	21,517,824	-	-	21,517,824
<b>Other revenue:</b>				
Program service fees	429,483	-	-	429,483
Rental income	876,884	-	-	876,884
Other operating revenue	30,462	-	-	30,462
Total revenue	42,944,626	186,121	-	43,130,747
<b>Net assets released from restrictions</b>	183,586	(183,586)	-	-
<b>Total revenue from operations</b>	43,128,212	2,535	-	43,130,747
<b>Operating expenses:</b>				
Retail stores	12,759,098	-	-	12,759,098
Veterans services	7,168,644	-	-	7,168,644
Corrections programs	7,850,571	-	-	7,850,571
Housing programs	5,875,975	-	-	5,875,975
Total program services	33,654,288	-	-	33,654,288
Management and general	4,790,717	-	-	4,790,717
Resource development	1,256,446	-	-	1,256,446
Fees paid to National Organization	800,685	-	-	800,685
Total supporting services	6,847,848	-	-	6,847,848
Total operating expenses	40,502,136	-	-	40,502,136
<b>Excess from operations</b>	2,626,076	2,535	-	2,628,611
<b>Nonoperating gains and other revenue:</b>				
Investment gain	243,939	-	-	243,939
Gain on disposition of fixed assets	10,362	-	-	10,362
Unrealized gain on investments	670,685	-	-	670,685
Excess from other activities	924,986	-	-	924,986
<b>Change in net assets</b>	3,551,062	2,535	-	3,553,597
<b>Net assets, beginning of year</b>	26,426,876	125,920	-	26,552,796
<b>Transfer of net assets (Note 1)</b>	2,964,267	-	-	2,964,267
<b>Net assets, ending of year</b>	<b>\$ 32,942,205</b>	<b>\$ 128,455</b>	<b>\$ -</b>	<b>\$ 33,070,660</b>

See notes to financial statements.

# VOLUNTEERS OF AMERICA OF GREATER OHIO

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015

	Program Services				Program Services Total	Supporting Services		Supporting Services Total	Total Program and Supporting Services Expenses
	Retail Stores	Veteran Services	Corrections Programs	Housing Programs		Management and General	Resource Development		
Salaries	\$ 6,488,284	\$ 4,050,902	\$ 3,444,595	\$ 2,408,973	\$ 16,392,754	\$ 2,200,727	\$ 419,167	\$ 2,619,894	\$ 19,012,648
Pension expense	95,338	12,220	9,792	5,444	122,794	114,742	43,665	158,407	281,201
Other employee benefits	490,011	487,784	383,951	361,430	1,723,176	229,943	53,245	283,188	2,006,364
Payroll taxes	790,132	482,157	413,755	281,003	1,967,047	191,937	45,432	237,369	2,204,416
Legal fees	-	11,233	2,903	1,401	15,537	2,403	-	2,403	17,940
Accounting and auditing fees	-	-	-	-	-	38,750	-	38,750	38,750
Other professional fees	80,820	195,479	385,164	644,169	1,305,632	910,789	486,685	1,397,474	2,703,106
Supplies and expenses	1,172,236	911,467	1,122,609	317,491	3,523,803	93,545	88,096	181,641	3,705,444
Telephone	79,791	146,323	102,527	97,648	426,289	58,139	13,163	71,302	497,591
Postage and shipping	466,854	1,083	1,582	248	469,767	13,826	44,176	58,002	527,769
Occupancy expense	2,087,570	670,867	901,883	583,615	4,243,935	321,090	19,289	340,379	4,584,314
Interest	-	2,721	6,321	2,081	11,123	44,914	-	44,914	56,037
Insurance	64,407	80,615	267,245	149,125	561,392	60,322	9,259	69,581	630,973
Equipment rental and maintenance	76,553	120,411	320,348	73,748	591,060	66,965	16,316	83,281	674,341
Printing and publications	459,777	12,444	3,837	3,389	479,447	7,955	66,348	74,303	553,750
Travel	309,216	103,681	123,921	60,298	597,116	43,154	7,138	50,292	647,408
Conferences and conventions	654	43,586	70,370	28,324	142,934	72,967	7,609	80,576	223,510
Direct client expenses	-	1,393,948	111,783	880,282	2,386,013	-	-	-	2,386,013
Other	17,623	10,897	8,192	6,395	43,107	4,064	1,389	5,453	48,560
Depreciation and amortization	316,354	550,674	253,787	289,271	1,410,086	225,662	6,131	231,793	1,641,879
<b>Total functional expenses</b>	<b><u>\$ 12,995,620</u></b>	<b><u>\$ 9,288,492</u></b>	<b><u>\$ 7,934,565</u></b>	<b><u>\$ 6,194,335</u></b>	<b><u>\$ 36,413,012</u></b>	<b><u>\$ 4,701,894</u></b>	<b><u>\$ 1,327,108</u></b>	<b><u>\$ 6,029,002</u></b>	42,442,014
Fees paid to National Organization									<u>812,710</u>
<b>Total expenses</b>									43,254,724
Direct benefit costs									<u>-</u>
									<b><u>\$ 43,254,724</u></b>

See notes to financial statements.



# VOLUNTEERS OF AMERICA OF GREATER OHIO

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2014

	Program Services				Program Services Total	Supporting Services		Supporting Services Total	Total Program and Supporting Services Expenses
	Retail Stores	Veteran Services	Corrections Programs	Housing Programs		Management and General	Resource Development		
Salaries	\$ 6,242,720	\$ 3,487,400	\$ 3,043,101	\$ 2,322,480	\$ 15,095,701	\$ 2,326,477	\$ 383,962	\$ 2,710,439	\$ 17,806,140
Pension expense	19,207	10,084	31,920	23,695	84,906	118,464	4,002	122,466	207,372
Other employee benefits	466,424	338,750	346,518	341,718	1,493,410	196,946	37,792	234,738	1,728,148
Payroll taxes	779,933	430,354	359,931	260,947	1,831,165	205,714	44,530	250,244	2,081,409
Legal fees	495	5,174	61,095	4,243	71,007	40,694	1,117	41,811	112,818
Accounting and auditing fees	-	-	-	-	-	58,340	-	58,340	58,340
Other professional fees	136,200	153,881	781,485	392,972	1,464,538	772,481	443,198	1,215,679	2,680,217
Supplies and expenses	1,429,554	797,703	989,471	312,129	3,528,857	96,777	121,795	218,572	3,747,429
Telephone	79,085	110,453	103,187	85,988	378,713	49,690	15,393	65,083	443,796
Postage and shipping	416,455	1,093	1,894	1,429	420,871	17,124	50,930	68,054	488,925
Occupancy expense	1,897,255	543,669	847,419	524,758	3,813,101	348,091	14,764	362,855	4,175,956
Interest	-	8,486	8,765	-	17,251	50,649	-	50,649	67,900
Insurance	67,894	76,038	362,332	142,690	648,954	65,647	10,856	76,503	725,457
Equipment rental and maintenance	78,710	101,625	254,518	91,389	526,242	52,348	15,085	67,433	593,675
Printing and publications	418,133	9,039	7,713	4,903	439,788	9,701	83,770	93,471	533,259
Travel	324,060	93,173	118,948	64,697	600,878	55,116	5,046	60,162	661,040
Conferences and conventions	1,520	31,016	53,197	20,404	106,137	87,540	7,645	95,185	201,322
Direct client expenses	-	429,732	175,780	980,382	1,585,894	-	-	-	1,585,894
Other	17,760	8,718	6,482	7,774	40,734	14,674	2,561	17,235	57,969
Depreciation and amortization	383,693	532,256	296,815	293,377	1,506,141	224,244	14,000	238,244	1,744,385
<b>Total functional expenses</b>	<b><u>\$ 12,759,098</u></b>	<b><u>\$ 7,168,644</u></b>	<b><u>\$ 7,850,571</u></b>	<b><u>\$ 5,875,975</u></b>	<b><u>\$ 33,654,288</u></b>	<b><u>\$ 4,790,717</u></b>	<b><u>\$ 1,256,446</u></b>	<b><u>\$ 6,047,163</u></b>	39,701,451
Fees paid to National Organization									<u>800,685</u>
<b>Total expenses</b>									40,502,136
Direct benefit costs									-
									<b><u>\$ 40,502,136</u></b>

See notes to financial statements.

# VOLUNTEERS OF AMERICA OF GREATER OHIO

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 2,977,208	\$ 3,553,597
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,641,879	1,744,385
Loss (gain) on disposition of fixed assets	575	(10,362)
Unrealized loss (gain) on investments	60,344	(670,685)
Contribution of donated property	-	(360,580)
Decrease (increase) in assets:		
Accounts receivable	(279,560)	1,165,221
Pledges receivable	12,515	(4,600)
Prepaid expenses	9,648	71,740
Other assets	601,260	(696,427)
Increase (decrease) in liabilities:		
Accounts payable	85,333	(120,465)
Accrued expenses	232,858	179,042
Contract/grant advances	7,942	(12,356)
Other current liabilities	364,493	433,692
Other liabilities	(24,138)	28,322
Net cash provided by operating activities	5,690,357	5,300,524
<b>Cash flows from investing activities:</b>		
Purchases of fixed assets and construction-in-progress	(1,343,140)	(952,283)
Proceeds from sale of fixed assets	-	16,150
Net investment activity	(425,156)	(737,163)
Net cash used in investing activities	(1,768,296)	(1,673,296)
<b>Cash flows from financing activities:</b>		
Cash included in transfer of net assets	-	1,150,265
Net payments on line of credit	-	(1,100,000)
Principal payments on long-term debt	(187,053)	(178,175)
Net cash used in financing activities	(187,053)	(127,910)
<b>Net increase in cash and cash equivalents</b>	3,735,008	3,499,318
<b>Cash and cash equivalents, beginning</b>	9,518,444	6,019,126
<b>Cash and cash equivalents, ending</b>	<b>\$ 13,253,452</b>	<b>\$ 9,518,444</b>

See notes to financial statements.

# VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

### 1. Description of organization and summary of significant accounting policies:

#### Description of organization:

Volunteers of America of Greater Ohio ("Organization") is a nonprofit spiritually based human services organization, incorporated in Ohio, that provides social services within the State of Ohio 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.

Effective July 1, 2013, the Board of Volunteers of America, Inc. increased the service area for the Organization to include the counties formally covered by Volunteers of America Northwest Ohio, Inc. and Subsidiaries. All assets and associated liabilities of Volunteers of America Northwest Ohio, Inc. and Subsidiaries have been assumed as of July 1, 2013 and resulted in an increase in net assets of approximately \$2.9 million.

Volunteers of America, Inc. focuses on three impact areas: promoting self-sufficiency, fostering independence and encouraging positive development. Within the impact area of promoting self-sufficiency, Volunteers of America, Inc. 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. We focus on solution-oriented approaches, using a continuum of services from prevention to intervention to long-term support. Our local programming includes a network of Retail Stores that serves communities surrounding Aurora, Brunswick, Columbus, Mansfield and North Olmsted that provide low-cost clothing and household items. In addition to meeting the emergency needs of our communities for clothing and household items, some of these locations also serve as food pantries providing food items throughout the year and holiday food and gift baskets.

Our Veterans Services include programming for transitional housing for homeless veterans under grants from Veterans Affairs in Cincinnati, Cleveland, Columbus, Dayton and Sandusky along with grants to address the special needs of chronically mentally ill veterans in both Cleveland and Columbus. Veteran employment programs have been located in Cleveland, Cincinnati, Columbus and Dayton. During 2014, a new Supportive Services for Veteran Families program was opened in Columbus. During 2015, two additional Supportive Services for Veteran Families programs were opened, one in Cleveland and the other in Dayton. A new program for youth with criminal records began in 2015. This Face Forward program is located in Cleveland.

Our Corrections Programs include halfway houses in Cincinnati, Dayton, Mansfield and Toledo providing rehabilitation services to adult populations. The housing assistance program for ex-offenders in Cincinnati ended December 31, 2014.

The Housing Programs include mobile outreach and referral, emergency shelters for both homeless men and families, transitional housing programs for homeless men and permanent supportive housing for formerly homeless families. These programs are located in the Cleveland, Columbus, Mansfield and Sandusky areas. The Housing Programs also include youth programming in Columbus.

# VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

### 1. Description of organization and summary of significant accounting policies (continued):

#### Description of organization (continued):

Through programs designed to provide care where needed, while supporting independence to the degree possible, Volunteers of America, Inc. 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. Our fostering independence programming includes housing for low-income individuals in Cincinnati. The Organization also operates housing programs for individuals dealing with mental health issues in the Sandusky and Toledo areas. During 2014, our programming also included management of Volunteers of America, Inc. housing facilities for the elderly and physically disabled in Cincinnati (two programs, one for the elderly the other for the physically disabled), Fremont, Mansfield, Massillon, Middletown, Sandusky (two programs), Tiffin and Youngstown. The Youngstown and Massillon facilities also had service coordination that links our residents with community services that assist them in maintaining independence. During 2013, the Organization began managing an additional housing facility for the elderly in St. Bernard. During 2015, this management was returned to Volunteers of America, Inc.

Within the area of encouraging positive development, Volunteers of America, Inc. 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. Volunteers of America, Inc.'s programs provide a continuum of care and support for young people ages birth to 21 through prevention, early intervention, and long-term services. As referenced, this includes the youth programming in Columbus.

#### Basis of accounting:

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

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

#### Property and equipment:

Land, buildings and equipment purchased by the Organization are recorded at cost. The Organization follows the practice of capitalizing all expenditures for land, buildings and equipment over \$5,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed on the straight-line method based upon the following estimated useful lives of the assets:

Furniture and equipment	2 – 10 years
Transportation vehicles	2 – 7 years
Buildings and improvements	2 – 40 years

# VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

### 1. Description of organization and summary of significant accounting policies (continued):

#### Cash equivalents:

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

The Organization maintains its cash in several bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant risk on cash and cash equivalents.

#### Contributions:

Contributions are generally recorded only upon receipt, unless evidence of 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 or by law. Contributions of personal property (i.e., clothing, household goods and automobiles) as described more fully below, are recorded as revenue when the items are sold.

The Organization operates Retail Stores throughout Ohio. Items for sale in these stores are the result of contributions of personal property from the general public. Consistent with Volunteers of America, Inc., the Organization records revenue when the items are sold rather than upon receipt of the goods. In the opinion of management, fair market value cannot be reasonably estimated at the time of receipt of these noncash contributions.

#### Contributed services:

The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial 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.

#### Restricted and designated assets:

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

# VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

### 1. Description of organization and summary of significant accounting policies (continued):

#### Net assets:

The Organization classifies net assets into three categories: unrestricted, temporarily restricted and permanently restricted. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Temporarily restricted net assets include contributions with temporary, donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted and are reported in the statement of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose. Permanently restricted net assets include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all or part of the investment income earned on the contributions. There are no permanently restricted net assets at June 30, 2015 and 2014.

#### 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 result from ancillary activities, such as investing liquid assets and disposing of fixed or other assets, are reported as nonoperating.

#### Income taxes:

Under provision of Section 501(c)(3) of the Internal Revenue Code as a subordinate unit of Volunteers of America, Inc. and the applicable income tax regulations of the State of Ohio, Volunteers of America of Greater Ohio is exempt from income taxes, except for net income from unrelated business income. Volunteers of America, Inc. is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code as a religious organization described in Section 501(c)(3). For the fiscal years ended June 30, 2015 and 2014, there was no taxable net income resulting from unrelated business activities, therefore no tax expense was incurred. Any rent income on debt-financed property was completely offset by losses from automobiles purchased for resale.

The Organization is no longer subject to Federal income tax examinations by tax authorities for years before 2012.

#### Investments:

Investments consist primarily of cash and money market funds, mutual funds, government securities and corporate stocks and bonds. 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.

# VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

### 1. Description of organization and summary of significant accounting policies (continued):

#### Allocation of functional expenses:

The costs of providing various program services and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various functions.

#### 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 the accompanying notes. Actual results could differ from those estimates.

#### Pledges receivable:

Pledges receivable represent unconditional promises to give. Unpaid pledges from campaigns, net of allowance for doubtful pledges, are \$99,870 at June 30, 2015 and \$104,290 at June 30, 2014.

These receivables are pledged to be received in the next one to four years as follows:

<u>Year ending June 30,</u>	
2016	\$ 44,155
2017	36,270
2018	22,850
2019	13,050
2020	<u>1,000</u>
	<u>\$ 117,325</u>

At June 30, 2015 and 2014, an allowance of \$17,455 and \$18,405, respectively, was recorded for doubtful pledges.

## VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

#### 2. Investments:

Investments are shown on the balance sheets at fair market value. The following summarizes cost and market value:

<u>June 30, 2015</u>	<u>Aggregate Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Cash and money market funds	\$ 269,910	\$ 269,910	
Certificates of deposit	599,250	602,092	\$ 2,842
Corporate stocks and bonds	3,930,254	5,164,058	1,233,804
Government securities	187,369	184,364	(3,005)
Mutual funds	<u>1,732,077</u>	<u>2,020,983</u>	<u>288,906</u>
	<u>\$ 6,718,860</u>	<u>\$ 8,241,407</u>	<u>\$ 1,522,547</u>
<u>June 30, 2014</u>	<u>Aggregate Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Cash and money market funds	\$ 686,796	\$ 686,796	
Certificates of deposit	599,250	599,211	\$ (39)
Corporate stocks and bonds	3,818,474	5,118,156	1,299,682
Government securities	212,343	207,738	(4,605)
Mutual funds	<u>976,841</u>	<u>1,264,694</u>	<u>287,853</u>
	<u>\$ 6,293,704</u>	<u>\$ 7,876,595</u>	<u>\$ 1,582,891</u>

The Organization's investments and some cash equivalents are held and managed by investment managers. Although the Organization has a diverse investment portfolio, a substantial portion of its realization is dependent upon the markets in which the investments are traded and the investment managers' abilities to properly manage the portfolio.

#### 3. Fair value:

The following information is presented in accordance with accounting guidance, which defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. The accounting guidance establishes a three-level valuation hierarchy for disclosure of fair value measurements based upon the transparency of inputs to the valuation of an asset as of the measurement date.

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets in active markets, and inputs that are observable for the asset, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.



# VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

### 3. Fair value (continued):

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets measured at fair value on a recurring basis at June 30, 2015 and 2014 were as follows:

<u>Level 1</u>	<u>2015</u>	<u>2014</u>
Equity securities:		
Basic materials	\$ 5,586	\$ 10,950
Consumer products industry	770,588	734,271
Entertainment industry	43,944	33,010
Financial industry	591,878	641,628
Food and beverage industry	166,316	168,043
Health care industry	493,751	457,162
Manufacturing industry	300,975	319,976
Oil and gas industry	309,786	396,969
Services industry	415,284	440,820
Technology industry	199,828	204,485
Utilities industry	<u>170,720</u>	<u>170,696</u>
Total equity securities	3,468,656	3,578,010
Money market funds	9,205	11,970
Certificate of deposit	850,408	1,274,037
Government securities	184,364	207,738
Corporate bonds	1,695,402	1,540,146
Mutual funds:		
Equity funds	1,366,815	970,696
Bond funds	<u>666,557</u>	<u>293,998</u>
	<u>\$ 8,241,407</u>	<u>\$ 7,876,595</u>

The following is a description of the Organization's valuation methodologies for assets and liabilities measured at fair value. Fair value for Level 1 is based upon quoted market prices for equities, net asset values at the end of the year for mutual funds, and face value which approximates fair value for money market funds and bonds.

### 4. Line of credit:

At June 30, 2015 and 2014, the Organization had a line of credit with a total maximum amount of \$1,000,000 available. No funds were drawn on the line of credit at June 30, 2015 and 2014. The interest rate was 4.50% in 2015 and 2014.

# VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

### 4. Line of credit (continued):

A second line of credit with a total maximum amount of \$150,000 is available. No funds were drawn on the line of credit at June 30, 2015 and 2014. The interest rate was 3.25% in 2015 and 2014.

A third line of credit with a total maximum of \$2,000,000 is available. No funds were drawn on the line of credit at June 30, 2015 and 2014. The interest rate was 3.50% in 2015 and 2014.

### 5. Mortgages payable:

A mortgage payable in the amount of \$58,848 at June 30, 2015 and \$73,881 at June 30, 2014 is due in monthly installments of \$1,479 including interest at 4.00%, payable to a bank. Interest expense totaled \$2,721 in 2015 and \$3,313 in 2014. The loan is collateralized by associated property and is payable through December 2018.

A mortgage payable in the amount of \$579,603 at June 30, 2015 and \$659,460 at June 30, 2014 is due in monthly installments of \$9,675 including interest at a rate of 3.08% at June 30, 2015 and 3.05% at June 30, 2014, payable to a bank. Interest expense under this mortgage totaled \$40,087 in 2015 and \$48,599 in 2014. This loan is collateralized by the associated property and includes an interest rate swap and is payable through May 2021.

A mortgage payable in the amount of \$81,944 at June 30, 2015 and \$106,463 at June 30, 2014 is due in monthly installments of \$2,473 including interest at 3.875% in 2015 and 2014, payable to a bank. The mortgage is due March 28, 2018 and the interest rate adjusts every six years, with the last adjustment made in March 2013. Interest expense under this mortgage totaled \$4,145 in 2015 and \$4,394 in 2014. The loan is collateralized by associated property and is payable through March 2018.

A mortgage payable in the amount of \$78,741 at June 30, 2015 and \$85,483 at June 30, 2014 is due in monthly installments of \$852 including interest at a rate of 5.00% at June 30, 2015 and 2014, payable to a bank with a final payment of \$67,075. Interest expense under this mortgage totaled \$2,763 in 2015 and \$2,829 in 2014. This loan is collateralized by the associated property and is payable through November 2017.

A mortgage payable in the amount of \$118,445 at June 30, 2015 and \$179,347 is due in monthly installments of \$5,602 including interest at a rate of 4.10% at June 30, 2015 and 2014, payable to a bank. Interest expense under this mortgage totaled \$6,321 in 2015 and \$8,765 in 2014. This loan is collateralized by the associated property and is payable through April 2017.

# VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

### 5. Mortgages payable (continued):

Along with the second mortgage noted above, the Organization entered into an interest rate swap agreement with a financial institution in May 2011, which expires in May 2021 to fix the monthly mortgage payment at a set amount. The notional amount of the interest rate swap was \$579,603 at June 30, 2015 and \$659,460 at June 30, 2014. The Organization's interest rate swap liability is \$28,341 at June 30, 2015 and \$35,488 at June 30, 2014. The potential interest rate swap liability is not recorded on the balance sheets at June 30, 2015 and 2014. The fair value of the interest rate swap is based on calculations prepared by the financial institution which provides for a reasonable approximation of the fair market value. The fair value represents an amount the financial institution would receive from the Organization if the swap agreement was canceled at that date. The fair value fluctuates based on current interest rates. The Organization makes monthly payments at a fixed rate of 5.75% and receives monthly payments at a variable rate of 3.09% at June 30, 2015 and 2.99% at June 30, 2014 (based on USD-LIBOR – ICE plus 2.9%). The net amounts are recorded monthly as interest expense.

In addition, Ohio Housing Finance Association has provided a mortgage without interest. Repayment, if any, is to be provided from surplus cash generated by the property which also serves as collateral for this mortgage. The balance of this mortgage is \$479,365 at June 30, 2015 and 2014.

Annual maturities are as follows:

Year ending June 30,

2016	\$ 196,747
2017	195,231
2018	206,551
2019	110,821
2020	107,147
Thereafter	<u>580,449</u>
	<u>\$ 1,396,946</u>

### 6. Operating leases:

The Organization leases vehicles, equipment, apartments and buildings under both non-cancelable and month-to-month leases. The non-cancelable leases have various terms ranging from two to five years. Lease payments required for non-cancelable leases over the next five years are as follows:

# VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

### 6. Operating leases (continued):

Year ending June 30,

2016	\$ 1,459,945
2017	950,099
2018	1,021,004
2019	857,669
2020	619,764
Thereafter	<u>3,479,435</u>
	<u>\$ 8,387,916</u>

Rent expense under these leases and other leases that expired during the year was \$2,629,224 for the year ended June 30, 2015 and \$2,382,211 for the year ended June 30, 2014.

The Organization has entered into various non-cancelable and month-to-month operating lease agreements to lease portions of their facilities. Future rental income to be received under non-cancelable leases are as follows:

Year ending June 30,

2016	\$ 173,541
2017	101,393
2018	13,200
2019	<u>1,100</u>
	<u>\$ 289,234</u>

Rent income under these leases and other leases that expired during the year was \$165,738 in 2015 and \$159,630 in 2014.

### 7. Retirement plans:

The Organization participates in a non-contributory defined benefit pension and retirement plan. The plan is administered through a commercial insurance company and covers all ministers commissioned through December 31, 1999. The Plan also covers executive management effective July 1, 2013. Pension plan expense was \$209,852 in 2015 and \$139,250 in 2014. Because the plan is a multi-employer plan, the accumulated benefits and net assets available for benefits as they relate solely to the Organization are not readily available.

All employees are covered by a 403(b) plan provided by Volunteers of America, Inc. Under this plan, fulltime employee contributions are matched 1% to 3% up to 9% of compensation. Fulltime employees vest in the Organization's match over a period of five years based on initial service date. Expenses for the 403(b) plan were \$71,349 in 2015 and \$68,122 in 2014.

# VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

### 8. Related party transactions:

The Organization is affiliated with Volunteers of America, Inc., which provides supporting services to the Organization for a fee. Affiliate fees for the fiscal years ended June 30, 2015 and 2014 totaled \$812,710 and \$800,685, respectively. No amounts were due to Volunteers of America, Inc. for national fees at June 30, 2015 and 2014.

Volunteers of America, Inc. Direct Mail Campaign generated \$222,998 in 2015 and \$227,415 in 2014, of which the Organization received \$86,902 in 2015 and \$81,600 in 2014.

The Organization had agreements to manage eleven U.S. Department of Housing and Urban Development sponsored housing projects for Volunteers of America, Inc. They include Antioch Manor, Autumnwood Terrace, Bethesda View Apartments, Carson Place Apartments, Clinton Springs, Freedom Village, Freedom Village – Mansfield, Freedom Village – Youngstown, St. Bernard Commons, Woodlands of Lafayette and Woodlawn Court Apartments. Management fees for the fiscal year ended June 30, 2014 totaled \$147,070. Effective July 1, 2014, the Organization no longer manages these projects.

In August 2014, the Organization signed an additional guaranty of completion for the construction of a 100-unit mental health housing facility located in Columbus. This tax credit project began construction in September 2014 with an estimated completion date of November 2015. Once the equity partners have fully funded the project, all loans will be repaid and the guarantee will no longer be required. The amount guaranteed to cover this agreement is \$8.2 million. In addition, the Organization received a developer fee related to the tax credit project. During the year ended June 30, 2015, the Organization received \$336,079, this amount is included in revenue and grants from government agencies on the statement of activities.

### 9. Temporarily restricted net assets:

Temporarily restricted net assets totaling \$190,159 in 2015 and \$128,455 in 2014 consisted mainly of time restricted pledges.

### 10. Net assets released from restriction:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by occurrence of other events specified by donors during the fiscal year or the passage of time.

Purpose restrictions accomplished at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Capital expenditures	<u>\$ 19,383</u>	<u>\$ 15,000</u>
Other expenditures	<u>\$ 301,247</u>	<u>\$ 168,586</u>

# VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

### 11. Commitments and contingencies:

For the period from July 1, 2002 through June 30, 2006, a portion of the Organization participated in the Ohio Bureau of Workers' Compensation Retrospective Rating Plan. Under the plan, a portion of the risk associated with claims was assumed by the Organization. In addition to premiums paid, all the claim cost associated with claims that occurred while participating are evaluated for 10 years and billed annually. At the end of the 10-year evaluation period, any reserves remaining on these claims will be billed to the Organization. Due to the nature of the claims incurred and the reporting of these claims through the State, an estimate of the potential loss cannot be reasonably made.

### 12. Beneficial interest in trust:

Volunteers of America of Greater Ohio is one of several beneficiaries of a charitable trust. The Organization elected to receive 5% of the average market value. The total amount received was \$7,522 for the year ended June 30, 2015 and \$7,186 at June 30, 2014. The fair market value of the charitable trust was \$982,652 in 2015 and \$1,016,870 in 2014. The charitable trust will continue until the date of termination and final distributions are made on a family charitable remainder annuity trust, at which time the Organization will receive 16.33% of the principal balance.

Because neither the trust termination value nor the trust termination date can be determined, no amounts have been recorded as an asset, instead income is recognized as received.

### 13. Statements of cash flows:

During fiscal years ended June 30, 2015 and 2014, the Organization paid cash for interest totaling \$56,037 and \$67,900, respectively.

During fiscal year ended June 30, 2015, purchases of other assets financed by accounts payable totaled \$500,000.

During fiscal years ended June 30, 2014, other assets decreased by \$23,594 and fixed assets increased by \$23,594, respectively, due to fixed assets being placed into service.

During fiscal year ended June 30, 2014, the Organization increased assets by approximately \$3.5 million, including cash of approximately \$1.2 million, and increased liabilities by approximately \$0.6 million as a result of the Organization assuming the net assets at Volunteers of America Northwest Ohio, Inc. and Subsidiaries.

# **VOLUNTEERS OF AMERICA OF GREATER OHIO**

(A Non-Profit Organization)

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEARS ENDED JUNE 30, 2015 AND 2014**

**14. Subsequent events:**

Subsequent to year end, an agreement was reached to sell the low-income housing in Cincinnati. A developer plans to use the site to provide updated facilities for the existing tenants. The mortgage associated with this property will be assumed by the developer.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 28, 2015, the date the Organization's financial statements were available to be issued.