

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2021 and 2020

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Audit Committee
Volunteers of America of Illinois and Affiliates
Chicago, Illinois

We have audited the accompanying consolidated financial statements of Volunteers of America of Illinois and Affiliates, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Board of Directors and Audit Committee
Volunteers of America of Illinois and Affiliates
Chicago, Illinois

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Volunteers of America of Illinois and Affiliates as of June 30, 2021 and 2020, and the changes in their consolidated net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Naperville, Illinois
January 13, 2022

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Consolidated Statements of Financial Position

	June 30,	
	2021	2020
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 8,176,055	\$ 8,373,771
Accounts receivable, net	881,546	829,104
Prepaid expenses and other assets	163,935	125,495
Due from related parties	451,207	235,566
Total current assets	9,672,743	9,563,936
Noncurrent assets:		
Restricted cash	6,091,596	1,925,239
Loans receivable, related parties, net	145,000	145,000
Property and equipment, net	21,857,802	13,634,412
Total noncurrent assets	28,094,398	15,704,651
Total Assets	\$ 37,767,141	\$ 25,268,587
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 1,500,532	\$ 1,180,426
Accrued expenses	1,139,607	714,394
Notes payable	3,573,729	-
Due to related parties	434,434	401,936
Deferred reimbursement	452,000	395,500
Total current liabilities	7,100,302	2,692,256
Long-term liabilities:		
Notes payable	4,022,438	2,970,204
Deferred reimbursable income	1,750,000	-
Total liabilities	12,872,740	5,662,460
Net assets:		
Without donor restrictions:		
Controlled limited partnerships	8,729,264	5,611,656
Undesignated	11,031,973	10,976,871
	19,761,237	16,588,527
Noncontrolling interest in subsidiaries	4,954,481	2,823,204
	24,715,718	19,411,731
With donor restrictions	178,683	194,396
	24,894,401	19,606,127
Total Liabilities and Net Assets	\$ 37,767,141	\$ 25,268,587

See notes to consolidated financial statements

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Consolidated Statement of Activities

Year Ended June 30, 2021

	Without Donor Restrictions			With Donor Restrictions	Total
	VOA-IL	West Side Veterans Housing LP	Hope Manor Village Housing LP		
OPERATING REVENUE:					
Public support:					
Contributions corporate	\$ 69,823	\$ -	\$ -	\$ 69,823	\$ -
Contributions foundations	87,941	-	-	87,941	-
Contributions individuals	150,143	-	-	150,143	-
Total public support	307,907	-	-	307,907	-
Program and other revenue:					
Government fees and grants	8,090,451	-	-	8,090,451	178,683
Other grant income	297,887	33,900	-	331,787	-
Management fees	432,579	-	-	432,579	-
Rent revenue	-	540,762	121,012	661,774	-
Housing services reimbursement	1,833,445	-	-	1,833,445	-
Developer fees and other revenues	18,443	17,313	3,205	38,961	-
Other revenues (losses)	(64,241)	-	-	(64,241)	-
Total program and other revenue	10,608,564	591,975	124,217	11,324,756	178,683
Net assets released from restrictions	194,396	-	-	194,396	(194,396)
Total Revenue from Operations	11,110,867	591,975	124,217	11,827,059	(15,713)

(continued)

See notes to consolidated financial statements

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Consolidated Statement of Activities

Year Ended June 30, 2021

(continued)

	Without Donor Restrictions			Total	With Donor	Total
	VOA-IL	West Side Veterans Housing LP	Hope Manor Village Housing LP		Restrictions	
OPERATING EXPENSES:						
Program services	9,179,325	909,210	271,521	10,360,056	-	10,360,056
Supporting activities:						
Management and general	1,810,309	-	-	1,810,309	-	1,810,309
Fund-raising	66,131	-	-	66,131	-	66,131
Total supporting activities	1,876,440	-	-	1,876,440	-	1,876,440
Total Operating Expenses	11,055,765	909,210	271,521	12,236,496	-	12,236,496
Change in Net Assets	55,102	(317,235)	(147,304)	(409,437)	(15,713)	(425,150)
Net Assets, Beginning of Year	10,976,871	5,507,403	2,927,457	19,411,731	194,396	19,606,127
Capital contribution	-	-	5,973,772	5,973,772	-	5,973,772
Syndication costs	-	-	(260,348)	(260,348)	-	(260,348)
Net Assets, End of Year	\$ 11,031,973	\$ 5,190,168	\$ 8,493,577	\$ 24,715,718	\$ 178,683	\$ 24,894,401

(continued)

See notes to consolidated financial statements

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Consolidated Statement of Activities

Year Ended June 30, 2020

	Without Donor Restrictions			Total	With Donor Restrictions	Total
	VOA-IL	West Side Veterans Housing LP	Hope Manor Village Housing LP			
OPERATING REVENUE:						
Public support:						
Contributions corporate	\$ 137,738	\$ -	\$ -	\$ 137,738	\$ -	\$ 137,738
Contributions foundations	84,246	-	-	84,246	-	84,246
Contributions individuals	175,207	-	-	175,207	-	175,207
Contributions in-kind	35,145	-	-	35,145	-	35,145
Total public support	432,336	-	-	432,336	-	432,336
Program and other revenue:						
Government fees and grants	5,850,534	-	-	5,850,534	194,396	6,044,930
Other grant income	681,309	33,900	400,000	1,115,209	-	1,115,209
Management fees	428,759	-	-	428,759	-	428,759
Rent revenue	-	576,493	-	576,493	-	576,493
Housing services reimbursement	1,857,079	-	-	1,857,079	-	1,857,079
Developer fees and other revenues	116,915	12,333	-	129,248	-	129,248
Other revenues	262,822	-	-	262,822	-	262,822
Total Program and other revenue	9,197,418	622,726	400,000	10,220,144	194,396	10,414,540
Net assets released from restrictions	-	-	-	-	-	-
Total Revenue from Operations	9,629,754	622,726	400,000	10,652,480	194,396	10,846,876

(continued)

See notes to consolidated financial statements

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATE

Consolidated Statement of Activities

Year Ended June 30, 2020

(continued)

	Without Donor Restrictions			Total	With Donor Restrictions	Total
	VOA-IL	West Side Veterans Housing LP	Hope Manor Village Housing LP			
OPERATING EXPENSES:						
Program services	7,263,939	1,012,954	-	8,276,893	-	8,276,893
Supporting activities:						
Management and general	1,503,066	-	-	1,503,066	-	1,503,066
Fund-raising	73,165	-	-	73,165	-	73,165
Total supporting activities	1,576,231	-	-	1,576,231	-	1,576,231
Total Operating Expenses	8,840,170	1,012,954	-	9,853,124	-	9,853,124
Change in Net Assets	789,584	(390,228)	400,000	799,356	194,396	993,752
Net Assets, Beginning of Year	10,187,287	5,897,631	-	16,084,918	-	16,084,918
Capital contribution	-	-	2,527,457	2,527,457	-	2,527,457
Net Assets, End of Year	\$ 10,976,871	\$ 5,507,403	\$ 2,927,457	\$ 19,411,731	\$ 194,396	\$ 19,606,127

(continued)

See notes to consolidated financial statements

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services						Supporting Activities		Total Volunteers of America Illinois	
	Encouraging Positive Development	Fostering Independence	Promoting Self- Sufficiency	Transitional Housing	West Side Veterans Housing LP	Hope Manor Village Housing LP	Total	Management and General		Fund- raising
Salaries and wages	\$ 928,686	\$ 982,555	\$ 1,810,956	\$ 564,628	\$ 125,300	\$ -	\$ 4,412,125	\$ 772,990	\$ -	\$ 5,185,115
Other employee benefits	126,778	167,753	221,337	56,648	11,187	-	583,703	127,493	10	711,206
Payroll taxes	78,666	68,807	161,746	40,008	11,565	-	360,792	60,962	-	421,754
Counseling and consulting fees	140,574	-	-	-	1,806	920	143,300	57,700	-	201,000
Legal fees	-	13,519	-	-	-	-	13,519	11,146	-	24,665
Accounting fees	-	-	-	-	-	-	-	91,232	-	91,232
Other professional fees	55,396	-	117,629	10,000	165,298	16,079	364,402	31,448	13,238	409,088
Supplies and expenses	3,229	-	40,195	579	16,939	115	61,057	26,043	44,039	131,139
Program supplies	911	-	29,020	-	-	-	29,931	-	-	29,931
Occupancy costs	99,062	7,110	273,663	3,857	94,395	12,827	490,914	108,837	-	599,751
Insurance	7,411	5,578	26,573	3,429	33,195	39,046	115,232	2,245	-	117,477
Travel and transportation	101,007	766	54,276	-	-	-	156,049	32,272	323	188,644
Housing and rental assistance	28,248	-	1,724,374	550	26,237	-	1,779,409	-	-	1,779,409
Foster family grants	1,094,639	-	-	-	-	-	1,094,639	-	-	1,094,639
Equipment rental and maintenance	-	757	17,404	-	10,227	-	28,388	15,576	1,100	45,064
Interest expense and bank fees	-	-	-	-	6,551	22,051	28,602	14,867	4,118	47,587
Telecommunications	5,367	-	9,989	-	12,735	110	28,201	28,448	-	56,649
Conferences and meetings	-	-	-	-	714	825	1,539	1,137	-	2,676
Subscriptions and publications	-	-	685	-	-	-	685	1,571	-	2,256
Postage	-	-	41	-	-	-	41	5,565	-	5,606
Printing	313	-	5,373	-	2,942	-	8,628	4,748	1,270	14,646
Membership dues	10,065	600	2,094	688	-	-	13,447	1,917	1,947	17,311
Bad debt	-	-	-	-	-	-	-	68,486	-	68,486
Miscellaneous	137	-	885	-	28,625	75,899	105,546	3,428	-	108,974
Gift in kind - professional services	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	706	805	6,282	3,192	361,494	103,649	476,128	594	86	476,808
National organization fees	-	63,780	-	-	-	-	63,780	341,604	-	405,384
Total Functional Expense	\$ 2,681,195	\$ 1,312,030	\$ 4,502,522	\$ 683,578	\$ 909,210	\$ 271,521	\$ 10,360,056	\$ 1,810,309	\$ 66,131	\$ 12,236,496

See notes to consolidated financial statements

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services						Supporting Activities		Total Volunteers of America Illinois
	Encouraging Positive Development	Fostering Independence	Promoting Self- Sufficiency	Transitional Housing	West Side Veterans Housing LP	Total	Management and General	Fund- raising	
Salaries and wages	\$ 844,380	\$ 966,528	\$ 1,466,031	\$ 590,619	\$ 148,608	\$ 4,016,166	\$ 725,823	\$ -	\$ 4,741,989
Other employee benefits	122,675	156,726	181,903	61,523	13,633	536,460	126,201	148	662,809
Payroll taxes	72,846	68,318	130,408	48,884	12,867	333,323	54,772	-	388,095
Counseling and consulting fees	108,629	-	-	-	1,836	110,465	43,644	-	154,109
Legal fees	-	-	-	-	-	-	2,823	-	2,823
Accounting fees	-	-	-	-	-	-	83,726	-	83,726
Other professional fees	700	-	39,475	-	216,633	256,808	6,021	31,441	294,270
Supplies and expenses	3,039	392	22,728	277	16,229	42,665	56,402	25,372	124,439
Program supplies	3,844	-	21,223	-	-	25,067	-	-	25,067
Occupancy costs	93,302	7,120	260,411	3,786	97,129	461,748	109,963	67	571,778
Insurance	6,844	6,020	21,681	2,576	35,629	72,750	23,315	-	96,065
Travel and transportation	82,590	10,544	50,102	1,119	-	144,355	31,823	1,162	177,340
Housing and rental assistance	40,082	-	1,119,420	-	25,855	1,185,357	-	-	1,185,357
Foster family grants	521,119	-	-	-	-	521,119	-	-	521,119
Equipment rental and maintenance	-	-	15,677	-	40,129	55,806	14,439	-	70,245
Interest expense and bank fees	-	-	-	-	6,884	6,884	13,258	3,407	23,549
Telecommunications	5,255	-	6,789	-	11,355	23,399	27,447	-	50,846
Conferences and meetings	440	-	9,690	-	2,023	12,153	473	-	12,626
Subscriptions and publications	-	-	140	-	-	140	1,738	-	1,878
Postage	2	-	28	-	-	30	9,012	-	9,042
Printing	-	-	-	-	3,387	3,387	6,525	11,351	21,263
Membership dues	8,889	655	1,361	1,031	-	11,936	1,662	103	13,701
Bad debt	-	-	-	-	-	-	6,863	-	6,863
Miscellaneous	13	-	19	-	19,810	19,842	3,787	-	23,629
Gift in kind - professional services	-	-	-	-	-	-	6,645	-	6,645
Depreciation and amortization	1,018	1,145	6,666	3,477	360,947	373,253	3,455	114	376,822
National organization fees	-	63,780	-	-	-	63,780	143,249	-	207,029
Total Functional Expense	\$ 1,915,667	\$ 1,281,228	\$ 3,353,752	\$ 713,292	\$ 1,012,954	\$ 8,276,893	\$ 1,503,066	\$ 73,165	\$ 9,853,124

See notes to consolidated financial statements

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (425,150)	\$ 993,752
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	476,808	376,822
Non-cash revenue recognition	(148,500)	(145,200)
Changes in:		
Accounts receivable	(52,442)	(239,544)
Prepaid expenses and other assets	(38,440)	188,873
Accounts payable	320,106	886,850
Accrued expenses	425,213	182,242
Due to related parties	32,498	69,947
Due from related parties, net	(215,641)	(138,405)
Deferred reimbursable income	1,750,000	-
Deferred reimbursement	56,500	56,500
Net Cash Provided by Operating Activities	2,180,952	2,231,837
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment of tax credit fees	(108,300)	-
Sale of property and equipment	-	7,026,929
Purchases of property and equipment	(8,682,827)	(3,899,960)
Net Cash (Used) Provided by Investing Activities	(8,791,127)	3,126,969
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowing on notes payable	4,807,892	250,000
Payments on notes payable	(91,000)	(91,000)
Proceeds from Payroll Protection Program loan	148,500	145,200
Payment of syndication fees	(260,348)	-
Contributed capital	5,973,772	2,527,457
Net Cash Provided by Financing Activities	10,578,816	2,831,657
Change in Cash and Cash Equivalents	3,968,641	8,190,463
Cash and Cash Equivalents, Beginning of Year	10,299,010	2,108,547
Cash and Cash Equivalents, End of Year	\$ 14,267,651	\$ 10,299,010
Cash and Cash Equivalents:		
Cash and cash equivalents	\$ 8,176,055	\$ 8,373,771
Restricted cash	6,091,596	1,925,239
	\$ 14,267,651	\$ 10,299,010
SUPPLEMENTAL DISCLOSURE:		
Property and equipment acquired with accounts payable	\$ 1,091,300	\$ 934,000

See notes to consolidated financial statements

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

1. NATURE OF ORGANIZATION:

Volunteers of America of Illinois (the Corporation), an Illinois not-for-profit corporation, is a licensed child welfare agency organization. The Corporation is part of a national ministry of service designed to reach and uplift people in need throughout the country. The Corporation is a human service organization specifically dedicated to improving the lives of children and families throughout the State of Illinois through a comprehensive range of strength-based and solution-focused programs and services without regard to race, religion, or national origin.

The Corporation is a chartered affiliate of Volunteers of America, Inc. (National). The chartered affiliate agrees to accept and promote the articles of the Constitution of Volunteers of America, Inc. and to be part of the Volunteers of America Faith Based Mission. The chartered affiliate agrees to adhere to standards, consistent with charter requirements, set forth by the Board of Directors of National to implement the charter requirements.

The Corporation has a number of programs that provide social services in impact areas including positive development and fostering independence.

ENCOURAGING POSITIVE DEVELOPMENT

The Corporation provides services to encourage positive development for troubled and at-risk children and youth, while also promoting the healthy development of all children, adolescents and their families. The programs provide a continuum of care and support for young people ages birth to 21 through prevention, early intervention, crisis intervention, and long-term services.

- Foster Care - Recruitment and support of foster parents, placement and support to children in state custody due to abuse and/or neglect.
- Child & Family Supportive Services - Programs providing a wide range of supportive services for families and/or children including child development, counseling, case management, home-based services, and assistance with special needs children and their families.
- Adoption - Programs facilitate placement in adoptive homes and provides information and support to adoptive and birth families
- Family Preservation - Provides a wide range of supportive services and case management to children at risk of abuse or neglect and their families, with goal of preserving and, if needed, reunifying the family.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

1. NATURE OF ORGANIZATION, continued:

FOSTERING INDEPENDENCE

The Corporation (and National) fosters the health and independence of the elderly, persons with disabilities, mental illness and HIV/AIDS through quality affordable housing, health care services, and a wide range of community services.

- Elderly Services - Service Coordination in Affordable Housing - Services provided to link low-income elderly and disabled residents with community services that will assist them in maintaining independence in federally subsidized and other affordable housing.
- Elderly Services - Elderly Housing - The Corporation maintains affordable apartment housing communities offering long-term residences for low-income elderly individuals. Services offered include case management, religious activities, and health and nutrition counseling/education. Housing and Urban Development 202 funding usually supports this housing.
- Elderly Services - Case Management - Programs designed to assess and determine the need for services, locating, coordinating and advocating for needed services, authorizing or directly purchasing services, and monitoring services at regular intervals.

PROMOTING SELF-SUFFICIENCY

To meet the needs of homeless veterans and their families. The program's goal is to help homeless veterans achieve economic self-sufficiency and overall stability in their lives with the support, training and opportunities needed to secure and maintain viable, long-term employment.

- Supportive Services for Veterans & Families (SSVF) - Programs designed to provide supportive services to low income Veteran families living in or transitioning to permanent housing. Services include outreach, case management, and assistance in obtaining Veterans Administration and other benefits. Benefits may include health care services, fiduciary and payee services, daily living services, personal financial planning, legal, transportation, child care, and housing counseling services. In addition, these programs may also provide time-limited financial support to third party vendors (landlords, utility companies and other vendors) to help Veteran families remain in or acquire permanent housing.
- Outreach - Programs with the goal of engaging homeless persons who are living on the streets or those at risk of homelessness by linking them with support and services.
- Computer Center - Programs using computer technology to help clients focus on securing employment, training and needed skill development.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

1. NATURE OF ORGANIZATION, continued:

PROMOTING SELF-SUFFICIENCY, continued

- Employment Counseling and Job Placement - Provision of employment services such as assessment, counseling, job search, job development, job shadowing, employment placement and employment retention, along with support services such as child care, substance abuse counseling, mental health counseling, and education and training, with helping participants secure and retain a job and achieve their vocational goals.
- Aftercare Support - Continued case management, referrals to supportive services, structured support through an alumni network, and development of interpersonal/life skills.

TRANSITIONAL HOUSING

Transitional Housing - Provided for homeless veterans and their families. Comprehensive support services include outreach and assessment, emergency services and case management. The Corporation also offers Transitional Treatment Programs, providing residential therapeutic treatment for veterans recovering substance addiction, and special need services for the frail elderly, and veterans with mental illness.

- Real Estate Development - Encompasses brick and mortar development and asset building. Through this work, the Corporation develops affordable, high-quality, energy efficient construction and long-term rental communities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Corporation prepares its consolidated financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred. The accounting policies of the Corporation conform to accounting principles generally accepted in the United States of America as applicable to voluntary health and welfare organizations. The more significant accounting policies are described below.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Volunteers of America of Illinois and its affiliates, West Side Veterans Housing, LP and Hope Manor Village Housing, LP.

West Side Veterans Housing, LP (the Partnership), was formed as a limited partnership under the laws of the State of Illinois on December 3, 2008, for the purpose of constructing and operating a rental housing project (the Project). The project consists of 50 units located in Chicago, Illinois, and is currently operating under the name of Hope Manor Apartments. The project was placed in service in early 2012. The project is eligible for low-income housing tax credits pursuant to Internal Revenue Service Code Section 42. The Partnership has one General Partner, West Side Veterans VOA Housing Inc. NFP, (which has a .01% interest) and one limited partner, NEF Limited Partnership, which has a 99.99% interest. The General Partner units are owned 70% by the Corporation and 30% by National. The Corporation is required to consolidate the partnership as it has a controlling interest in the partnership.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PRINCIPLES OF CONSOLIDATION, continued

Hope Manor Village Housing, LP, (the Village Partnership) was formed as a limited partnership under the laws of the State of Illinois on January 28, 2020, for the purpose of constructing and operating a rental housing project (the Village Project). The village project is currently in the development stage and when completed it will include 36 units located in Chicago, Illinois. The village project is eligible for low-income housing tax credits pursuant to Internal Revenue Service Code Section 42. The Village Partnership has one General Partner, Hope Manor Village VOA Housing LLC, (which has a .01% interest) and one limited partner, NEF Limited Partnership, which has a 99.99% interest. The General Partner units are owned 60% by the Corporation and 40% by National. The Corporation is required to consolidate the partnership as it has a controlling interest in the partnership.

All material intercompany accounts and transactions have been eliminated in consolidation. The Corporation's fiscal year ends on June 30. The partnerships' fiscal years end on December 31. The Partnership and Village Partnership's activities have been consolidated based on the fiscal year of the Corporation.

CASH AND CASH EQUIVALENTS AND CREDIT RISK

The Corporation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents unless held for reinvestment as part of the investment portfolio, pledged to secure loan agreements, or otherwise designated or restricted. Cash equivalents include money market funds, checking accounts, and a sweep account. These accounts, from time to time, may exceed federally insured limits. At June 30, 2021 and 2020, the Corporation's cash balances exceeded federally insured limits by \$7,854,140 and \$8,050,790, respectively. The Corporation does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RESTRICTED CASH

The Corporation has established the following restricted-purpose cash escrows and reserves. Releases from these reserves can be obtained subject to protocols specified in the debt and partnership agreements related to the Partnership and the Village Partnership.

	Year Ended June 30,	
	2021	2020
A replacement reserve funded at \$400 per year for each apartment unit and is in the custody of Illinois Housing Development Authority (the Authority).	\$ 149,021	\$ 128,239
An operating reserve, in the initial amount of \$271,190; the Corporation is obligated to deposit project cash flow on a priority basis, if needed, to restore any releases from the reserve and is in the custody of the Authority.	284,147	284,095
A working capital reserve held by the Corporation.	102,801	102,598
A revenue deficit reserve has been established to fund project cash deficits, subject to release protocols which are more restrictive than the operating and working capital reserves.	724,169	722,745
A real estate tax and insurance escrow in the custody of the Authority.	109,177	86,762
The long-term operating subsidy agreement requires Chicago Low-Income Housing Trust Fund (CLIHTF) to deposit \$1,750,000 in escrow with BMO Harris Bank N.A. (BMO) for the purpose of providing monthly subsidy for ten units over a fifteen year period, as described in Note 7. Village Partnership must submit quarterly disbursement requests to CLIHTF during the fifteen year period.	1,750,000	-
Village Partnership restricted cash to be used to pay expenses resulting from construction.	2,972,281	600,800
	\$ 6,091,596	\$ 1,925,239

Amounts above are not insured by the Federal Deposit Insurance Corporation. Total uninsured restricted cash at June 30, 2021 and 2020, was \$6,091,596 and \$1,925,239, respectively. The Corporation has not experienced any losses on these accounts, and believes that it is not exposed to any significant credit risk with respect to its deposits with the lender.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS RECEIVABLE

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense based on its assessment of the status of individual grants, contracts and other receivables. Management has recorded an accounts receivable allowance of \$0 related to amounts due from related parties for both years ended June 30, 2021 and 2020.

FIXED ASSETS AND DEPRECIATION

Land, buildings, and equipment purchased by the Corporation are recorded at cost. The Corporation follows the practice of capitalizing all expenditures for land, buildings, and equipment over \$4,000 with a useful life greater than one year. The fair value of donated fixed assets is similarly capitalized. Tenant alterations in a leased residential facility are amortized over the life of the lease. Depreciation is computed on the straight-line method based upon the following estimated useful lives of the assets:

Buildings and improvements	30-39 years
Leasehold improvements	5-15 years
Office furniture, equipment, and vehicles	3-7 years

NET ASSETS

The consolidated financial statements report amounts by class of net assets:

Net assets without donor restrictions are those currently available for general purposes under the direction of the board, and those resources invested in property and equipment. Board designated net assets are those net assets that the Board of Directors has set aside for specific uses such as future operating reserves, facility needs, or specific ministry opportunities. As these restrictions are initiated by the Corporation and not by donors, these net assets are presented as net assets without donor restrictions.

Net assets with donor restrictions are those contributed with donor stipulations for specific purposes or programs, those with time restrictions, or those not currently available for use until commitments regarding their use have been fulfilled.

PARTNERSHIP PROFITS, LOSS AND DISTRIBUTIONS

Profits, losses and cash distributions of the Partnership and Village Partnership are to be allocated to the partners according to the provisions of the Partnership Agreement.

SYNDICATION COSTS

Syndication costs represent costs incurred in connection with the syndication of Village Partnership interests. These costs are reflected as a direct reduction of net assets. For the years ended June 30, 2021 and 2020, syndication costs of \$260,348 and \$0, respectively, were incurred.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES

Contributions are reported as income when made, which may be when cash is received, unconditional promises are made or when ownership of donated assets is transferred. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to legal restrictions. Gifts of cash and other assets received with donor stipulations that limit their use are reported as support without donor restrictions if restrictions are met within the same reporting period. Otherwise, they are reported as restricted support, and when a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Developer fee revenue is recognized when earned, as specified in development fee agreements. Costs incurred relating to developer fee revenue are deferred until the corresponding revenue is recognized as earned, at which time the deferred costs are charged to expense.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities of the ministry have been summarized on a functional basis in the consolidated statements of activities. Those expenses include depreciation, facilities, and salaries and benefits. Depreciation and facilities expenses are allocated based on a square footage basis and salaries and benefits are allocated based on estimates of time and effort. All other categories are allocated based on a detailed estimate of expenses making up each account within each respective category.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

As of July 1, 2020, the Corporation adopted the provisions of the FASB ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Following the adoption of the ASU, the Corporation continues to recognize revenue from program fees as services are provided, which corresponds to the year in which the related programs and services are rendered. There was no material impact to the consolidated financial statements as a result of adoption. Adoption of this standard had no effect on change in net assets or net assets in total. Additional disclosures regarding revenue accounting policies were added (Note 2).

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

3. PROPERTY AND EQUIPMENT:

Property and equipment consists of the following as of June 30:

	2021	2020
Land	\$ 584,000	\$ 584,000
Buildings and improvements	15,148,505	11,717,631
Furniture and equipment	683,993	1,133,590
	16,416,498	13,435,221
Less: accumulated depreciation	(3,504,978)	(3,692,955)
Construction in progress	8,946,282	3,892,146
	\$ 21,857,802	\$ 13,634,412

Depreciation expense for the years ended June 30, 2021 and 2020, totaled \$459,437 and \$359,451, respectively.

4. DEFERRED CHARGES:

The Partnership incurred costs during the year ended June 30, 2011, of \$305,441 to obtain financing and low income housing tax credits that have been capitalized and are amortized over the term of the loan or the tax credit period.

The Village Partnership incurred costs during the year ended June 30, 2021, of \$336,158 to obtain financing and low income housing tax credits and have been capitalized and are amortized over the term of the loan or the tax credit period.

Additionally, during the year ended June 30, 2011, as described in its commitment letter, the Partnership paid an asset management fee to the Authority to reimburse the Authority for its asset management function. The fee is considered earned over a 15-year compliance period. In the event a default or an event of default occurs on the Section 1602 grant described in Note 5, the Authority may apply any remaining amount to the Section 1602 grant. The fee of \$35,662 and \$42,195 as of June 30, 2021 and 2020, respectively, is included in deferred charges and will be amortized over 15 years.

Deferred charges are netted against the note payable balance in the accompanying consolidated statements of financial position and are summarized as follows at June 30:

	2021	2020
Cost	\$ 641,599	\$ 305,441
Less: accumulated amortization	(173,711)	(154,701)
Net Capitalized Costs	\$ 467,888	\$ 150,740

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

4. DEFERRED CHARGES, continued:

Amortization expense for both years ended June 30, 2021 and 2020, was \$17,371. Estimated amortization expense for each of the next five years is as follows:

2022	\$	39,781
2023		39,781
2024		39,781
2025		39,781
2026		39,781
Thereafter		268,983
		<hr/>
	\$	467,888
		<hr/> <hr/>

5. NOTES PAYABLE:

Notes payable consists of the following as of June 30:

	<u>2021</u>	<u>2020</u>
The Partnership has entered into a senior mortgage note, dated October 1, 2010, which is held by the City of Chicago in an original amount of \$1,500,000, and bears interest at 0% per annum. The entire principal balance shall be due and payable in full on December 31, 2042. The entire principal balance outstanding, together with accrued and unpaid interest thereon, if any, may also become due and payable because of acceleration or prepayment as provided in the agreement. This note is collateralized by real property held for lease, the leasehold interest and rights to the Ground Lease, and the assignment of rents and leases of the real property.	\$ 1,499,567	\$ 1,499,567

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

5. NOTES PAYABLE, continued:

The Authority provided a grant to the Partnership to be used for construction of a 50-unit low-income rental housing development (Hope Manor I) on its leasehold property. The grant is a sub-award of Section 1602 American Reinvestment and Recovery Funds awarded to state agencies from Department of Treasury in an exchange program for low income housing tax credits. The grant, with an original balance of \$1,355,973, is recorded as a mortgage payable as of June 30, 2021 and 2020, and is considered a junior mortgage. The mortgage, in accordance with the grant agreement, is secured by a non-interest bearing promissory note for which payment will be waived, as covenants are upheld, through December 31, 2027. The Authority has the option to declare amounts, including recapture interest, owing under the promissory notes immediately due and payable upon occurrence and continuance of a default as described in the grant agreement.

632,773 722,572

The Authority provided an additional loan to the Partnership to be used for construction of Hope Manor I. The loan is considered a junior mortgage. The mortgage, in accordance with the loan agreement is secured by a non-interest bearing promissory note requiring monthly payments of \$100 after which the remaining balance will be waived on June 1, 2042, if all covenants of the loan are upheld. The Authority has the option to declare all amounts, including recapture interest, owing under the promissory notes immediately due and payable upon occurrence and continuance of a default as described in the loan agreement.

647,004 648,805

National provided a loan to the Village Partnership on January 28, 2020, to be used for construction of Hope Manor Village. The loan is non-interest bearing and matures December 31, 2052, when all unpaid principal is due. The loan is secured by a junior mortgage, assignment of rents and security agreement.

250,000 250,000

On January 28, 2020, the Village Partnership entered into a construction loan agreement with a bank in the amount of \$7,287,771. The note bears interest at the one-month LIBOR rate plus the applicable margin (3.35% as of June 30, 2021). Interest is accrued and paid monthly after the first disbursement of the loan proceeds is made. Unpaid principal and interest will be due in January 28, 2022, with an optional 12 month maturity extension. This note is collateralized by real property held for lease and the assignment of rents and leases of the real property. No draws were made during the year ended June 30, 2020.

3,572,529 -

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

5. NOTES PAYABLE, continued:

On January 28, 2020, the Village Partnership signed a \$3,150,000 note payable with City of Chicago, IL. The note accrues interest at 3% per annum on the outstanding principal balance. The entire principal balance is due and payable in full on January 28, 2052. This note is collateralized by real property held for lease and the assignment of rents and leases of the real property. No draws were made during the year ended June 30, 2020.

	1,462,182	-
	8,064,055	3,120,944
Less: debt issuance costs (see Note 4)	(467,888)	(150,740)
	\$ 7,596,167	\$ 2,970,204

Future maturities are as follows at June 30:

2022	\$ 3,573,729
2023	1,200
2024	1,200
2025	1,200
2026	1,200
Thereafter	4,485,526
	\$ 8,064,055

6. LINE OF CREDIT:

The Corporation maintains a \$300,000 variable interest rate line of credit that is due on demand. The line is collateralized by all assets of the Corporation. As of both June 30, 2021 and 2020, there were no advances owed on the line of credit.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

7. DEFERRED REIMBURSABLE INCOME:

Village Partnership entered into a long-term operating subsidy agreement. Under the agreement, the Village Partnership received a grant from CLIHTF in the amount of \$1,750,000 to be used to subsidize rent for 10 units at the Project. The grant was deposited with BMO pursuant to the terms of this escrow agreement. BMO holds and disburses the grant pursuant to the escrow agreement. The amount to be paid to Village Partnership accrues monthly at the monthly subsidy amount for each subsidized unit occupied during the month by a qualified household. The accrued amount is to be disbursed to the Village Partnership by BMO, upon written approval of CLIHTF, in quarterly installments. The monthly subsidy amount may be amended from time to time. All funding disbursements are conditioned upon Village Partnership being in full compliance with the terms and conditions of the long-term operating subsidy agreement. Upon expiration of the long-term operating subsidy agreement and the final quarterly disbursement by BMO, CLIHTF and the Partnership will direct BMO to disburse any funds then remaining in the operating subsidy escrow in such manner as is approved by CLIHTF. There was no operating subsidy accrued or paid during the period from June 1, 2020 through June 30, 2021. The Partnership must immediately notify CLIHTF in the event that any subsidized unit becomes vacant, and CLIHTF is in no event under obligation to fund any portion of the grant allocable to the vacant subsidized unit. CLIHTF may choose to fund the subsidized unit for the first 30 days a subsidized unit is vacant, but is under no legal obligation to do so. If a vacant subsidized unit remains vacant for more than 30 days after Village Partnership has notified CLIHTF of the vacancy, CLIHTF agrees to work with the Village Partnership at no material cost to CLIHTF, to publicize the availability of the subsidized unit at appropriate locations, as determined by CLIHTF, in the city of Chicago.

8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Grant funds for future program costs	<u>\$ 178,683</u>	<u>\$ 194,396</u>

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

9. LEASED FACILITIES:

The Corporation leases facilities and vehicles used for program services under operating leases. The facility lease expires on April 30, 2023. The vehicles leases expire on various dates through March 2024. Total lease expense for the years ended June 30, 2021 and 2020, totaled \$319,332 and \$317,531, respectively.

Future minimum rental payments are as follows:

2022	\$ 348,384
2023	389,340
2024	<u>17,201</u>
	<u>\$ 754,926</u>

10. CONCENTRATIONS:

The Illinois Department of Children and Family Services (DCFS) is a major source of the Corporation's operating revenues. Revenues from DCFS accounted for 29% and 25% of total revenue for the years ended June 30, 2021 and 2020, respectively.

A significant portion of government fees and grants is provided by three contracting agencies:

	<u>Year Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Homeless Veterans Reintegration	47%	45%
Cook County Foster Care	27%	30%
US Department of Veteran Affairs	9%	12%

11. CONTINGENCIES:

The Partnership project's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Internal Revenue Code Section 42. The amount of tax credits totaled \$1,303,413 at both June 30, 2021 and 2020. Failure to maintain compliance with occupant eligibility and/or gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the Limited Partners. Management believes they are in compliance with all requirements.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

12. RELATED PARTY TRANSACTIONS:

Related party transactions include transactions with Hope Manor II Veterans Housing, LP (Hope Manor II), Hope Manor Joliet Veterans Housing LP (Hope Manor Joliet), and National.

Hope Manor II was formed as a limited partnership pursuant to a Certificate of Limited Partnership filed with the Illinois Secretary of State during the year ended June 30, 2013. Hope Manor II has one General Partner, Hope Manor II VOA Veterans Housing LLC. (which has a .01% interest), of which the Corporation is a partner. The Corporation is not required to consolidate Hope Manor II as it does not have a controlling interest in the limited liability company.

Hope Manor Joliet was formed as a limited partnership pursuant to a Certificate of Limited Partnership filed with the Illinois Secretary of State during the year ended June 30, 2017. Hope Manor Joliet has one General Partner, Hope Manor Joliet VOA Veterans Housing LLC (which has a .01% interest), of which the Corporation is a member. The Corporation is not required to consolidate Hope Manor Joliet as it does not have a controlling interest in the limited liability company.

Transactions with related parties for the year ended June 30, 2021, are as follows:

	Hope Manor II	Hope Manor Joliet	National
Revenues Earned by the Corporation:			
Developer fees, management fees, and payroll reimbursements	\$ 428,120	\$ 337,196	\$ 1,458,573
Expenses Incurred by the Corporation:			
Supporting services	\$ -	\$ -	\$ 405,384

Transactions with related parties for the year ended June 30, 2020, are as follows:

	Hope Manor II	Hope Manor Joliet	National
Revenues Earned by the Corporation:			
Developer fees, management fees, and payroll reimbursements	\$ 434,689	\$ 453,099	\$ 1,446,028
Expenses Incurred by the Corporation:			
Supporting services	\$ -	\$ -	\$ 207,029

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

12. RELATED PARTY TRANSACTIONS, continued:

Amounts due from/(due to) related parties for the year ended June 30, 2021, are as follows:

	Hope Manor II	Hope Manor Joliet	National
Corporation:			
Developer fees, management fees, and payroll reimbursements	\$ 94,287	\$ 151,264	\$ 205,656
Supporting services	\$ -	\$ -	\$ (71,842)
Partnership:			
Deferred developer fees and other liabilities	\$ -	\$ -	\$ (103,032)
Village Partnership:			
Deferred developer fees and other liabilities	\$ -	\$ -	\$ (259,560)
Note payable	\$ -	\$ -	\$ (250,000)

Amounts due from/(due to) related parties for the year ended June 30, 2020, are as follows:

	Hope Manor II	Hope Manor Joliet	National
Corporation:			
Developer fees, management fees, and payroll reimbursements	\$ 21,292	\$ 91,676	\$ 77,372
Supporting services	\$ -	\$ -	\$ (45,406)
Partnership:			
Deferred developer fees and other liabilities	\$ -	\$ -	\$ (82,119)
Village Partnership:			
Deferred developer fees and other liabilities	\$ -	\$ -	\$ (74,160)
Note payable	\$ -	\$ -	\$ (250,000)

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

12. RELATED PARTY TRANSACTIONS, continued:

In addition to the transactions summarized above, the Corporation issued two junior loans to Hope Manor II and one junior loan to Hope Manor Joliet. The balances as of June 30 are as follows:

	2021	2020
Hope Manor II: The first junior loan, dated April 30, 2013, in the original amount of \$500,000, is a non-interest bearing note. The loan matures on December 31, 2045. The loan is secured by real estate owned by Hope Manor II.	\$ 500,000	\$ 500,000
Hope Manor II: the second junior loan, dated April 30, 2013, in the original amount of \$97,658, is accruing interest at 7% annually. The loan matures on December 31, 2045. The loan is secured by real estate owned by Hope Manor II.	101,048	101,048
Hope Manor Joliet: A junior loan in the original amount of up to \$150,000 is a non-interest bearing note. The loan matures on December 31, 2047, and is secured by the real estate owned by Hope Manor Joliet.	145,000	145,000
	746,048	746,048
Less: Allowance for doubtful loans	(601,048)	(601,048)
	\$ 145,000	\$ 145,000

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

13. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects the Corporation's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or due to contractual or donor-imposed restrictions. The Corporation's general operations are funded by contributions from donors as well as grants from outside organizations.

Financial assets:

Cash and cash equivalents	\$ 8,176,055	\$ 8,373,771
Restricted cash	6,091,596	1,925,239
Accounts receivable	881,546	829,104
Due from related parties	451,207	235,566
Less those unavailable for general expenditures within one year, due to:		
Restrictions on use of cash (Note 2)	<u>(6,091,596)</u>	<u>(1,925,239)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,508,808</u>	<u>\$ 9,438,441</u>

As part of the Corporation's liquidity management process, it has a practice of structuring its financial assets to be available as its expenditures and liabilities come due. The Corporation also invests its cash in excess of its daily requirements in short-term investments. A line of credit in the amount of \$300,000, is also available to which the Corporation can use to manage unanticipated liquidity needs.

14. RISKS AND UNCERTAINTIES:

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global economic activity and contributed to significant declines and volatility in financial markets, in addition to significant job loss. COVID-19 could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the COVID-19 outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Corporation and its financial results.

15. PAYCHECK PROTECTION PROGRAM LOAN:

During the years ended June 30, 2021 and 2020, the Corporation was a recipient of a Paycheck Protection Program (PPP) loan of \$148,500 and \$145,200, respectively, granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Under the program terms, PPP loans are forgiven and recognized as grant revenue if the loan proceeds are used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent and utilities) incurred following receipt of the loan. The Corporation met the criteria and the full amount of the loan was recognized as grant revenue at June 30, 2021 and 2020. In April 2021, the \$145,200 loan was officially forgiven by the SBA. The \$148,500 loan was officially forgiven by the SBA subsequent to year end in November 2021.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

16. NON-CONTROLLING INTEREST:

Changes in consolidated net assets without donor restrictions attributable to the controlling and non-controlling interests are as follows:

	Controlling Interest	Non- controlling Interest	Total
Balance as of June 30, 2019	\$ 14,315,629	1,769,289	\$ 16,084,918
Change in net assets without donor restriction	756,424	42,932	799,356
Capital contributions	1,516,474	1,010,983	2,527,457
Balance as of June 30, 2020	16,588,527	2,823,204	19,411,731
Change in net assets without donor restriction	(255,344)	(154,093)	(409,437)
Capital contributions	3,584,263	2,389,509	5,973,772
Syndication costs	(156,209)	(104,139)	(260,348)
Balance as of June 30, 2021	\$ 19,761,237	\$ 4,954,481	\$ 24,715,718

For both years ended June 30, 2021 and 2020, there were no net assets with donor restrictions attributable to non-controlling interests.

17. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 13, 2022, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY DATA**

Board of Directors and Audit Committee
Volunteers of America of Illinois and Affiliates
Chicago, Illinois

We have audited the consolidated financial statements of Volunteers of America of Illinois and Affiliates as of and for the year ended June 30, 2021 and 2020, and our report thereon dated January 13, 2022, which expresses an unmodified opinion on those consolidated financial statements, appears on page 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and statements of activities on pages 30-35 are presented for purposes of additional analysis of the consolidated financial statements, rather than to present the financial position and operations of the individual organizations, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

Naperville, Illinois
January 13, 2022

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Consolidating Statement of Financial Position Year Ended June 30, 2021

	Volunteers of America of Illinois	Westside Veterans Housing LP	Hope Manor Village Housing LP	Eliminations	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 8,062,793	\$ 32,833	\$ 80,429	\$ -	\$ 8,176,055
Accounts receivable, net	806,964	59,154	15,428	-	881,546
Prepaid expenses and other assets	155,726	548,209	-	(540,000)	163,935
Due from related parties	831,150	-	-	(379,943)	451,207
Total current assets	<u>9,856,633</u>	<u>640,196</u>	<u>95,857</u>	<u>(919,943)</u>	<u>9,672,743</u>
Noncurrent assets:					
Restricted cash	-	1,369,315	4,722,281	-	6,091,596
Investment in Westside Veterans Housing, LP	1,600,000	-	-	(1,600,000)	-
Loans receivable, related parties, net	1,284,393	-	-	(1,139,393)	145,000
Property and equipment, net	574,496	9,299,656	12,865,068	(881,418)	21,857,802
Total noncurrent assets	<u>3,458,889</u>	<u>10,668,971</u>	<u>17,587,349</u>	<u>(3,620,811)</u>	<u>28,094,398</u>
Total Assets	<u>\$ 13,315,522</u>	<u>\$ 11,309,167</u>	<u>\$ 17,683,206</u>	<u>\$ (4,540,754)</u>	<u>\$ 37,767,141</u>

See notes to consolidated financial statements

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Consolidating Statement of Financial Position

Year Ended June 30, 2021

(continued)

	Volunteers of America of Illinois	Westside Veterans Housing LP	Hope Manor Village Housing LP	Eliminations	Total
LIABILITIES AND NET ASSETS:					
Current liabilities:					
Accounts payable	\$ 199,921	\$ 38,547	\$ 1,262,064	\$ -	\$ 1,500,532
Accrued expenses	1,410,074	5,303	658,873	(934,643)	1,139,607
Notes payable	-	1,200	3,572,529	-	3,573,729
Due to related parties	2,793	671,749	-	(240,108)	434,434
Deferred reimbursement	-	452,000	-	-	452,000
Total current liabilities	1,612,788	1,168,799	5,493,466	(1,174,751)	7,100,302
Long-term liabilities:					
Notes payable	-	3,350,200	1,946,163	(1,273,925)	4,022,438
Deferred reimbursable income	-	-	1,750,000	-	1,750,000
	-	3,350,200	3,696,163	(1,273,925)	5,772,438
Total liabilities	1,612,788	4,518,999	9,189,629	(2,448,676)	12,872,740
Net assets:					
Without donor restriction attributed to:					
Controlled limited partnership	-	4,753,118	5,096,146	(1,120,000)	8,729,264
Undesignated	11,524,051	-	-	(492,078)	11,031,973
	11,524,051	4,753,118	5,096,146	(1,612,078)	19,761,237
Noncontrolling interest in limited partnership	-	2,037,050	3,397,431	(480,000)	4,954,481
Total without donor restrictions	11,524,051	6,790,168	8,493,577	(2,092,078)	24,715,718
With donor restrictions	178,683	-	-	-	178,683
Total net assets and equity	11,702,734	6,790,168	8,493,577	(2,092,078)	24,894,401
Total Liabilities and Net Assets	\$ 13,315,522	\$ 11,309,167	\$ 17,683,206	\$ (4,540,754)	\$ 37,767,141

See notes to consolidated financial statements

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Consolidating Statement of Financial Position Year Ended June 30, 2020

	Volunteers of America of Illinois	Westside Veterans Housing LP	Hope Manor Village Housing LP	Eliminations	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 8,349,100	\$ 24,671	\$ -	\$ -	\$ 8,373,771
Accounts receivable, net	676,365	52,739	100,000	-	829,104
Prepaid expenses and other assets	112,218	553,277	-	(540,000)	125,495
Due from related parties	346,806	-	-	(111,240)	235,566
Total current assets	9,484,489	630,687	100,000	(651,240)	9,563,936
Noncurrent assets:					
Restricted cash	-	1,324,439	600,800	-	1,925,239
Investment in Westside Veterans Housing, LP	1,600,000	-	-	(1,600,000)	-
Loans receivable, related parties, net	1,353,213	-	-	(1,208,213)	145,000
Property and equipment, net	586,160	9,619,684	4,198,746	(770,178)	13,634,412
Total noncurrent assets	3,539,373	10,944,123	4,799,546	(3,578,391)	15,704,651
Total Assets	\$ 13,023,862	\$ 11,574,810	\$ 4,899,546	\$ (4,229,631)	\$ 25,268,587

See notes to consolidated financial statements

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Consolidating Statement of Financial Position

Year Ended June 30, 2020

(continued)

	<u>Volunteers of America of Illinois</u>	<u>Westside Veterans Housing LP</u>	<u>Hope Manor Village Housing LP</u>	<u>Eliminations</u>	<u>Total</u>
LIABILITIES AND NET ASSETS:					
Current liabilities:					
Accounts payable	\$ 177,490	\$ 34,747	\$ 968,189	\$ -	\$ 1,180,426
Accrued expenses	1,180,234	3,723	185,400	(654,963)	714,394
Due to related parties	2,793	607,808	-	(208,665)	401,936
Deferred reimbursement	-	395,500	-	-	395,500
Total current liabilities	<u>1,360,517</u>	<u>1,041,778</u>	<u>1,153,589</u>	<u>(863,628)</u>	<u>2,692,256</u>
Long-term liabilities:					
Notes payable	-	3,425,629	818,500	(1,273,925)	2,970,204
Total liabilities	<u>1,360,517</u>	<u>4,467,407</u>	<u>1,972,089</u>	<u>(2,137,553)</u>	<u>5,662,460</u>
Net assets:					
Without donor restriction attributed to:					
Controlled limited partnership	-	4,975,182	1,756,474	(1,120,000)	5,611,656
Undesignated	11,468,949	-	-	(492,078)	10,976,871
	<u>11,468,949</u>	<u>4,975,182</u>	<u>1,756,474</u>	<u>(1,612,078)</u>	<u>16,588,527</u>
Noncontrolling interest in limited partnership	-	2,132,221	1,170,983	(480,000)	2,823,204
Total without donor restrictions	<u>11,468,949</u>	<u>7,107,403</u>	<u>2,927,457</u>	<u>(2,092,078)</u>	<u>19,411,731</u>
With donor restrictions	194,396	-	-	-	194,396
Total net assets and equity	<u>11,663,345</u>	<u>7,107,403</u>	<u>2,927,457</u>	<u>(2,092,078)</u>	<u>19,606,127</u>
Total Liabilities and Net Assets	<u>\$ 13,023,862</u>	<u>\$ 11,574,810</u>	<u>\$ 4,899,546</u>	<u>\$ (4,229,631)</u>	<u>\$ 25,268,587</u>
Total Liabilities and Net Assets	<u>\$ 13,023,862</u>	<u>\$ 11,574,810</u>	<u>\$ 4,899,546</u>	<u>\$ (4,229,631)</u>	<u>\$ 25,268,587</u>

See notes to consolidated financial statements

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Consolidating Statement of Activities

Year Ended June 30, 2021

	Volunteers of America of Illinois			Westside Veterans Housing LP			Hope Manor Village Housing LP			Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
OPERATING REVENUE:											
Public support:											
Contributions corporate	\$ 69,823	\$ -	\$ 69,823	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,823
Contributions foundations	87,941	-	87,941	-	-	-	-	-	-	-	87,941
Contributions individuals	150,143	-	150,143	-	-	-	-	-	-	-	150,143
Total public support	307,907	-	307,907	-	-	-	-	-	-	-	307,907
Program and other revenue:											
Government fees and grants	8,090,451	178,683	8,269,134	-	-	-	-	-	-	-	8,269,134
Other grants	297,887	-	297,887	33,900	-	33,900	-	-	-	-	331,787
Management fees	432,579	-	432,579	-	-	-	-	-	-	-	432,579
Rent revenue	-	-	-	540,762	-	540,762	121,012	-	121,012	-	661,774
Housing services reimbursement	2,024,509	-	2,024,509	-	-	-	-	-	-	(191,064)	1,833,445
Developer fees and other revenues	18,443	-	18,443	17,313	-	17,313	3,205	-	3,205	-	38,961
Other revenues (losses)	(64,241)	-	(64,241)	-	-	-	-	-	-	-	(64,241)
Total program and other revenue	10,799,628	178,683	10,978,311	591,975	-	591,975	124,217	-	124,217	(191,064)	11,503,439
Net assets released from restrictions	194,396	(194,396)	-	-	-	-	-	-	-	-	-
Total Revenue from Operations	11,301,931	(15,713)	11,286,218	591,975	-	591,975	124,217	-	124,217	(191,064)	11,811,346
OPERATING EXPENSES:											
Program services	9,370,389	-	9,370,389	909,210	-	909,210	271,521	-	271,521	(191,064)	10,360,056
Supporting activities:											
Management and general	1,810,309	-	1,810,309	-	-	-	-	-	-	-	1,810,309
Fund-raising	66,131	-	66,131	-	-	-	-	-	-	-	66,131
Total supporting activities	1,876,440	-	1,876,440	-	-	-	-	-	-	-	1,876,440
Total Operating Expenses	11,246,829	-	11,246,829	909,210	-	909,210	271,521	-	271,521	(191,064)	12,236,496
Change in Net Assets	55,102	(15,713)	39,389	(317,235)	-	(317,235)	(147,304)	-	(147,304)	-	(425,150)
Net Assets, Beginning of Year	11,468,949	194,396	11,663,345	7,107,403	-	7,107,403	2,927,457	-	2,927,457	(2,092,078)	19,606,127
Capital contribution	-	-	-	-	-	-	5,973,772	-	5,973,772	-	5,973,772
Syndication costs	-	-	-	-	-	-	(260,348)	-	(260,348)	-	(260,348)
Net Assets, End of Year	\$ 11,524,051	\$ 178,683	\$ 11,702,734	\$ 6,790,168	\$ -	\$ 6,790,168	\$ 8,493,577	\$ -	\$ 8,493,577	\$ (2,092,078)	\$ 24,894,401

See notes to consolidated financial statements

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Consolidating Statement of Activities Year Ended June 30, 2020

	Volunteers of America of Illinois			Westside Veterans Housing LP			Hope Manor Village Housing LP			Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
OPERATING REVENUE:											
Public support:											
Contributions corporate	\$ 137,738	\$ -	\$ 137,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,738
Contributions foundations	84,246	-	84,246	-	-	-	-	-	-	-	84,246
Contributions individuals	175,207	-	175,207	-	-	-	-	-	-	-	175,207
Contributions in-kind	35,145	-	35,145	-	-	-	-	-	-	-	35,145
Total public support	<u>432,336</u>	<u>-</u>	<u>432,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>432,336</u>
Program and other revenue:											
Government fees and grants	5,850,534	194,396	6,044,930	-	-	-	-	-	-	-	6,044,930
Other grants	681,309	-	681,309	33,900	-	33,900	400,000	-	400,000	-	1,115,209
Management fees	428,759	-	428,759	-	-	-	-	-	-	-	428,759
Rent revenue	-	-	-	576,493	-	576,493	-	-	-	-	576,493
Housing services reimbursement	2,033,285	-	2,033,285	-	-	-	-	-	-	(176,206)	1,857,079
Developer fees and other revenues	116,915	-	116,915	12,333	-	12,333	-	-	-	-	129,248
Other revenues	262,822	-	262,822	-	-	-	-	-	-	-	262,822
Total program and other revenue	<u>9,373,624</u>	<u>194,396</u>	<u>9,568,020</u>	<u>622,726</u>	<u>-</u>	<u>622,726</u>	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>(176,206)</u>	<u>10,414,540</u>
Net assets released from restrictions	-	-	-	-	-	-	-	-	-	-	-
Total Revenue from Operations	<u>9,805,960</u>	<u>194,396</u>	<u>10,000,356</u>	<u>622,726</u>	<u>-</u>	<u>622,726</u>	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>(176,206)</u>	<u>10,846,876</u>
OPERATING EXPENSES:											
Program services	7,440,145	-	7,440,145	1,012,954	-	1,012,954	-	-	-	(176,206)	8,276,893
Supporting activities:											
Management and general	1,503,066	-	1,503,066	-	-	-	-	-	-	-	1,503,066
Fund-raising	73,165	-	73,165	-	-	-	-	-	-	-	73,165
Total supporting activities	<u>1,576,231</u>	<u>-</u>	<u>1,576,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,576,231</u>
Total Operating Expenses	<u>9,016,376</u>	<u>-</u>	<u>9,016,376</u>	<u>1,012,954</u>	<u>-</u>	<u>1,012,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176,206)</u>	<u>9,853,124</u>
Change in Net Assets	789,584	194,396	983,980	(390,228)	-	(390,228)	400,000	-	400,000	-	993,752
Net Assets, Beginning of Year	<u>10,679,365</u>	<u>-</u>	<u>10,679,365</u>	<u>7,497,631</u>	<u>-</u>	<u>7,497,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,092,078)</u>	<u>16,084,918</u>
Capital contribution	-	-	-	-	-	-	2,527,457	-	2,527,457	-	2,527,457
Net Assets, End of Year	<u>\$ 11,468,949</u>	<u>\$ 194,396</u>	<u>\$ 11,663,345</u>	<u>\$ 7,107,403</u>	<u>\$ -</u>	<u>\$ 7,107,403</u>	<u>\$ 2,927,457</u>	<u>\$ -</u>	<u>\$ 2,927,457</u>	<u>\$ (2,092,078)</u>	<u>\$ 19,606,127</u>

See notes to consolidated financial statements