

Volunteers of America Ohio & Indiana and Subsidiaries

(A Non-Profit Organization)

YEARS ENDED JUNE 30, 2025 AND 2024

VOLUNTEERS OF AMERICA OHIO & INDIANA AND SUBSIDIARIES

(A Non-Profit Organization)

YEARS ENDED JUNE 30, 2025 AND 2024

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Independent Auditor's Report

To the Board of Directors
Volunteers of America Ohio & Indiana and Subsidiaries
Columbus, OH
Indianapolis, IN

Opinion

We have audited the accompanying consolidated financial statements of Volunteers of America Ohio & Indiana and Subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Volunteers of America Ohio & Indiana and Subsidiaries as of June 30, 2025, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Volunteers of America Ohio & Indiana and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The consolidated financial statements of Volunteers of America Ohio & Indiana and Subsidiaries as of June 30, 2024, and for the year then ended were audited by other auditors, whose report dated January 3, 2025, expressed an unmodified opinion on those consolidated financial statements.

Responsibilities of Management for the Financial Statements

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

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNL). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Volunteers of America Ohio & Indiana and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Volunteers of America Ohio & Indiana and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2026, on our consideration of Volunteers of America Ohio & Indiana and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Volunteers of America Ohio & Indiana and Subsidiaries' 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 Ohio & Indiana and Subsidiaries' internal control over financial reporting and compliance.



Woodmere, Ohio
February 2, 2026

VOLUNTEERS OF AMERICA OHIO & INDIANA AND SUBSIDIARIES

(A Non-Profit Organization)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - JUNE 30, 2025 AND 2024

ASSETS

| | <u>2025</u> | <u>2024</u> |
|-------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 6,381,601 | \$ 6,040,518 |
| Accounts receivable, net of allowance of \$430,000 at June 30, 2025 and \$335,000 at June 30, 2024 | 5,898,414 | 5,674,741 |
| Accounts receivable, other | 525,417 | 379,423 |
| Pledges receivable, net | 4,108 | 85,070 |
| Prepaid expenses | <u>566,399</u> | <u>399,542</u> |
| Total current assets | <u>13,375,939</u> | <u>12,579,294</u> |
| | | |
| Fixed assets: | | |
| Land and buildings | 61,876,545 | 60,032,597 |
| Furnishings and equipment | 12,938,579 | 12,590,274 |
| Accumulated depreciation | <u>(30,913,396)</u> | <u>(28,272,760)</u> |
| Total fixed assets | <u>43,901,728</u> | <u>44,350,111</u> |
| | | |
| Other assets: | | |
| Long-term investments | 39,747,218 | 35,856,266 |
| Right-of-use assets: | | |
| Operating leases | 16,340,700 | 16,444,239 |
| Finance leases | 75,180 | - |
| Other assets | <u>9,671,413</u> | <u>9,223,806</u> |
| Total other assets | <u>65,834,511</u> | <u>61,524,311</u> |
| | <u><u>\$ 123,112,178</u></u> | <u><u>\$ 118,453,716</u></u> |

See notes to consolidated financial statements.

VOLUNTEERS OF AMERICA OHIO & INDIANA AND SUBSIDIARIES

(A Non-Profit Organization)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - JUNE 30, 2025 AND 2024

LIABILITIES AND NET ASSETS

| | <u>2025</u> | <u>2024</u> |
|---------------------------------------------|------------------------------|------------------------------|
| Current liabilities: | | |
| Accounts payable | \$ 1,392,362 | \$ 2,143,639 |
| Current portion of loan payable: | - | 1,277,165 |
| Current portion of lease liabilities: | | |
| Operating leases | 2,165,249 | 2,065,135 |
| Finance leases | 14,612 | - |
| Accrued expenses | 4,689,346 | 4,211,933 |
| Deferred revenue | 1,400,000 | 1,400,000 |
| Other current liabilities | 952,267 | 952,267 |
| | <u>10,613,836</u> | <u>12,050,139</u> |
| Total current liabilities | | |
| Other liabilities: | | |
| Lease liabilities, net of current portion: | | |
| Operating leases | 14,478,978 | 14,607,123 |
| Finance leases | 60,538 | - |
| | <u>25,153,352</u> | <u>26,657,262</u> |
| Total liabilities | | |
| Net assets: | | |
| Without donor restrictions: | | |
| General | 71,024,614 | 66,892,349 |
| Board designated | 14,514,047 | 12,817,303 |
| | <u>85,538,661</u> | <u>79,709,652</u> |
| Total net assets without donor restrictions | | |
| With donor restrictions | <u>12,420,165</u> | <u>12,086,802</u> |
| Total net assets | <u>97,958,826</u> | <u>91,796,454</u> |
| | <u><u>\$ 123,112,178</u></u> | <u><u>\$ 118,453,716</u></u> |

See notes to consolidated financial statements.

VOLUNTEERS OF AMERICA OHIO & INDIANA AND SUBSIDIARIES

(A Non-Profit Organization)

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2025

| | Without Donor Restrictions | With Donor Restrictions | Total |
|------------------------------------------------------|-------------------------------|----------------------------|----------------------|
| Revenues from operations: | | | |
| Public support received directly: | | | |
| Contributions | \$ 1,048,842 | \$ 4,154,963 | \$ 5,203,805 |
| Sales to the public | 26,480,478 | - | 26,480,478 |
| Total public support | 27,529,320 | 4,154,963 | 31,684,283 |
| Exchange revenue from governmental agencies | 36,865,388 | - | 36,865,388 |
| Grants from from governmental agencies | 24,966,017 | - | 24,966,017 |
| Other revenue: | | | |
| Program service fees | 615,255 | - | 615,255 |
| Lease income | 676,873 | - | 676,873 |
| Gain from disposal of assets, net | 1,087,448 | - | 1,087,448 |
| Other operating revenue | 201,898 | - | 201,898 |
| Total revenue | 91,942,199 | 4,154,963 | 96,097,162 |
| Net assets released from restrictions | 3,821,600 | (3,821,600) | - |
| Total revenue from operations | 95,763,799 | 333,363 | 96,097,162 |
| Operating expenses: | | | |
| Retail stores | 20,839,355 | - | 20,839,355 |
| Auto donation | 679,390 | - | 679,390 |
| Veterans services | 19,817,773 | - | 19,817,773 |
| Re-entry programs | 19,351,549 | - | 19,351,549 |
| Housing programs | 2,204,501 | - | 2,204,501 |
| Behavioral health | 16,375,233 | - | 16,375,233 |
| Total program services | 79,267,801 | - | 79,267,801 |
| Management and general | 14,278,587 | - | 14,278,587 |
| Resource development | 1,509,431 | - | 1,509,431 |
| Total supporting services | 15,788,018 | - | 15,788,018 |
| Total operating expenses | 95,055,819 | - | 95,055,819 |
| Excess (loss) from operations | 707,980 | 333,363 | 1,041,343 |
| Nonoperating gains, losses and other revenue: | | | |
| Investment income, net | 3,022,020 | - | 3,022,020 |
| Gain on forgiveness of debt | 882,165 | - | 882,165 |
| Realized and unrealized gain on investments, net | 1,180,670 | - | 1,180,670 |
| Other income, net | 36,174 | - | 36,174 |
| Excess from other activities | 5,121,029 | - | 5,121,029 |
| Change in net assets | 5,829,009 | 333,363 | 6,162,372 |
| Net assets, beginning of year | 79,709,652 | 12,086,802 | 91,796,454 |
| Net assets, ending of year | \$ 85,538,661 | \$ 12,420,165 | \$ 97,958,826 |

See notes to consolidated financial statements.

VOLUNTEERS OF AMERICA OHIO & INDIANA AND SUBSIDIARIES

(A Non-Profit Organization)

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|------------------------------------------------------|-------------------------------|----------------------------|----------------------|
| Revenues from operations: | | | |
| Public support received directly: | | | |
| Contributions | \$ 1,114,466 | \$ 1,998,702 | \$ 3,113,168 |
| Sales to the public | 25,773,828 | - | 25,773,828 |
| Total public support | 26,888,294 | 1,998,702 | 28,886,996 |
| Exchange revenue from governmental agencies | 35,474,362 | - | 35,474,362 |
| Revenue and grants from governmental agencies | 23,287,395 | - | 23,287,395 |
| Other revenue: | | | |
| Program service fees | 698,258 | - | 698,258 |
| Lease income | 527,360 | - | 527,360 |
| Gain from disposal of assets, net | 28,224 | - | 28,224 |
| Other operating revenue | 69,789 | - | 69,789 |
| Total revenue | 86,973,682 | 1,998,702 | 88,972,384 |
| Net assets released from restrictions | 482,291 | (482,291) | - |
| Total revenue from operations | 87,455,973 | 1,516,411 | 88,972,384 |
| Operating expenses: | | | |
| Retail stores | 21,833,536 | - | 21,833,536 |
| Auto donation | 313,626 | - | 313,626 |
| Veterans services | 19,050,324 | - | 19,050,324 |
| Re-entry programs | 17,887,991 | - | 17,887,991 |
| Housing programs | 1,927,085 | - | 1,927,085 |
| Behavioral health | 14,154,032 | - | 14,154,032 |
| Total program services | 75,166,594 | - | 75,166,594 |
| Management and general | 13,874,928 | - | 13,874,928 |
| Resource development | 1,445,076 | - | 1,445,076 |
| Total supporting services | 15,320,004 | - | 15,320,004 |
| Total operating expenses | 90,486,598 | - | 90,486,598 |
| Excess (loss) from operations | (3,030,625) | 1,516,411 | (1,514,214) |
| Nonoperating gains, losses and other revenue: | | | |
| Investment income, net | 2,322,922 | - | 2,322,922 |
| Gain from casualty loss | 1,424,435 | - | 1,424,435 |
| Realized and unrealized gain on investments, net | 1,821,347 | - | 1,821,347 |
| Excess from other activities | 5,568,704 | - | 5,568,704 |
| Change in net assets | 2,538,079 | 1,516,411 | 4,054,490 |
| Net assets, beginning of year | 77,171,573 | 10,570,391 | 87,741,964 |
| Net assets, ending of year | \$ 79,709,652 | \$ 12,086,802 | \$ 91,796,454 |

See notes to consolidated financial statements.

VOLUNTEERS OF AMERICA OHIO & INDIANA AND SUBSIDIARIES

(A Non-Profit Organization)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025

| | Program Services | | | | | | Program Services Total | Supporting Services | | Supporting Services Total | Total Program and Supporting Services Expenses |
|----------------------------------|----------------------|-------------------|----------------------|----------------------|---------------------|----------------------|------------------------|------------------------|----------------------|---------------------------|------------------------------------------------|
| | Retail Stores | Auto Donation | Veteran Services | Re-entry Programs | Housing Programs | Behavioral Health | | Management and General | Resource Development | | |
| Salaries | \$ 10,478,838 | \$ 116,941 | \$ 8,294,465 | \$ 9,853,638 | \$ 687,328 | \$ 9,657,984 | \$ 39,089,194 | \$ 7,264,168 | \$ 978,799 | \$ 8,242,967 | \$ 47,332,161 |
| Employee benefits | 2,146,483 | 27,444 | 1,733,593 | 2,076,536 | 183,250 | 2,198,353 | 8,365,659 | 1,651,740 | 220,932 | 1,872,672 | 10,238,331 |
| Professional services | 574,187 | 136,347 | 686,917 | 931,703 | 155,881 | 1,411,718 | 3,896,753 | 3,511,627 | 206,827 | 3,718,454 | 7,615,207 |
| Occupancy expense | 3,278,841 | 4,867 | 841,814 | 1,610,346 | 59,029 | 794,207 | 6,589,104 | 286,561 | - | 286,561 | 6,875,665 |
| Specific assistance | - | - | 5,620,465 | 57,342 | 815,859 | 518,701 | 7,012,367 | - | - | - | 7,012,367 |
| Supplies and equipment | 2,172,683 | 379,961 | 1,314,665 | 3,640,670 | 96,838 | 953,733 | 8,558,550 | 279,043 | 17,720 | 296,763 | 8,855,313 |
| Office supplies and expenses | 756,249 | 7,069 | 228,075 | 174,063 | 26,207 | 158,859 | 1,350,522 | 724,630 | 56,074 | 780,704 | 2,131,226 |
| Travel, conferences and meetings | 379,858 | 185 | 295,948 | 382,195 | 29,936 | 324,799 | 1,412,921 | 336,163 | 28,328 | 364,491 | 1,777,412 |
| Depreciation and amortization | 1,041,898 | 6,576 | 747,037 | 592,260 | 128,453 | 334,026 | 2,850,250 | 224,655 | 458 | 225,113 | 3,075,363 |
| Other | 10,318 | - | 54,794 | 32,796 | 21,720 | 22,853 | 142,481 | - | 293 | 293 | 142,774 |
| Total functional expenses | \$ 20,839,355 | \$ 679,390 | \$ 19,817,773 | \$ 19,351,549 | \$ 2,204,501 | \$ 16,375,233 | \$ 79,267,801 | \$ 14,278,587 | \$ 1,509,431 | \$ 15,788,018 | \$ 95,055,819 |

See notes to consolidated financial statements.

VOLUNTEERS OF AMERICA OHIO & INDIANA AND SUBSIDIARIES

(A Non-Profit Organization)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

| | Program Services | | | | | | Program Services Total | Supporting Services | | Supporting Services Total | Total Program and Supporting Services Expenses |
|----------------------------------|----------------------|-------------------|----------------------|----------------------|---------------------|----------------------|------------------------|------------------------|----------------------|---------------------------|------------------------------------------------|
| | Retail Stores | Auto Donation | Veteran Services | Re-entry Programs | Housing Programs | Behavioral Health | | Management and General | Resource Development | | |
| Salaries | \$ 10,794,228 | \$ 110,923 | \$ 7,781,335 | \$ 9,020,166 | \$ 581,868 | \$ 8,371,338 | \$ 36,659,858 | \$ 6,606,497 | \$ 893,090 | \$ 7,499,587 | \$ 44,159,445 |
| Employee benefits | 2,032,067 | 25,788 | 1,694,727 | 1,983,562 | 154,101 | 1,776,409 | 7,666,654 | 1,630,003 | 212,524 | 1,842,527 | 9,509,181 |
| Professional services | 572,523 | 130,720 | 643,154 | 850,251 | 95,278 | 1,030,456 | 3,322,382 | 3,810,445 | 177,792 | 3,988,237 | 7,310,619 |
| Occupancy expense | 4,126,741 | 3,633 | 966,583 | 1,346,835 | 71,172 | 820,419 | 7,335,383 | 451,053 | 219 | 451,272 | 7,786,655 |
| Specific assistance | - | - | 5,384,082 | 38,544 | 777,793 | 502,460 | 6,702,879 | - | - | - | 6,702,879 |
| Supplies and equipment | 2,087,587 | 28,694 | 1,261,841 | 3,370,189 | 68,040 | 827,818 | 7,644,169 | 246,030 | 8,480 | 254,510 | 7,898,679 |
| Office supplies and expenses | 823,724 | 6,955 | 273,863 | 215,988 | 35,317 | 158,955 | 1,514,802 | 385,834 | 108,543 | 494,377 | 2,009,179 |
| Travel, conferences and meetings | 440,143 | - | 330,421 | 448,181 | 23,292 | 268,440 | 1,510,477 | 370,910 | 37,108 | 408,018 | 1,918,495 |
| Depreciation and amortization | 928,643 | 6,867 | 683,028 | 556,256 | 109,263 | 359,996 | 2,644,053 | 231,068 | 3,657 | 234,725 | 2,878,778 |
| Interest | - | - | - | - | 802 | - | 802 | - | - | - | 802 |
| Other | 27,880 | 46 | 31,290 | 58,019 | 10,159 | 37,741 | 165,135 | 143,088 | 3,663 | 146,751 | 311,886 |
| Total functional expenses | \$ 21,833,536 | \$ 313,626 | \$ 19,050,324 | \$ 17,887,991 | \$ 1,927,085 | \$ 14,154,032 | \$ 75,166,594 | \$ 13,874,928 | \$ 1,445,076 | \$ 15,320,004 | \$ 90,486,598 |

See notes to consolidated financial statements.

VOLUNTEERS OF AMERICA OHIO & INDIANA AND SUBSIDIARIES

(A Non-Profit Organization)

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2025 AND 2024

| | 2025 | 2024 |
|---------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 6,162,372 | \$ 4,054,490 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 3,075,363 | 2,878,778 |
| Credit losses (recovery of credit losses) | 95,000 | (14,800) |
| Gain on forgiveness of debt | (882,165) | (150,000) |
| Gain on disposal of assets | (1,087,448) | (28,224) |
| Lease expense | 2,303,196 | 2,353,514 |
| Unrealized gain on investments | (1,180,670) | (1,821,347) |
| Changes in assets and liabilities: | | |
| Accounts receivable | (464,667) | (253,595) |
| Pledges receivable | 80,962 | (3,192) |
| Prepaid expenses | (166,857) | 1,982 |
| Other assets | (235,778) | (122,341) |
| Accounts payable | (610,589) | 709,803 |
| Accrued expenses | 324,184 | 309,848 |
| Deferred revenue | - | (939,195) |
| Lease liabilities | (2,227,718) | (2,030,475) |
| Other current liabilities | - | (463,442) |
| Other liabilities | - | (5,880) |
| | <u>5,185,185</u> | <u>4,475,924</u> |
| Net cash provided by operating activities | | |
| Cash flows from investing activities: | | |
| Purchases of fixed assets and construction-in-progress | (2,748,132) | (8,161,167) |
| Proceeds from sale of fixed assets | 1,150,000 | 540,733 |
| Proceeds from sale of investments | 1,059,718 | 4,240,665 |
| Purchases of investments | (3,770,000) | (1,428,309) |
| | <u>(4,308,414)</u> | <u>(4,808,078)</u> |
| Net cash used in investing activities | | |
| Cash flows from financing activities: | | |
| Principal payments on long-term debt | (395,000) | (20,000) |
| Payments on accounts payable for construction-in-process | (140,688) | (345,103) |
| | <u>(535,688)</u> | <u>(365,103)</u> |
| Net cash used in financing activities | | |
| Net increase (decrease) in cash and cash equivalents | <u>341,083</u> | <u>(697,257)</u> |
| Cash and cash equivalents, beginning | <u>6,040,518</u> | <u>6,737,775</u> |
| Cash and cash equivalents, ending | <u><u>\$ 6,381,601</u></u> | <u><u>\$ 6,040,518</u></u> |

See notes to consolidated financial statements.

VOLUNTEERS OF AMERICA OHIO & INDIANA AND SUBSIDIARIES

(A Non-Profit Organization)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

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

Description of organization:

Volunteers of America Ohio & Indiana and Subsidiaries (“Organization”) is a nonprofit spiritually based human services organization, incorporated in Ohio, that provides social services within the states of Ohio and Indiana 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, the Organization promotes self-sufficiency for individuals and families who have experienced homelessness, or other personal crisis, including chemical dependency, involvement with the corrections system and unemployment. The Organization focuses on solution-oriented approaches, using a continuum of services from prevention to intervention to long-term support. The Organization’s local programming includes a network of retail stores that provides low-cost clothing and household items. In addition to meeting the emergency needs of the 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.

The Organization’s veterans services include programming for transitional housing for homeless veterans under grants from Veterans Affairs along with grants to address the special needs of chronically mentally ill veterans. Veteran employment programs, Supportive Services for Veteran Families programs and a housing program for female veterans are located throughout the service areas. A veteran administration contract provides services to mentally ill veterans who receive residential and other support services.

The Organization’s re-entry programs include halfway houses providing rehabilitation services to adult populations. Programs focus on rehabilitation, life skills, substance abuse education and counseling. Referral sources include Ohio and Indiana Department of Corrections and the Federal Bureau of Prisons. The programs are located throughout the service areas.

The Housing Programs include emergency shelters for homeless families, transitional housing programs for homeless individuals and permanent supportive housing for formerly homeless families. These programs are located in Ohio. In Indiana, the Organization manages two affordable housing facilities operating under HUD 202 and owned by the Organization, Brownstone Manor and a 52-unit facility and; Gardens on Carolina, a 38-unit facility.

Through programs designed to provide care where needed, while supporting independence to the degree possible, the Organization fosters the health and independence of the elderly and persons with disabilities, mental illness, and HIV/AIDS through quality affordable housing, health care services, and a wide range of community services. The Organization’s fostering independence programming includes housing programs previously noted for individuals dealing with mental health issues.

VOLUNTEERS OF AMERICA OHIO & INDIANA AND SUBSIDIARIES

(A Non-Profit Organization)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

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

Description of organization (continued):

Within the area of encouraging positive development, the Organization provides services to encourage positive development for troubled and at-risk children and youth, while also promoting the healthy development of all children, adolescents and their families. The Organization's programs provide a continuum of care and support for young people from birth to age 21 through prevention, early intervention, and long-term services.

The Organization provides Fresh Start programs for pregnant mothers with young children. The programs focus on early intervention for infants born testing positive for opiates at the time of birth, mothers who have recently delivered and are in need of services and early intervention for mothers with Opiate Use Disorder. There are also treatment programs for men and women under criminal justice supervision designed to provide a treatment intervention for relapse rather than incarceration. Outpatient services for those transitioning out of residential treatment are also available.

Through the use of telepsych and a partnership with AIDS service organizations, the Organization has been able to increase access to treatment for people with limited transportation with significant health concerns. This is possible through the Ryan White Outpatient and Telepsych Program that works to expand access to services for individuals diagnosed with HIV.

Supporting services:

Supporting services include all expenses not allocable to specific program services. Management and general expenses relate to the overall administration of the Organization, encompassing human resources, accounting functions and executive administration.

Resource development includes activities related to the development function, encompassing solicitation of support from fundraisers, individuals and businesses. Resource development also includes participation in the direct mail program and the website program conducted by Volunteers of America, Inc.

Principles of consolidation:

The accompanying consolidated financial statements of the Organization include the accounts of Volunteers of America Ohio & Indiana and its wholly-owned subsidiary, VOA OHIN 919, LLC (an Indiana limited liability company). All significant intercompany transactions have been eliminated in consolidation.

Basis of accounting:

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to voluntary health and welfare organizations.

VOLUNTEERS OF AMERICA OHIO & INDIANA AND SUBSIDIARIES

(A Non-Profit Organization)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

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

Basis of accounting (continued):

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

Use of estimates:

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Actual results could differ from those estimates.

Cash and 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.

Accounts receivable and allowance for credit losses:

Accounts receivable are recorded as performance obligations are satisfied at established billing rates as services are rendered. Accounts receivable are recorded at amounts expected to be collected.

The Organization recognizes an expected allowance for credit losses at each statement of financial position date. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. Accounts receivable are evaluated individually when they do not share similar risk characteristics which could exist in circumstances where amounts are considered at risk or uncollectible.

The allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization's portfolio segments have remained constant since the Organization's inception. In addition, the Organization has made an accounting policy election to consider collection activity after the statement of financial position date through September 30, 2025, when estimating expected credit losses.

VOLUNTEERS OF AMERICA OHIO & INDIANA AND SUBSIDIARIES

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

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

Accounts receivable and allowance for credit losses (continued):

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Organization's accounting policy election.

The allowance for credit losses for accounts receivable by portfolio segment and the related activity are as follows as of June 30, 2025 and 2024:

| | <u>2025</u> | <u>2024</u> |
|-------------------------------------------|-------------------|-------------------|
| Beginning balance | \$ 335,000 | \$ 349,800 |
| Provision for (recovery of) credit losses | 95,000 | (14,800) |
| Write-offs | <u>-</u> | <u>-</u> |
| Ending balance | <u>\$ 430,000</u> | <u>\$ 335,000</u> |

Accounts receivable, other consists of the following balances at June 30, 2025 and 2024:

| | <u>2025</u> | <u>2024</u> |
|------------------------------------|-------------------|-------------------|
| Employee Retention Credit (Note 2) | \$ 259,830 | \$ 259,830 |
| Other | <u>265,587</u> | <u>119,593</u> |
| | <u>\$ 525,417</u> | <u>\$ 379,423</u> |

Pledges receivable:

Pledges receivable represent unconditional promises to give. Unpaid pledges from campaigns, net of allowance for doubtful pledges, are \$4,108 at June 30, 2025 and \$96,619 at June 30, 2024. The outstanding pledges are expected to be collected in 2026.

At June 30, 2025 and 2024, an allowance of \$725 and \$17,052 was recorded for doubtful pledges, respectively.

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(A Non-Profit Organization)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

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

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 |

Construction-in-progress included in other long-term assets totaled \$8,825,408 at June 30, 2025 and \$8,443,682 at June 30, 2024. Construction-in-progress is transferred to property and equipment when placed in service.

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.

Restricted and designated assets:

Restricted and designated assets represent the total of all assets that are encumbered by donor restrictions, legal agreements, and board designation or are otherwise unavailable for the general use of the Organization. This category generally includes client/custodial funds, escrow/reserve funds, with or without donor restrictions and securities that are pledged and held by the lender as collateral for financing. Donors include other types of contributors, including makers of certain grants.

VOLUNTEERS OF AMERICA OHIO & INDIANA AND SUBSIDIARIES

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

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

Liquidity and availability:

The Organization's financial assets available within one year of the consolidated statement of financial position as of June 30, for general expenditures are as follows:

| | <u>2025</u> | <u>2024</u> |
|------------------------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 6,381,601 | \$ 6,040,518 |
| Accounts receivable, net | 6,423,831 | 6,054,164 |
| Pledges receivable, net | 4,108 | 85,070 |
| Long-term investments | <u>39,747,218</u> | <u>35,856,266</u> |
| | 52,556,758 | 48,036,018 |
| Less: Board designated investments | 14,514,047 | 12,817,303 |
| Less: Net assets with donor restrictions | <u>12,420,165</u> | <u>12,086,802</u> |
| | <u>\$ 25,622,546</u> | <u>\$ 23,131,913</u> |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Additionally, the Organization's board designated fund consists of investments whose income is not restricted for specific purpose, and, therefore, is available for general expenditures as approved by the board. Furthermore, the Organization has \$1,000,000 available for borrowing under its lines of credit (Note 5) at June 30, 2025 and 2024.

Net assets:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. Board designated net assets amounted to \$14,514,047 at June 30, 2025 and \$12,817,303 at June 30, 2024.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) restrictions. Some donor (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Net assets with donor restrictions amounted to \$12,420,165 at June 30, 2025 and \$12,086,802 at June 30, 2024.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

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

Revenue recognition:

The Organization generates revenue from contributions, revenue and grants from governmental agencies and program service fees. Revenue is reported at the amount that reflects consideration to which the Organization expects to be entitled in exchange for providing the goods or services. Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the goods and services provided by the Organization. The Organization recognizes revenue in the consolidated statements of activities and changes in net assets and contract assets in the consolidated statements of financial position only when goods and services have been sold and delivered or have been provided. Since the Organization has performed its obligations under the contracts, it has unconditional rights to the consideration recorded as contract assets and, therefore, classifies those billed amounts as accounts receivable. There were no contract assets at June 30, 2025, June 30, 2024 and July 1, 2023.

Revenues from exchange transactions are recognized as performance obligations are satisfied, which in most cases are as related costs are incurred.

Revenues from non-exchange transactions (contributions) may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make further payments). Revenues from conditional non-exchange transactions are recognized when the barrier is satisfied. In addition, the Organization has elected the simultaneous release option for conditional contributions that are also subject to purpose restrictions. Under this option, net assets with donor restrictions will include the donor-restricted contributions for which the purpose restrictions were met in the same reporting period as the revenue is recognized.

Unconditional promises to give are recognized as revenue or support in the period the promise is received. Unconditional promises to give are recognized at their net realizable value. Conditional promises to give are recognized when the conditions on which they depend are met.

Program service fees are recognized as revenue when services have been rendered. Program service fees received in advance are deferred to the applicable year in which the related services are performed or expenditures are incurred and represent contract liabilities, which are recorded as deferred revenue in the consolidated statements of financial position.

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 Ohio auto auction. The Organization allocates the transaction price for retail sales to each distinct product on their relative standalone selling price. Revenue is recognized when control of the product is transferred to the customer (i.e., when the Organization's performance obligation is satisfied), which typically occurs at the point of sale.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

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

Disaggregation of revenue:

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, method of reimbursement, and timing of when revenue is recognized. The following is a summary of the composition of revenue from governmental agencies by payor for the years ended June 30, 2025 and 2024:

| | <u>2025</u> | <u>2024</u> |
|---------------------------|-------------|-------------|
| Department of Corrections | 39% | 38% |
| Veterans Administration | 28 | 30 |
| Department of Medicaid | 18 | 15 |
| State programs | 5 | 5 |
| Community shelter boards | 2 | 2 |
| Department of Labor | 4 | 4 |
| Other | <u>4</u> | <u>6</u> |
| Total | <u>100%</u> | <u>100%</u> |

Contributed services and non-financial assets:

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. The related costs are allocated to the specific programs noted above and recorded as operating support and expenses in the consolidated statements of activities and changes in net assets. No amounts were donated in 2025 or 2024.

The Organization receives other donated services which do not meet the criteria for recognition in the Organization's consolidated financial statements or cannot be objectively measured. These donations, while not recognized in the consolidated financial statements, also provide valuable resources to the Organization.

Operations:

The Organization defines operations as all program and supporting service activities undertaken. Revenues that result from these activities and their related expenses are reported as operations. Gains, losses and other revenue that result from ancillary activities, such as investing liquid assets are reported as nonoperating.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

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

Income taxes:

Under provision of Section 501(c)(3) of the Internal Revenue Code ("IRC") and the applicable income tax regulations of the states of Ohio and Indiana, Volunteers of America Ohio & Indiana is exempt from income taxes, except for net income from unrelated business income, as a subordinate unit of Volunteers of America, Inc. Volunteers of America, Inc. is exempt from federal income taxes under Section 501(a) of the IRC as a religious organization described in Section 501(c)(3). For the fiscal years ended June 30, 2025 and 2024, there was no taxable net income resulting from unrelated business activities. Accordingly, no tax expense was incurred during the years ended June 30, 2025 and 2024.

VOAOHIN 919, LLC and AG Manager, LLC (collectively, the "Subsidiaries") are for-profit entities and, as a result, are tax-paying entities should they have taxable income. The Subsidiaries had net operating income of \$228,224 during the year ended June 30, 2025, and \$117,621 during the year ended June 30, 2024.

Functional expenses:

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. The consolidated statements of functional expenses present the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs, management and general, and resource development expenses. Certain administrative costs associated with the grant process are not included under grants on the consolidated statements of functional expenses and have been more appropriately reflected under programs.

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages and related expenses, which are allocated based on job descriptions and estimates of time and effort. Occupancy costs, including utilities, property insurance, telephone, depreciation and interest are allocated based on square footage or the total number of beds. Professional liability insurance is allocated based on the number of beds at each location covered and a weighting factor provided by the insurance agent for the cost of the different type of beds. The remaining expenses which are not directly identifiable by program service or support activities are allocated on the best estimates of management.

Leases:

The Organization makes a determination with respect to each of its remaining leases as to whether each should be accounted for as an operating or finance lease. The classification criteria is based on if the lease has a purchase option, transfer or ownership at the end of the lease and estimates of the fair value of the leased asset, minimum lease payments, effective costs of funds, economic life of the asset, and certain other terms in the lease agreements. Any leases determined by management to be inconsequential are expensed when paid.

VOLUNTEERS OF AMERICA OHIO & INDIANA AND SUBSIDIARIES

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

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

Leases (continued):

The Organization, as lessee, recognizes right-of-use assets and lease obligations on the Organization's consolidated statements of financial position. As of the commencement date of a lease, a lease liability and corresponding right-of-use asset are established on the Organization's consolidated statements of financial position at the present value of future minimum lease payments. In accordance with Financial Accounting Standards Board Accounting Standards Codification 842 for private companies and nonprofit organizations, the Organization elected the practical expedient which allows it to use a risk-free rate to discount future lease payments. The Organization elected the short-term lease exception policy, which permits leases with an initial term of twelve months or less to not be recorded on the consolidated statements of financial position and instead to be recognized as lease expense as incurred.

The Organization applies judgment in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. The Organization determines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The lease term is used in determining the classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate.

The Organization has several lease contracts that include extension and termination options. The Organization applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date of the lease, the Organization reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or terminate.

For operating leases, the Organization recognizes lease expense on a straight-line basis based on payments for minimum rent due over the life of the lease plus any variable rent payments.

The Organization leases one of its buildings, as well as individual apartments, to unrelated third parties under various lease agreements. The leases have varying lease terms (all less than one year) at varying monthly amounts. The leases do not contain residual guarantees. The Organization classifies these leases as operating leases.

Management makes certain estimates and assumptions regarding these lease agreements, renewals, and amendments, including, but not limited to, property values, property lives, discount rates and lease terms, all of which can impact (i) the classification and account for a lease as operating or finance, including sales-type and direct financing, (ii) variable payments that are taken into consideration when calculating lease income. The amount of depreciation and lease income would vary if different estimates and assumptions were used.

As of June 30, 2025 and 2024, the leased assets are physically distinct. The Organization does not have substitution rights, and the lessees hold the right to direct the use of and obtain substantially all of the economic benefits.

VOLUNTEERS OF AMERICA OHIO & INDIANA AND SUBSIDIARIES

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

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

Reclassifications:

Certain amounts in the 2024 consolidated financial statements have been reclassified to conform to the current year presentation. As a result of these reclassifications, accrued liabilities increased by \$785,243 at June 30, 2024 with a corresponding decrease in other current liabilities and sales to the public increased by \$25,773,828 for the year ended June 30, 2024 with a corresponding decrease in contributions.

2. COVID-19 pandemic:

The COVID-19 pandemic created economic uncertainties, which have contributed to the significant volatility for businesses. On March 27, 2020, the Coronavirus Aid Relief and Economic Security Act (the "CARES Act") was signed into law. This funding was provided to assist with ongoing operations of the Organization. The Organization was impacted by certain provisions of the CARES Act, as summarized below:

Employee Retention Credit:

The CARES Act provides an employee retention credit ("ERC") which is a refundable tax credit against certain employment taxes. Eligible employers were required to meet certain gross receipts reduction or were subject to fully or partially suspended operations (as defined) due to orders from an appropriate governmental authority during any calendar quarter in 2020 and through September 30, 2021. The calculation of the credit is determined based on qualifying wages (as defined) paid beginning March 13, 2020 through September 30, 2021. The Organization recorded revenue totaling \$259,830 during the year ended June 30, 2023, for credits calculated for 2020. This amount is included in account receivable, other at June 30, 2025 and 2024.

The Organization included the qualifying wages and credits on the IRS Form 941-X Adjusted Employer's Quarterly Tax Return. Management believes the Organization does qualify for these refundable credits, however, there can be no assurance that they will receive the outstanding refundable credits and IRS Form 941-Xs are subject to IRS examination. The IRS statute of limitations regarding the filing of the 941-Xs is four years for the filings through the quarter ended June 30, 2021, and five years for the tax filing for the quarter ended September 30, 2021. If the amounts that were recorded as revenue become subject to IRS examinations and are fully or partially disallowed, the impact could be material to the Organization's consolidated financial statements, operations and cash flows.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

3. Investments:

Investments are shown on the consolidated statements of financial position at fair market value. The following summarizes cost and market value:

| <u>June 30, 2025</u> | <u>Aggregate Cost</u> | <u>Market Value</u> | <u>Unrealized Gain</u> |
|-----------------------------|---------------------------|-------------------------|----------------------------|
| Cash and money market funds | \$ 1,212,280 | \$ 1,212,280 | \$ - |
| Certificates of deposit | 2,386,055 | 2,412,415 | 26,360 |
| Corporate stocks and bonds | 20,630,169 | 25,442,566 | 4,812,397 |
| Mutual funds | <u>8,909,432</u> | <u>10,679,957</u> | <u>1,770,525</u> |
| | <u>\$ 33,137,936</u> | <u>\$ 39,747,218</u> | <u>\$ 6,609,282</u> |
| | | | |
| <u>June 30, 2024</u> | <u>Aggregate Cost</u> | <u>Market Value</u> | <u>Unrealized Gain</u> |
| Cash and money market funds | \$ 964,030 | \$ 964,030 | \$ - |
| Certificates of deposit | 2,386,090 | 2,374,245 | (11,845) |
| Corporate stocks and bonds | 17,339,167 | 21,531,412 | 4,192,245 |
| Mutual funds | <u>9,738,367</u> | <u>10,986,579</u> | <u>1,248,212</u> |
| | <u>\$ 30,427,654</u> | <u>\$ 35,856,266</u> | <u>\$ 5,428,612</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.

4. 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. U.S. GAAP 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

4. 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, 2025 and 2024, were as follows:

| <u>Level 1</u> | <u>2025</u> | <u>2024</u> |
|----------------------------|----------------------|----------------------|
| Equity securities: | | |
| Consumer products industry | \$ 334,965 | \$ 1,287,827 |
| Financial industry | 1,297,116 | 1,296,433 |
| Food and beverage industry | 571,391 | 758,885 |
| Health care industry | 1,137,204 | 1,114,282 |
| Industrial goods industry | 669,248 | 733,334 |
| Manufacturing industry | 1,062,056 | - |
| Oil and gas industry | 518,345 | 504,627 |
| Services industry | 935,886 | 2,562,536 |
| Technology industry | <u>3,436,539</u> | <u>1,993,580</u> |
| Total equity securities | 9,962,750 | 10,251,504 |
| Money market funds | <u>1,040,626</u> | <u>964,030</u> |
| | <u>11,003,376</u> | <u>11,215,534</u> |
| <u>Level 2</u> | | |
| Government securities | 7,504,395 | 3,291,600 |
| Corporate bonds | 5,336,876 | 7,988,308 |
| Certificates of deposit | 2,412,415 | 2,374,245 |
| Mutual funds: | | |
| Equity funds | 10,513,730 | 8,487,234 |
| Bond funds | <u>2,976,426</u> | <u>2,499,345</u> |
| | <u>28,743,842</u> | <u>24,640,732</u> |
| | <u>\$ 39,747,218</u> | <u>\$ 35,856,266</u> |

The Organization did not hold any Level 3 investments at June 30, 2025 and 2024.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

5. Lines of credit:

At June 30, 2025 and 2024, 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, 2025 and 2024. The interest rate is the prime rate, which was 7.50% at June 30, 2025, and 8.50% at June 30, 2024.

A second 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, 2024. The interest rate is the prime rate, which was 8.50% at June 30, 2024. The line of credit expired in 2025 and was not renewed.

6. Loan payable:

A promissory note was entered into on July 26, 2018, for \$1,000,000 with the Indiana Housing and Community Development Authority ("IHCDA") with a 0% per annum interest rate until paid in full. The loan matured on July 31, 2024. The scheduled annual payments will be deemed received by IHCDA if paid directly to the Welcoming Indiana's Next Generation Fund (WINGS Fund) of the City of Evansville, Indiana. A similar agreement was made with IHCDA for a property in Columbus, Indiana. This loan matured on August 31, 2024. The balance under this agreement totaled \$1,277,165 at June 30, 2024. The loan was forgiven during the year ended June 30, 2025, and a gain on loan forgiveness is recorded in the consolidated statements of activities and changes in net assets.

7. Leases:

The Organization leases vehicles, equipment, apartments and buildings under long-term non-cancelable operating lease and finance lease agreements. The non-cancelable leases have various terms, the latest expiring in August 2036. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, the Organization estimates as an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Organization's applicable borrowing rates and contractual lease term.

The Organization has elected a short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The Organization elected the practical expedient to not separate lease and non-lease components for real estate and office equipment leases.

The operating lease costs is included in the occupancy expense on the consolidated statement of functional expenses.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

7. Leases (continued):

Other information related to leases included in the consolidated statements of financial position as of June 30, 2025 and 2024, is as follows:

| | 2025 | | 2024 | |
|-------------------------------------------------------------------|---------------|-----------|---------------|---------|
| | Operating | Finance | Operating | Finance |
| Right-of-use-assets | \$ 16,340,700 | \$ 75,180 | \$ 16,444,239 | \$ - |
| Lease liabilities | 16,644,227 | 75,150 | 16,672,258 | - |
| Lease cost | 3,640,152 | | 2,853,726 | |
| Interest expense | | 900 | | |
| Amortization of right-of-use assets | | 4,076 | | |
| Cash paid for amounts included in the measurement of liabilities: | | | | |
| Operating cash flows | 3,564,446 | 900 | 2,806,095 | - |
| Financing cash flows | - | 4,106 | - | - |
| Weighted-average remaining lease term | 7.8 years | 4.8 years | 8.4 years | |
| Weighted-average discount rate | 3.04% | 4.56% | 2.95% | - |

Future minimum lease payments under non-cancellable leases as of June 30, 2025, are as follows:

| | Operating | Finance |
|-----------------------------------------------|---------------|-----------|
| 2025 | \$ 2,634,021 | \$ 17,692 |
| 2026 | 2,612,262 | 17,692 |
| 2027 | 2,435,720 | 17,692 |
| 2028 | 2,349,699 | 17,692 |
| 2029 | 2,286,821 | 12,686 |
| Thereafter | 6,378,338 | - |
| Total minimum lease payments | 18,696,861 | 83,454 |
| Less: imputed interest | 2,052,634 | 8,304 |
| Present value of future lease payments | 16,644,227 | 75,150 |
| Less: current maturities of lease obligations | 2,165,249 | 14,612 |
| Long-term lease obligations | \$ 14,478,978 | \$ 60,538 |

The Organization leases rental space to an unrelated party. The lease term is for one year can be renewed for additional one year terms. The following is a schedule, by year, of estimated future lease income to be received measured under operating lease agreements:

| <u>Year ending June 30,</u> | |
|-----------------------------|------------|
| 2026 | \$ 184,830 |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

7. Leases (continued):

The Organization recorded lease revenue totaling \$550,224 in 2025 and \$527,360 in 2024 which is included in the consolidated statements of activities and changes in net assets under lease income.

8. 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 \$501,206 in 2025 and \$407,377 in 2024. 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 up to 3% of compensation are matched. Fulltime employees vest in the Organization's match over a period of five years based on initial service date. Expense for the 403(b) plan was \$249,388 in 2025 and \$265,192 in 2024.

9. Related-party transactions:

The Organization is affiliated with Volunteers of America, Inc., which provides supporting services to the Organization for a fee. Chartering services fees amounted to \$1,327,557 at June 30, 2025, and \$1,296,358 at June 30, 2024, which are the maximum amounts. Amounts due to Volunteers of America, Inc. for national fees was \$221,454 at June 30, 2024. No amounts were due at June 30, 2025.

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 received a developer fee related to the tax credit project.

In April 2025, the Organization received a developer fee in the amount of \$50,000 from a related party. The related party is in the process of constructing a tax credit project.

10. Gain from casualty loss:

In 2023, one of the Organization's buildings was damaged by a fire. Losses were fully insured and, in accordance with U.S. GAAP, the Organization recorded a gain from casualty loss of \$559,869 representing the excess of the insurance proceeds compared to the net book value of assets damaged in the loss. The Organization collected the entirety of the insurance proceeds during fiscal year 2024 from the insurance company. During 2024, the Organization received an additional \$1,424,435 in insurance proceeds related to the fire loss, amounts are recorded as gain on casualty loss in the consolidated statements of activities and changes in net assets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

11. Net assets with donor restrictions:

Net assets with donor restrictions at June 30, 2025 and 2024, consisted of:

| | <u>2025</u> | <u>2024</u> |
|-------------------------------------------|----------------------|----------------------|
| Time restricted pledges and contributions | <u>\$ 12,420,165</u> | <u>\$ 12,086,802</u> |

12. 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, 2025 and 2024:

| | <u>2025</u> | <u>2024</u> |
|-------------------------|---------------------|-------------------|
| Passage of time | \$ 84,591 | \$ 22,413 |
| Satisfaction of purpose | <u>3,737,009</u> | <u>459,878</u> |
| | <u>\$ 3,821,600</u> | <u>\$ 482,291</u> |

13. Consolidated statements of cash flows:

Non-cash operating and investing activities:

During the year ended June 30, 2025, the Organization increased right-of-use assets by \$2,274,837 with a corresponding increase in lease liabilities for leases entered into during the year. During the year ended June 30, 2024, the Organization increased right-of-use assets by \$3,670,985 with a corresponding increase in lease liabilities for leases entered into during the year.

The Organization financed construction-in-process with accrued expenses totaling \$153,229 during the year ended June 30, 2025.

The Organization financed construction-in-process with accounts payable totaling \$140,668 during the year ended June 30, 2024.

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YEARS ENDED JUNE 30, 2025 AND 2024

14. Endowments:

The Organization's endowment holds funds committed to the Organization's charitable purpose to ensure its ability to make long-term investments in its charitable mission. The endowment pool can hold two types of endowed funds: true endowment and quasi-endowment. The Organization's endowments consist of multiple endowment funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law:

The board of directors of the Organization has interpreted the state of Ohio's and Indiana's Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the Organization classifies as donor-restricted, (a) the original value of gifts donated to the endowment, (b) the original value of subsequent donor-restricted gifts to the endowment with donor restrictions, and (c) accumulations to the endowment with donor restrictions made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the organization
- 7) The investment policies of the organization

As of June 30, 2025 and 2024 endowment net asset composition by type of fund is as follows:

| | <u>2025</u> | <u>2024</u> |
|---------------------------------------|----------------------|----------------------|
| | With | With |
| | Donor | Donor |
| | <u>Restrictions</u> | <u>Restrictions</u> |
| Original donor-restricted gift amount | \$ 9,600,000 | \$ 9,600,000 |
| Accumulated investment gains | <u>3,105,421</u> | <u>1,108,437</u> |
| Endowment net assets, end of year | <u>\$ 12,705,421</u> | <u>\$ 10,708,437</u> |

Endowment net assets with donor restrictions totaled \$15,505,421 at June 30, 2025, and \$11,606,612 at June 30, 2024. There are no endowments without donor restrictions at June 30, 2025 and 2024.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

14. Endowments (continued):

Changes in endowment net assets for the years ended June 30, 2025 and 2024:

| | <u>2025</u> | <u>2024</u> |
|-----------------------------------------|--------------------------------------|--------------------------------------|
| | With Donor <u>Restrictions</u> | With Donor <u>Restrictions</u> |
| Endowment net assets, beginning of year | \$ 11,606,612 | \$ 10,480,311 |
| Investment income, net | 1,098,809 | 1,108,437 |
| Contributions and transfers, net | <u>2,800,000</u> | <u>17,864</u> |
| Endowment net assets, end of year | <u>\$ 15,505,421</u> | <u>\$ 11,606,612</u> |

Return objectives and risk parameters:

The Organization has designated responsibility for oversight of the investment management of endowed funds to the finance committee of the board of directors who has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity, or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that earn a respectable, long-term rate of return.

Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on fixed income and equity investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy:

The Organization has a policy of appropriating for distribution each year, approximately 5% of its endowment fund's balance over the inflation adjusted base year to support the operations of the Organization. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity, or for a specified term, as well as to provide additional real growth through new gifts and investment return.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2025 AND 2024

15. Subsequent events:

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 2, 2026, the date the Organization's consolidated financial statements were available to be issued.