

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

YEARS ENDED JUNE 30, 2016 AND 2015

VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

YEARS ENDED JUNE 30, 2016 AND 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2016 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.



Cleveland, Ohio
September 28, 2016

VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

BALANCE SHEETS - JUNE 30, 2016 AND 2015

ASSETS

	2016	2015
Current assets:		
Cash and cash equivalents	\$ 13,081,779	\$ 13,253,452
Accounts receivable, net	1,764,780	2,272,396
Pledges receivable, net	27,207	26,700
Prepaid expenses	277,711	213,978
Total current assets	15,151,477	15,766,526
Fixed assets:		
Land and buildings	25,969,109	25,170,509
Furnishings and equipment	7,830,659	6,859,245
Accumulated depreciation	(16,575,717)	(14,996,441)
Total fixed assets	17,224,051	17,033,313
Other assets:		
Long-term investments	8,584,732	8,241,407
Other assets	1,543,954	1,796,491
Total other assets	10,128,686	10,037,898
	\$ 42,504,214	\$ 42,837,737

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 786,076	\$ 1,317,340
Current portion of long-term debt	195,258	196,747
Accrued expenses	1,191,634	1,631,017
Contract/grant advances	282,206	130,258
Other current liabilities	2,346,787	2,263,886
Total current liabilities	4,801,961	5,539,248
Other liabilities:		
Mortgages payable, noncurrent	1,005,594	1,200,199
Other liabilities	67,178	50,422
Total other liabilities	1,072,772	1,250,621
Total liabilities	5,874,733	6,789,869
Net assets:		
Unrestricted:		
General	33,474,521	33,077,692
Board designated	2,958,253	2,780,017
Total unrestricted	36,432,774	35,857,709
Temporarily restricted	196,707	190,159
Total net assets	36,629,481	36,047,868
	\$ 42,504,214	\$ 42,837,737

See notes to financial statements.

VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues from operations:				
Public support received directly:				
Contributions	\$ 18,899,256	\$ 196,707	\$ -	\$ 19,095,963
Contributions, in-kind	-	188,008	-	188,008
Legacies and bequests	111,538	-	-	111,538
Total public support	19,010,794	384,715	-	19,395,509
Revenue and grants from governmental agencies	27,311,162	-	-	27,311,162
Other revenue:				
Program service fees	219,211	-	-	219,211
Rental income	981,178	-	-	981,178
Other operating revenue	26,977	-	-	26,977
Total revenue	47,549,322	384,715	-	47,934,037
Net assets released from restrictions	378,167	(378,167)	-	-
Total revenue from operations	47,927,489	6,548	-	47,934,037
Operating expenses:				
Retail stores	13,196,783	-	-	13,196,783
Veterans services	10,213,499	-	-	10,213,499
Corrections programs	9,501,782	-	-	9,501,782
Housing programs	7,521,556	-	-	7,521,556
Total program services	40,433,620	-	-	40,433,620
Management and general	4,890,064	-	-	4,890,064
Resource development	1,451,306	-	-	1,451,306
Fees paid to National Organization	818,858	-	-	818,858
Total supporting services	7,160,228	-	-	7,160,228
Total operating expenses	47,593,848	-	-	47,593,848
Excess from operations	333,641	6,548	-	340,189
Nonoperating gains, losses and other revenue:				
Investment gain	330,962	-	-	330,962
Loss on disposition of fixed assets	-	-	-	-
Unrealized loss on investments	(89,538)	-	-	(89,538)
Excess from other activities	241,424	-	-	241,424
Change in net assets	575,065	6,548	-	581,613
Net assets, beginning of year	35,857,709	190,159	-	36,047,868
Net assets, ending of year	\$ 36,432,774	\$ 196,707	\$ -	\$ 36,629,481

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
Revenues from operations:				
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
Revenue and grants from governmental agencies	24,220,487	-	-	24,220,487
Other revenue:				
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
Net assets released from restrictions	320,630	(320,630)	-	-
Total revenue from operations	46,010,977	61,704	-	46,072,681
Operating expenses:				
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
Excess from operations	2,756,253	61,704	-	2,817,957
Nonoperating gains, losses and other revenue:				
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
Change in net assets	2,915,504	61,704	-	2,977,208
Net assets, beginning of year	32,942,205	128,455	-	33,070,660
Net assets, ending of year	\$ 35,857,709	\$ 190,159	\$ -	\$ 36,047,868

See notes to financial statements.

VOLUNTEERS OF AMERICA OF GREATER OHIO

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

	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	\$ 6,681,322	\$ 4,519,225	\$ 4,441,876	\$ 3,392,164	\$ 19,034,587	\$ 2,381,012	\$ 457,025	\$ 2,838,037	\$ 21,872,624
Pension expense	58,152	12,865	12,123	5,345	88,485	140,575	24,344	164,919	253,404
Other employee benefits	659,300	658,632	593,532	520,094	2,431,558	252,876	62,209	315,085	2,746,643
Payroll taxes	785,486	510,261	499,242	384,251	2,179,240	192,846	49,050	241,896	2,421,136
Legal fees	2,317	18,589	45,391	4,627	70,924	3,140	-	3,140	74,064
Accounting and auditing fees	-	-	-	-	-	37,600	-	37,600	37,600
Other professional fees	68,802	115,682	376,572	786,777	1,347,833	866,509	581,232	1,447,741	2,795,574
Supplies and expenses	1,011,573	812,534	1,276,362	292,607	3,393,076	90,583	84,976	175,559	3,568,635
Telephone	85,938	160,459	112,754	111,100	470,251	60,090	14,120	74,210	544,461
Postage and shipping	548,344	1,255	1,789	847	552,235	14,380	34,044	48,424	600,659
Occupancy expense	2,017,202	653,779	991,572	471,500	4,134,053	318,011	14,798	332,809	4,466,862
Interest	-	2,104	3,762	-	5,866	39,277	-	39,277	45,143
Insurance	76,451	76,370	210,839	144,433	508,093	67,896	9,931	77,827	585,920
Equipment rental and maintenance	65,785	95,785	368,045	88,912	618,527	54,850	13,175	68,025	686,552
Printing and publications	549,514	11,900	5,395	3,355	570,164	15,326	68,790	84,116	654,280
Travel	257,318	120,942	138,595	69,813	586,668	35,879	8,825	44,704	631,372
Conferences and conventions	2,506	44,709	97,852	14,778	159,845	80,580	18,233	98,813	258,658
Direct client expenses	-	1,833,413	31,626	931,862	2,796,901	-	-	-	2,796,901
Other	19,779	11,430	11,574	8,968	51,751	8,472	3,962	12,434	64,185
Depreciation and amortization	306,994	553,565	282,881	290,123	1,433,563	230,162	6,592	236,754	1,670,317
Total functional expenses	<u>\$ 13,196,783</u>	<u>\$ 10,213,499</u>	<u>\$ 9,501,782</u>	<u>\$ 7,521,556</u>	<u>\$ 40,433,620</u>	<u>\$ 4,890,064</u>	<u>\$ 1,451,306</u>	<u>\$ 6,341,370</u>	46,774,990
Fees paid to National Organization									<u>818,858</u>
Total expenses									47,593,848
Direct benefit costs									-
									<u>\$ 47,593,848</u>

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
Total functional expenses	\$ 12,995,620	\$ 9,288,492	\$ 7,934,565	\$ 6,194,335	\$ 36,413,012	\$ 4,701,894	\$ 1,327,108	\$ 6,029,002	42,442,014
Fees paid to National Organization									812,710
Total expenses									43,254,724
Direct benefit costs									-
									\$ 43,254,724

See notes to financial statements.

VOLUNTEERS OF AMERICA OF GREATER OHIO

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ 581,613	\$ 2,977,208
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,670,317	1,641,879
Loss on disposition of fixed assets	-	575
Unrealized loss on investments	89,538	60,344
Decrease (increase) in assets:		
Accounts receivable	507,616	(279,560)
Pledges receivable	(507)	12,515
Prepaid expenses	(63,733)	9,648
Other assets	(182,717)	601,260
Increase (decrease) in liabilities:		
Accounts payable	(531,264)	85,333
Accrued expenses	(439,383)	232,858
Contract/grant advances	151,948	7,942
Other current liabilities	82,901	364,493
Other liabilities	16,756	(24,138)
	<u>1,883,085</u>	<u>5,690,357</u>
 Cash flows from investing activities:		
Purchases of fixed assets and construction-in-progress	(1,425,801)	(1,343,140)
Net investment activity	(432,863)	(425,156)
	<u>(1,858,664)</u>	<u>(1,768,296)</u>
 Cash flows from financing activities:		
Principal payments on long-term debt	(196,094)	(187,053)
	<u>(196,094)</u>	<u>(187,053)</u>
 Net increase (decrease) in cash and cash equivalents	 (171,673)	 3,735,008
Cash and cash equivalents, beginning	 <u>13,253,452</u>	 <u>9,518,444</u>
Cash and cash equivalents, ending	 <u><u>\$ 13,081,779</u></u>	 <u><u>\$ 13,253,452</u></u>

See notes to financial statements.

VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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.

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. In addition to the Supportive Services for Veteran Families program in Columbus, two additional Supportive Services for Veteran Families programs were opened in Cleveland and Dayton in 2015. A 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 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. The funding for the transitional housing program in Mansfield ended on July 31, 2016 and the program was closed.

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.

VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

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

Description of organization (continued):

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

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.

VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

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

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. This same approach is used for the recording of automobiles sold through the Columbus auto auction.

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, 2016 AND 2015

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, 2016 and 2015.

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, as a subordinate unit of Volunteers of America, Inc. 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, 2016 and 2015, 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 2013.

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, 2016 AND 2015

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 \$96,091 at June 30, 2016 and \$99,870 at June 30, 2015.

These receivables are pledged to be received as follows:

<u>Year ending June 30,</u>	
2017	\$ 44,164
2018	27,300
2019	22,500
2020	13,190
2021	3,394
Thereafter	<u>2,500</u>
	<u>\$ 113,048</u>

At June 30, 2016 and 2015, an allowance of \$16,957 and \$17,455, 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, 2016 AND 2015

2. Investments:

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

<u>June 30, 2016</u>	<u>Aggregate Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Cash and money market funds	\$ 564,566	\$ 564,566	
Certificates of deposit	500,000	503,833	\$ 3,833
Corporate stocks and bonds	4,236,181	5,408,731	1,172,550
Government securities	53,953	53,594	(359)
Mutual funds	<u>1,797,023</u>	<u>2,054,008</u>	<u>256,985</u>
	<u>\$ 7,151,723</u>	<u>\$ 8,584,732</u>	<u>\$ 1,433,009</u>
<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>

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, 2016 AND 2015

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, 2016 and 2015 were as follows:

<u>Level 1</u>	<u>2016</u>	<u>2015</u>
Equity securities:		
Basic materials	\$ 3,342	\$ 5,586
Consumer products industry	721,138	770,588
Entertainment industry	37,661	43,944
Financial industry	693,279	591,878
Food and beverage industry	230,110	166,316
Health care industry	550,026	493,751
Manufacturing industry	310,276	300,975
Oil and gas industry	293,628	309,786
Services industry	509,956	415,284
Technology industry	258,217	199,828
Utilities industry	<u>229,606</u>	<u>170,720</u>
Total equity securities	3,837,239	3,468,656
Money market funds	21,764	9,205
Certificate of deposit	1,046,635	850,408
Government securities	53,594	184,364
Corporate bonds	1,571,492	1,695,402
Mutual funds:		
Equity funds	1,327,353	1,366,815
Bond funds	<u>726,655</u>	<u>666,557</u>
	<u>\$ 8,584,732</u>	<u>\$ 8,241,407</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, 2016 and 2015, 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, 2016 and 2015. The interest rate was 4.5% in 2016 and 2015.

VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

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, 2016 and 2015. The interest rate was 3.25% in 2016 and 2015.

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, 2016 and 2015. The interest rate was 3.75% in 2016 and 3.5% in 2015.

5. Mortgages payable:

A mortgage payable in the amount of \$43,200 at June 30, 2016 and \$58,848 at June 30, 2015 is due in monthly installments of \$1,479 including interest at 4.00%, payable to a bank. Interest expense totaled \$2,104 in 2016 and \$2,721 in 2015. The loan is collateralized by associated property and is payable through December 2018.

A mortgage payable in the amount of \$495,163 at June 30, 2016 and \$579,603 at June 30, 2015 is due in monthly installments of \$8,699 including interest at a rate of 3.36% at June 30, 2016 and 3.08% at June 30, 2015, payable to a bank. Interest expense under this mortgage totaled \$31,917 in 2016 and \$40,087 in 2015. 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 \$53,968 at June 30, 2016 and \$81,944 at June 30, 2015 is due in monthly installments of \$2,550 including interest at 3.875% in 2016 and 2015, 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 \$3,020 in 2016 and \$4,145 in 2015. The loan is collateralized by associated property and is payable through March 2018.

A mortgage payable in the amount of \$74,176 at June 30, 2016 and \$78,741 at June 30, 2015 is due in monthly installments of \$707 including interest at a rate of 5.00% at June 30, 2016 and 2015, payable to a bank with a final payment of \$67,075. Interest expense under this mortgage totaled \$4,342 in 2016 and \$2,763 in 2015. This loan is collateralized by the associated property and is payable through November 2017.

A mortgage payable in the amount of \$54,980 at June 30, 2016 and \$118,445 at June 30, 2015 is due in monthly installments of \$5,602 including interest at a rate of 4.1% at June 30, 2016 and 2015, payable to a bank. Interest expense under this mortgage totaled \$3,760 in 2016 and \$6,321 in 2015. 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, 2016 AND 2015

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 \$495,163 at June 30, 2016 and \$579,603 at June 30, 2015. The Organization's interest rate swap liability is \$28,495 at June 30, 2016 and \$28,341 at June 30, 2015. The potential interest rate swap liability is not recorded on the balance sheets at June 30, 2016 and 2015. 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 3.37% at June 30, 2016 and 3.09% at June 30, 2015 (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, 2016 and 2015.

Annual maturities are as follows:

Year ending June 30,

2017	\$ 195,258
2018	206,674
2019	110,919
2020	107,147
2021	101,489
Thereafter	<u>479,365</u>
	<u>\$ 1,200,852</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, 2016 AND 2015

6. Operating leases (continued):

Year ending June 30,

2017	\$ 1,271,515
2018	1,341,674
2019	1,124,083
2020	808,533
2021	733,313
Thereafter	<u>2,888,265</u>
	<u>\$ 8,167,383</u>

Rent expense under these leases and other leases that expired during the year was \$2,855,701 for the year ended June 30, 2016 and \$2,629,224 for the year ended June 30, 2015.

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,

2017	\$ 101,393
2018	13,200
2019	<u>1,100</u>
	<u>\$ 115,693</u>

Rent income under these leases and other leases that expired during the year was \$174,998 in 2016 and \$165,738 in 2015.

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 \$155,162 in 2016 and \$209,852 in 2015. 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 \$98,039 in 2016 and \$71,349 in 2015.

VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

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, 2016 and 2015 totaled \$818,858 and \$812,710, respectively. No amounts were due to Volunteers of America, Inc. for national fees at June 30, 2016 and 2015.

Volunteers of America, Inc. Direct Mail Campaign generated \$201,611 in 2016 and \$222,998 in 2015, of which the Organization received \$86,384 in 2016 and \$86,902 in 2015.

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 and was completed in January 2016. The equity partners have fully funded the project and all loans are being repaid at which time the guarantee will no longer be required. The amount guaranteed to cover this agreement is \$8.2 million. In addition, the Organization receives a developer fee related to the tax credit project. The Organization received \$790,048 and \$336,079, respectively, in 2016 and 2015 and these amounts are included in revenue and grants from government agencies on the statements of activities.

9. Temporarily restricted net assets:

Temporarily restricted net assets totaling \$196,707 in 2016 and \$190,159 in 2015 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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Capital expenditures	<u>\$ 68,255</u>	<u>\$ 19,383</u>
Other expenditures	<u>\$ 309,912</u>	<u>\$ 301,247</u>

VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

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 \$7,553 for the year ended June 30, 2016 and \$7,522 for the year ended June 30, 2015. The fair market value of the charitable trust was \$918,986 in 2016 and \$982,652 in 2015. 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, 2016 and 2015, the Organization paid cash for interest totaling \$45,143 and \$56,037, respectively.

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

14. Subsequent events:

During 2016, an agreement was reached to sell the low-income housing facility 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. The transaction is anticipated to close by September 30, 2016.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 28, 2016, the date the Organization's financial statements were available to be issued.

VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity/ Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Supportive Housing Program:			
Permanent Supportive Housing - Columbus	14.235	OH0094U5E031407	\$ 362,321
Permanent Supportive Housing - Columbus	14.235	OH0094L5E031205	
Supportive Housing Program - Crossroads	14.235	OH0174L5E071306	43,494
Supportive Housing Program - Crossroads	14.235	OH0174L5E071407	210,803
Supportive Housing Program - Serenity House	14.235	OH0198L5E071306	125,836
Supportive Housing Program - Serenity House	14.235	OH0198L5E071407	158,136
Supportive Housing Program - Chestnut Hill	14.235	OH0309L5E011401	72,556
Supportive Housing Program - Chestnut Hill	14.235	OH0309L5E011502	70,507
Pass-through program from Ohio Department of Development:			
Supportive Housing Program - Walton	14.235	OH0069L5E021407	100,243
Supportive Housing Program - Walton Expansion	14.235	OH0068L5E021407	79,155
Supportive Housing Program - Mansfield	14.235	OH0218L5E071306	2,048
Supportive Housing Program - Mansfield Renewal	14.235	OH0218L5E071407	<u>261,049</u>
	Subtotal		1,486,148
Emergency Shelter Program - Walton/Harmon	14.231	S-L-13-7IM-1	103,048
Emergency Shelter Program - Walton/Crossroads	14.231	S-L-14-7IM-1	69,996
Emergency Shelter Program - Walton/Harmon/Crossroads	14.231	S-L-15-7IM-1	148,249
Cuyahoga County Board of Commissioners - Emergency Shelter Program	14.231	CEW1300478	15,000
Emergency Shelter Program	14.231	CE1500293	15,000
Passed through from the Board of County Commissioners Erie County Ohio:			
Emergency Shelter Program	14.231	United Way	<u>27,379</u>
	Subtotal		378,672
ARRA Homelessness and Rapid Rehousing Program	14.257	HCRP15-R3-04	53,853
Passed through from Erie County:			
Community Development Block Grant	14.228	14-253	19,862
Passed through from City of Sandusky Ohio:			
Community Development Block Grant	14.218	N/A	<u>4,528</u>
Total U.S. Department of Housing and Urban Development			1,943,063

VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2016

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity/ Identifying Number	Federal Expenditures
U.S. Department of Labor:			
Homeless Veterans Reintegration Program - Cleveland Retention	17.805	HV-26001-14-60-5-39/HV26001HV4	36,795
Homeless Veterans Reintegration Program- Cleveland	17.805	HV-26001-14-60-5-39/HV26001HVP	263,156
Homeless Veterans Reintegration Program - Dayton Retention	17.805	HV-22135-13-60-5-39/HV22135HV4	42,678
Homeless Veterans Reintegration Program - Dayton	17.805	HV-27457-15-0-5-39/HV27457HVP	251,595
Homeless Veterans Reintegration Program- Dayton Stand Down	17.805	SD-27718-15-60-5-39	7,000
Homeless Female Veterans / Veterans With Families - Cincinnati	17.805	HV-24736-13-60-5-39/HV24736HVP	200,000
Homeless Veterans Reintegration Program- Columbus	17.805	HV-26002-14-60-5-39/HV26002HVP	274,180
Homeless Veterans Reintegration Program- Columbus Retention	17.805	HV26002-14-60-5-39/HV26002HV4	25,670
Face Forward 2	17.805	YF-25941-14-60-A-39	<u>478,059</u>
Total U.S. Department of Labor			1,579,133
U.S. Department of Veteran Affairs:			
Supportive Services for Veteran Families- Columbus	64.033	2014-OH-269	1,528,392
Supportive Services for Veteran Families- Cleveland	64.033	C2015-OH-502B	1,001,126
Supportive Services for Veteran Families- Dayton	64.033	C2015-OH-505A	<u>1,243,808</u>
Subtotal			3,773,326
Grant and Per Diem - Cleveland	64.024	00-117-OH	779,717
Grant and Per Diem - Columbus	64.024	00-131-OH	612,848
Grant and Per Diem - Cincinnati	64.024	07-790-OH	703,214
Grant and Per Diem - Dayton	64.024	06-011-OH	661,496
Grant and Per Diem - Sandusky	64.024	98-5-OH	119,130
Emergency Shelter - VAEH Columbus	64.024	VA250-14-D-0045	232,367
Special Needs Grant - Cleveland	64.024	14-343-OH	57,337
Special Needs Grant - Cleveland	64.024	15-343-OH	162,680
Special Needs Grant - Columbus	64.024	14-366-OH	74,479
Special Needs Grant - Columbus	64.024	15-366-OH	<u>190,682</u>
Subtotal			3,593,950
Total U.S. Department of Veterans Affairs			7,367,276
U.S. Department of Homeland Security:			
Federal Emergency Management Agency Pass-through from Emergency Food and Shelter National Board Program Shelter Board:	97.024	32-6734-00 LRO 002	<u>12,178</u>
Total U.S. Department of Homeland Security			<u>12,178</u>
Total Expenditures of Federal Awards			<u><u>\$ 10,901,650</u></u>

VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2016

Notes to Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2016

Note A- Basis of presentation:

The accompanying schedule of expenditures of Federal awards includes the Federal award activity of Volunteers of America of Greater Ohio and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of Volunteers of America of Greater Ohio, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Volunteers of America of Greater Ohio.

Note B- Summary of significant accounting policies:

- (1) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Volunteers of America of Greater Ohio has not elected to use the 10% de minimis indirect cost rate as allowed under the *Uniform Guidance*, except when required by the granting agency.

Independent Auditor’s Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Volunteers of America of Greater Ohio (the “Organization”) (a Non-Profit Organization), which comprise the balance sheet as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

HW & Co

Cleveland, Ohio
September 28, 2016

Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the *Uniform Guidance*

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Volunteers of America of Greater Ohio's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Cleveland, Ohio
September 28, 2016

VOLUNTEERS OF AMERICA OF GREATER OHIO

(A Non-Profit Organization)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2016

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: unmodified

Internal control over financial reporting:

- ◆ Material weakness(es) identified? _____ Yes X No
- ◆ Significant deficiency(ies) identified? _____ Yes X None reported
- ◆ Noncompliance material to financial statements noted? _____ Yes X No

Federal Award

Internal control over major programs:

- ◆ Material weakness(es) identified? _____ Yes X No
- ◆ Significant deficiency(ies) identified? _____ Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ Yes X No

Identification of major program:

CFDA Number

Name of Federal Program or Cluster

64.033

U.S. Department of Veterans Affairs; Supportive Services for Veteran Families

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

- ◆ Auditee qualified as low-risk auditee? X Yes _____ No

Section II – Financial Statement Findings

No findings were noted.

Section III – Federal Award Findings and Questioned Costs

No findings were noted.