
***VOLUNTEERS OF AMERICA OF ILLINOIS
AND AFFILIATES***

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Volunteers of America of Illinois and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2023 and 2022, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Volunteers of America of Illinois and Affiliates as of June 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Consolidated Financial Statements section of our report. We are required to be independent of Volunteers of America of Illinois and Affiliates 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.

Emphasis Of Matter: Change In Accounting Principle

As discussed in Note 2 to the consolidated financial statements, Volunteers of America of Illinois and Affiliates adopted the provisions of Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities Of Management For The Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Volunteers of America of Illinois and Affiliates ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities For The Audit Of The Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 the Volunteers of America of Illinois and Affiliates 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 the Volunteers of America of Illinois and Affiliates 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 December 15, 2023 on our consideration of the Volunteers of America of Illinois and Affiliates 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 the Volunteers of America of Illinois and Affiliates 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 the Volunteers of America of Illinois and Affiliates internal control over financial reporting and compliance

RubinBrown LLP

December 15, 2023

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

	June 30,	
	2023	2022
Current Assets		
Cash and cash equivalents	\$ 6,697,288	\$ 7,976,114
Accounts receivable	1,171,218	1,064,029
Investments	1,460,557	—
Prepaid expenses and other assets	395,116	309,715
Due from related parties	464,147	675,697
Total Current Assets	10,188,326	10,025,555
Noncurrent Assets		
Restricted cash	3,337,179	3,488,725
Loans receivable, related parties, net	145,000	145,000
Right-of-use assets - operating leases	3,316,526	—
Property and equipment, net	20,011,200	20,886,542
Capitalized costs, net	125,670	141,912
Total Noncurrent Assets	26,935,575	24,662,179
Total Assets	\$ 37,123,901	\$ 34,687,734

Liabilities And Net Assets

Current Liabilities		
Accounts payable	\$ 193,409	\$ 264,387
Accrued expenses	542,793	435,583
Deferred revenue	392,629	580,707
Notes payable	1,200	1,200
Due to related parties	616,684	694,512
Deferred reimbursement	598,900	542,400
Prepaid rent	3,755	10,280
Current right-of-use liabilities - operating leases	485,291	—
Total Current Liabilities	2,834,661	2,529,069
Long-Term Liabilities		
Notes payable	5,500,455	5,592,055
Less: debt issuance costs	(164,302)	(170,772)
Long-term right-of-use liabilities - operating leases	2,816,458	—
Deferred reimbursement	1,590,649	1,679,887
Total Long-Term Liabilities	9,743,260	7,101,170
Total Liabilities	12,577,921	9,630,239
Net Assets		
Without donor restrictions:		
Controlled limited partnerships	8,407,357	8,903,313
Undesignated	11,295,815	10,875,955
Non-controlling interest in subsidiaries	4,842,808	5,118,196
With donor restrictions	—	160,031
Total Net Assets	24,545,980	25,057,495
Total Liabilities And Net Assets	\$ 37,123,901	\$ 34,687,734

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES

Page 1 Of 2

For The Year Ended June 30, 2023

	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	\$ 165,678	\$ —	\$ —	\$ 165,678	\$ —	\$ 165,678	
Contributions foundations	156,093	—	—	156,093	—	156,093	
Contributions individuals	62,241	—	—	62,241	—	62,241	
Contributions in kind	40,550	—	—	40,550	—	40,550	
Total Public Support	424,562	—	—	424,562	—	424,562	
Program and other revenue:							
Government fees and grants	10,174,253	—	—	10,174,253	—	10,174,253	
Other grant income	424,501	—	—	424,501	—	424,501	
Management fees	243,514	—	—	243,514	—	243,514	
Rent revenue	—	543,416	390,513	933,929	—	933,929	
Housing services reimbursement	1,121,488	—	—	1,121,488	—	1,121,488	
Developer fees and other revenues	545,323	70,930	17,988	634,241	—	634,241	
Total Program And Other Revenue	12,509,079	614,346	408,501	13,531,926	—	13,531,926	
Net assets released from restrictions	160,031	—	—	160,031	(160,031)	—	
Total Revenue From Operations	13,093,672	614,346	408,501	14,116,519	(160,031)	13,956,488	
Operating Expenses							
Program services	10,397,033	945,837	1,144,994	12,487,864	—	12,487,864	
Supporting activities:							
Management and general	2,117,543	—	—	2,117,543	—	2,117,543	
Fund-raising	159,236	—	—	159,236	—	159,236	
Total Supporting Activities	2,276,779	—	—	2,276,779	—	2,276,779	
Total Operating Expenses	12,673,812	945,837	1,144,994	14,764,643	—	14,764,643	
Change In Net Assets	419,860	(331,491)	(736,493)	(648,124)	(160,031)	(808,155)	
Net Assets, Beginning Of Year	10,875,955	4,904,068	9,117,441	24,897,464	160,031	25,057,495	
Capital contribution	—	—	296,640	296,640	—	296,640	
Net Assets, End Of Year	\$ 11,295,815	\$ 4,572,577	\$ 8,677,588	\$ 24,545,980	\$ —	\$ 24,545,980	

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES

Page 2 Of 2

For The Year Ended June 30, 2022

	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	\$ 159,632	\$ —	\$ —	\$ 159,632	\$ —	\$ 159,632
Contributions foundations	175,583	—	—	175,583	—	175,583
Contributions individuals	120,890	—	—	120,890	—	120,890
Total Public Support	456,105	—	—	456,105	—	456,105
Program and other revenue:						
Government fees and grants	8,223,342	—	—	8,223,342	160,031	8,383,373
Other grant income	446,015	—	—	446,015	—	446,015
Management fees	209,385	—	—	209,385	—	209,385
Rent revenue	—	560,257	378,508	938,765	—	938,765
Housing services reimbursement	1,118,707	—	—	1,118,707	—	1,118,707
Developer fees and other revenues	137,648	38,916	2,010	178,574	—	178,574
Total Program And Other Revenue	10,135,097	599,173	380,518	11,114,788	160,031	11,274,819
Net assets released from restrictions	178,683	—	—	178,683	(178,683)	—
Total Revenue From Operations	10,769,885	599,173	380,518	11,749,576	(18,652)	11,730,924
Operating Expenses						
Program services	8,983,247	885,274	1,274,977	11,143,498	—	11,143,498
Supporting activities:						
Management and general	1,675,036	—	—	1,675,036	—	1,675,036
Fund-raising	267,620	—	—	267,620	—	267,620
Total Supporting Activities	1,942,656	—	—	1,942,656	—	1,942,656
Total Operating Expenses	10,925,903	885,274	1,274,977	13,086,154	—	13,086,154
Change In Net Assets	(156,018)	(286,101)	(894,459)	(1,336,578)	(18,652)	(1,355,230)
Net Assets, Beginning Of Year	11,031,973	5,190,169	8,493,577	24,715,719	178,683	24,894,402
Capital contribution	—	—	1,399,729	1,399,729	—	1,399,729
Syndication costs	—	—	118,594	118,594	—	118,594
Net Assets, End Of Year	\$ 10,875,955	\$ 4,904,068	\$ 9,117,441	\$ 24,897,464	\$ 160,031	\$ 25,057,495

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Page 1 Of 2
For The Year Ended June 30, 2023

	Program Services									Supporting Activities			Total Volunteers Of America Illinois
	Encouraging Positive Development	Fostering Independence	Promoting Self- Sufficiency	Transitional Housing	General Housing	General Services	Community Services	West Side Veterans Housing LP	Hope Manor Village Housing LP	Total	Management And General	Fundraising	
Salaries and wages	\$ 1,166,487	\$ 330,213	\$ 2,314,040	\$ 401,521	\$ 105,161	\$ 645,833	\$ 70,593	\$ 136,140	\$ 117,291	\$ 5,287,278	\$ 828,826	\$ 74,040	\$ 6,190,144
Other employee benefits	131,161	70,753	261,253	67,081	10,943	66,592	7,242	10,719	8,687	634,431	144,884	9,036	788,351
Payroll taxes	96,717	27,433	195,623	32,556	8,638	60,365	3,006	11,466	8,682	444,485	57,089	6,171	507,745
Counseling and consulting fees	145,841	—	—	—	—	—	—	6,700	1,020	153,561	—	—	153,561
Legal fees	—	—	—	—	—	—	—	6,458	22,886	29,344	—	—	29,344
Accounting fees	—	—	—	—	—	—	—	4,530	3,262	7,792	138,980	—	146,772
Other professional fees	—	(4,748)	117,198	18,352	—	3,704	2,821	87,833	41,694	266,855	210,188	59,048	536,092
Supplies and expenses	1,930	(242)	30,267	2,166	—	7,158	7,880	11,273	—	60,432	60,399	2,840	123,671
Program supplies	3,016	—	11,187	847	—	637	3,877	—	—	19,563	3,257	(255)	22,566
Occupancy costs	108,808	545	340,595	5,808	708	40,572	415	276,811	62,810	837,073	114,119	—	951,192
Insurance	—	—	—	—	—	—	—	42,905	34,849	77,754	—	—	77,754
Travel and transportation	130,588	74	108,608	1,982	—	30,602	380	—	—	272,234	73,504	604	346,342
Specific assistance	—	(20,327)	2,043,071	1,809	300	4,874	42	—	—	2,029,769	769	—	2,030,538
Foster family grants	969,577	—	—	—	—	—	—	—	—	969,577	—	—	969,577
Equipment rental and maintenance	2,062	—	27,381	—	—	9,599	1,333	19,097	—	59,472	18,550	—	78,022
Interest expense and bank fees	—	(1,091)	—	—	—	—	—	6,380	91,634	96,924	32,636	—	129,560
Telecommunications	4,226	(30)	10,592	210	—	2,744	—	18,627	—	36,369	27,370	—	63,739
Conferences and meetings	3,411	—	3,359	361	—	300	—	1,601	1,274	10,306	9,465	—	19,771
Subscriptions and publications	—	—	7,757	610	—	1,313	1,043	—	—	10,723	17,183	770	28,676
Employee recruitment and training	3,853	726	5,809	1,701	173	1,603	22	—	—	13,887	79,448	—	93,335
Advertising and marketing	—	—	—	—	—	—	11,432	—	—	11,432	34,912	2,743	49,088
Postage	1,057	—	1,160	—	—	227	—	—	—	2,444	3,193	—	5,637
Printing	—	—	485	—	—	—	825	—	—	1,310	427	1,994	3,731
Membership dues	25,676	—	—	—	—	—	—	—	—	25,676	—	—	25,676
Bad debt	—	—	—	—	—	—	—	—	43,923	43,923	41,460	—	85,383
Miscellaneous	1	—	547	—	—	—	—	(20,814)	110,750	90,484	24,880	2,244	117,607
Gift in kind	—	—	—	—	—	40,550	—	—	—	40,550	—	—	40,550
Depreciation and amortization	—	—	11,205	426	—	—	—	326,111	596,232	933,974	(14,777)	—	919,197
National organization fees	—	14,632	—	—	—	5,610	—	—	—	20,242	210,778	—	231,020
Total Functional Expense	\$ 2,794,411	\$ 417,939	\$ 5,490,137	\$ 535,430	\$ 125,923	\$ 922,281	\$ 110,912	\$ 945,837	\$ 1,144,994	\$ 12,487,864	\$ 2,117,543	\$ 159,236	\$ 14,764,643

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Page 2 Of 2
For The Year Ended June 30, 2022

	Program Services							Supporting Activities			Total Volunteers Of America Illinois
	Encouraging Positive Development	Fostering Independence	Promoting Self- Sufficiency	Transitional Housing	General Services	West Side Veterans Housing LP	Hope Manor Village Housing LP	Total	Management And General	Fund- raising	
Salaries and wages	\$ 1,100,322	\$ 312,180	\$ 1,942,189	\$ 538,402	\$ 500,293	\$ 111,828	\$ 100,160	\$ 4,605,374	\$ 795,129	\$ 118,088	\$ 5,518,591
Other employee benefits	137,308	62,007	238,234	68,226	36,515	8,995	5,737	557,022	135,074	18,137	710,233
Payroll taxes	93,808	25,174	164,601	44,216	47,675	10,319	8,660	394,453	59,258	9,838	463,549
Counseling and consulting fees	109,673	—	—	—	—	1,140	5,220	116,033	12,700	—	128,733
Legal fees	12,000	(1,060)	—	—	24,836	1,869	5,672	43,317	12,198	—	55,515
Accounting fees	—	—	—	—	—	4,530	24,043	28,573	90,425	—	118,998
Other professional fees	4,655	—	156,186	1,040	34,574	80,429	91,543	368,427	35,328	54,468	458,223
Supplies and expenses	14,284	158	38,535	2,928	11,182	11,336	3,309	81,732	45,567	41,820	169,119
Program supplies	2,704	—	16,031	69	—	—	—	18,804	59	580	19,443
Occupancy costs	97,359	1,338	279,455	4,075	34,704	204,537	57,276	678,744	86,285	11,705	776,734
Insurance	11,679	2,266	33,347	3,843	3,937	38,727	19,262	113,061	3,955	694	117,710
Travel and transportation	133,615	50	57,018	1,162	11,534	—	—	203,379	42,566	—	245,945
Specific assistance	104,796	9,107	1,297,102	2,430	2,660	—	—	1,416,095	—	—	1,416,095
Foster family grants	1,055,168	—	—	—	—	—	—	1,055,168	—	—	1,055,168
Equipment rental and maintenance	6	—	21,960	—	1,000	23,469	—	46,435	15,787	—	62,222
Interest expense and bank fees	—	—	—	—	421	8,016	184,592	193,029	14,665	416	208,110
Telecommunications	7,699	—	11,253	36	6,996	17,457	90	43,531	31,957	—	75,488
Conferences and meetings	1,583	—	3,855	—	—	1,139	312	6,889	64,351	3,500	74,740
Subscriptions and publications	98	—	297	—	540	—	—	935	6,843	617	8,395
Postage	—	—	34	—	—	—	—	34	6,925	—	6,959
Printing	—	425	2,063	—	—	—	—	2,488	11,012	5,030	18,530
Membership dues	10,683	—	1,449	1,237	1,135	—	—	14,504	4,100	1,795	20,399
Bad debt	—	—	—	—	—	—	936	936	1,500	—	2,436
Miscellaneous	—	—	342	—	500	35,372	82,226	118,440	34,597	856	153,893
Depreciation and amortization	630	317	6,071	2,987	—	326,111	685,939	1,022,055	472	76	1,022,603
National organization fees	—	14,040	—	—	—	—	—	14,040	164,283	—	178,323
Total Functional Expense	\$ 2,898,070	\$ 426,002	\$ 4,270,022	\$ 670,651	\$ 718,502	\$ 885,274	\$ 1,274,977	\$ 11,143,498	\$ 1,675,036	\$ 267,620	\$ 13,086,154

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2023	2022
Cash Flows From Operating Activities		
Change in net assets	\$ (808,155)	\$ (1,355,230)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	956,686	1,022,603
Non-cash syndication fees	—	118,594
Forgiveness of long-term debt	(33,900)	(33,900)
Net realized gains on investments	(8,451)	—
Net unrealized gains on investments	(257,635)	—
Changes in:		
Accounts receivable	(107,189)	(182,483)
Prepaid expenses and other assets	(110,746)	(205,781)
Accounts payable	(70,978)	(144,844)
Accrued expenses	107,210	(154,808)
Deferred revenue	(188,078)	31,491
Prepaid rent	(6,525)	10,280
Due to related parties	(77,828)	260,078
Due from related parties, net	211,550	(224,490)
Deferred reimbursable income	(89,238)	(70,113)
Changes in right-of-use assets and liabilities	(14,777)	—
Net Cash Used In Operating Activities	(498,054)	(928,603)
Cash Flows From Investing Activities		
Payment of tax credit fees	—	(81,911)
Purchases of property and equipment	(33,287)	(1,142,643)
Purchases of investments	(1,194,471)	—
Net Cash Used In Investing Activities	(1,227,758)	(1,224,554)
Cash Flows From Financing Activities		
Repayments on notes payable	(1,200)	(3,448,229)
Borrowing on notes payable	—	1,398,845
Contributed capital	296,640	1,399,729
Net Cash Provided By (Used In) Financing Activities	295,440	(649,655)
Change In Cash, Restricted Cash And Cash Equivalents	(1,430,372)	(2,802,812)
Cash, Restricted Cash And Cash Equivalents, Beginning Of Year	11,464,839	14,267,651
Cash, Restricted Cash And Cash Equivalents, End Of Year	\$ 10,034,467	\$ 11,464,839
Cash, Restricted Cash And Cash Equivalents:		
Cash and cash equivalents	\$ 6,697,288	\$ 7,976,114
Restricted cash	3,337,179	3,488,725
	\$ 10,034,467	\$ 11,464,839
Noncash Investing and Financing Activities		
Forgiveness of long-term debt	\$ 90,400	\$ 90,400

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023 And 2022

1. Operations

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 (*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.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

- Computer Center - Programs using computer technology to help clients focus on securing employment, training and needed skill development.
- 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.

General Housing and General Services

To meet the needs of homeless persons. The program's goal is to help homeless persons 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.

- 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.
- 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 childcare, 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.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

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.

Community Services

The Community Services program is designed to make a positive impact in various community centers. Through this program, the Corporation aims to create and implement curriculum that addresses the needs of the local community. In addition to curriculum development, the Community Services program also focuses on fostering a sense of social responsibility. The Corporation encourages participants to actively contribute to their communities through volunteer work and other forms of engagement. By doing so, the Corporation hopes to instill a spirit of compassion and empathy in the program participants. By actively engaging with different community centers, the Corporation strives to foster a sense of unity and support among residents. The Corporation's team works diligently to develop educational materials and activities that are tailored to the specific requirements of each center.

The Corporation also provide behavioral health services to the community is crucial for promoting overall well-being and addressing mental health concerns. The Corporation is dedicated to offering accessible and high-quality care to individuals of all ages. Through a range of evidence-based interventions, including therapy, counseling, and support groups, the Corporation aims to help individuals navigate their emotional challenges and develop effective coping strategies.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

2. Summary Of Significant Accounting Policies

Basis Of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles in the United States (GAAP).

Principles Of Consolidation

The consolidated financial statements of Volunteers of America of Illinois and its affiliates, include the accounts of the Corporation and two Limited Partnership subsidiaries, West Side Veterans Housing, LP and Hope Manor Village Housing, LP, over which Volunteers of America of Illinois possesses control and is the majority investor in the General Partner. All intercompany transactions have been eliminated in consolidation.

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 0.01% 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.

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 consist of 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 0.01% interest) and one Limited Partner, NEF Limited Partnership (which has a 99.99% interest). The Village 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.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

The Corporation's fiscal year ends on June 30. The Partnerships' fiscal year ends on December 31. The Partnership and Village Partnership's activities have been consolidated, based on the fiscal year of the Corporation.

Basis Of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board for not-for-profit organizations by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity, and financial flexibility. As a result, the Corporation is required to report information regarding its financial position and activities according to the following two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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.

Estimates And Assumptions

The Corporation uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash And Cash Equivalents And Credit Risk

Cash and cash equivalents include highly liquid, short-term investments with original maturities of three months or less, which are available for the Corporation's operating needs. Cash equivalents include money market funds, checking accounts, and a sweep account.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

The Corporation maintains cash and cash equivalents accounts at financial institutions with strong credit ratings. At times, such balances may be in excess of Federal Deposit Insurance Corporation insurance limits of \$250,000. At June 30, 2023 the Corporation's cash balances exceeded federally insured limits by \$7,952,578. Management believes the Corporation is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments are reported at fair value. The fair values of all debt and equity securities with readily determinable fair values are based on quotations obtained from national securities exchanges. Investments that are not readily marketable are carried at estimated fair values as provided by the investment managers. The Corporation reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair values of these investments. Those estimated fair values may differ from the values that would have been used had a ready market for these securities existed.

Realized gains or losses on investments are determined based on the difference between the proceeds received and the cost of the investments sold, using the specific cost identification method. Unrealized gains and losses are determined based on year-end fair value fluctuations on investments held at fiscal yearend. As of June 30, 2023, realized gains totaled \$8,451 and are included in developer fees and other revenues on the consolidated statement of activities. As of June 30, 2023, unrealized gains totaled \$257,635 and are included in developer fees and other revenues on the consolidated statement of activities.

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with various types of investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements (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.

	For The Years Ended June 30,	
	2023	2022
A replacement reserve funded at \$400 per year for each apartment unit and is in the custody of Illinois Housing Development Authority (the Authority)	\$ 195,930	\$ 170,025
A replacement reserve funded at \$450 per year for each apartment unit and is in the custody of BMO Harris Bank N.A. (BMO)	51,936	36,000
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	293,728	284,170
An operating reserve, in the initial amount of \$145,059; 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 BMO	143,930	145,059
A working capital reserve held by the Corporation	104,694	103,020
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	737,510	725,718
A real estate tax and insurance escrow in the custody of the Authority	149,296	162,025
An insurance escrow in the custody of BMO	19,266	19,950
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.	1,599,177	1,676,281
The Partnership Agreement requires Village Partnership to fund s security reserve to fund security improvements and repairs to the Project.	41,712	—
Village Partnership restricted cash to be used to pay expenses resulting from construction	—	166,477
	\$ 3,337,179	\$ 3,488,725

Amounts above are not insured by the Federal Deposit Insurance Corporation.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements *(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 receivables. Management has determined an accounts receivable allowance is not necessary for the years ended June 30, 2023 or 2022.

Loans Receivable

Loans receivable are stated at the amount management expects to collect from balances outstanding. Management provides for probable uncollectible amounts based on its assessment each loan receivable status. As of June 30, 2023 and 2022, the allowance for doubtful accounts for loans receivable was \$601,048.

Property And Equipment

Land, buildings and improvements, leasehold improvements and office furniture, equipment and vehicles purchased by the Corporation are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation.

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.

The estimated service lives of the assets for depreciation purposes may be different than their actual economic useful lives.

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

Impairment Of Long-Lived Assets

The Corporation reviews its rental property and office space owned for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No asset impairment losses have been recognized during the years ended June 30, 2023 or 2022.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

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. No syndication costs were incurred during the year ended June 30, 2023. For the year ended June 30, 2022, syndication costs of \$118,594 were incurred.

Revenue Recognition

Government Fees And Grants

A significant portion of the Corporation's revenue is derived from cost-reimbursable grants from governmental entities, which are conditioned upon measurable performance or other barriers, which is typically the incurrence of allowable qualifying expenses and are recognized as support when the conditions on which they depend have been met. Qualifying expenditures that have been incurred but not yet reimbursed are included in government grant receivables in the statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The Corporation had conditional pledges related to government grants of \$392,629 and \$580,707 that have not been recognized at June 30, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred.

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.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

Developer Fees

Developer fee revenue is recognized when earned, at certain points in time, as specified in development fee agreements based on performance obligations. 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.

Management Fees

The Corporations earns property management fee revenue for managing projects. Property management fee revenue is earned as a percentage of rents collected during the year. Revenue is recognized over time.

Rent Revenue

Rent revenue is recognized as it becomes due and is earned. Rental payments received in advance are deferred until earned. All leases with tenants of The Partnership and The Village Partnership are operating leases. Revenue is recognized over time.

Housing Services Reimbursement

The Corporations is reimbursed for salary and wages, other employee benefits and payroll taxes. Housing service reimbursement is earned when the associated cost is incurred. Revenue is recognized over time.

Leases

On July 1, 2022, the Corporation utilized the modified retrospective approach to adopt the provisions of Accounting Standards Codification (ASC) Topic 842, *Leases*, which includes a number of optional practical expedients that entities may elect to apply. The Corporation has elected certain practical expedients, including the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. The initial adoption of ASC 842 did not result in a cumulative adjustment to net assets. Results for 2023 are presented under ASC 842, while the prior period consolidated financial statements have not been adjusted and continue to be presented under ASC 840, the accounting standard in effect at that time.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

The Corporation maintains leases for office facilities and equipment. Lease right-of-use (ROU) assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The ROU assets represent the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received. The Corporation does not record ROU assets or lease liabilities for leases with an initial expected lease term of 12 months or less. For operating leases, lease expense for minimum lease payments is recognized on a straight-line basis over the term of the lease.

The lease terms utilized in determining ROU assets and lease liabilities include the non-cancellable portion of the underlying leases. While some leases include renewal periods, it is not reasonably certain that the options will be exercised. Accordingly, only the initial terms are included in the lease terms when calculating the ROU assets and lease liabilities. When determining if a renewal option is reasonably certain of being exercised, the factors considered, include but are not limited to, the cost of moving to another location, the cost of disruption of operations, the purpose or location of the leased asset and the terms associated with extending the lease. The Corporation has not included any termination penalties in its lease payments, nor shortened any lease terms related to options to terminate a lease.

As most leases do not provide an implicit discount rate, the Corporation has made an election available to non-public entities that allows the use of the risk-free rate at the lease commencement date to determine the present value of the lease payments.

The Corporation's operating leases typically contain fixed rent escalations over the lease term, and the Corporation recognizes expense for these leases on a straight-line basis over the lease term. The Corporation recognizes the related lease expense on a straight-line basis and records the difference between the recognized lease expense and amounts payable under the lease as part of the ROU asset.

The Corporation does not separate non-lease components of a contract from the lease components to which they relate for all classes of lease assets. Certain leases costs are variable and primarily represent variable payments such as maintenance, insurance, and property tax which are expensed in the period incurred.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

Additionally, the Corporation, as lessor, leases multifamily residential units, generally with a lease term of one year. While the leases typically include renewal options, the economic terms of the lease do not make it reasonably certain that a renewal option would be exercised. Under ASC 842, the Corporation classifies the leases as operating leases and elects not to separate the lease component, comprised of monthly rents from tenants, from the associated non-lease components, comprised of fees related to utility costs. The Corporation accounts for the combined lease and non-lease components under ASC 842. Lease income for the year ended June 30, 2023 totaled \$933,929. The adoption of ASC 842 did not result in a cumulative adjustment to net assets. As the Corporation has elected to apply the new standard as of the adoption date of July 1, 2022, results for 2022 are presented under ASC 842, while the prior period consolidated financial statements have not been adjusted and continue to be presented under ASC 840, the accounting standard in effect at that time.

The Corporation has elected certain practical expedients, including the use of hindsight in determining the lease term at transition and the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification, and initial direct costs.

Functional Allocation Of Expenses

The consolidated statement of functional expense presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Corporation are reported as specific to that functional area. Other expenses are attributable to multiple functions and allocated using various methods.

See summary below for specific allocation methods used for various expenses:

Natural Category	Method
Salaries and wages	Time and effort studies
Other employee benefits	Time and effort studies
Payroll taxes	Time and effort studies
Occupancy costs	Based on percentage of salaries and wages and direct costs
Insurance	Based on percentage of salaries and wages and direct costs
Depreciation and amortization	Based on percentage of salaries and wages

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

Estimates And Assumptions

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 reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

Tax Status

The Corporation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Internal Revenue Code. The Corporation has no unrelated business income for the years ended June 30, 2023 or 2022.

The Partnership and the Village Partnership are not exempt from federal and state income taxes. The Partnership and the Village Partnership have elected to be treated as pass-through entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by their owners on their respective income tax returns. The Partnership and the Village Partnership's federal tax statuses as pass-through entities are based on their legal status as a partnership. Accordingly, the Partnership and the Village Partnership are not required to take any tax positions in order to qualify as pass-through entities. The Partnership and the Village Partnership are required to file and do file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and The Partnership and the Village Partnership have no other tax positions which must be considered for disclosure.

Subsequent Events

Management has evaluated subsequent events through the date consolidated financial statements are available for issue, which is the date of the Independent Auditors' Report.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

3. Property And Equipment

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

	<u>2023</u>	<u>2022</u>
Land	\$ 628,772	\$ 628,772
Buildings and improvements	23,505,966	23,522,196
Furniture and equipment	1,932,213	1,882,696
	<u>26,066,951</u>	<u>26,033,664</u>
Less: accumulated depreciation	<u>(6,055,751)</u>	<u>(5,147,122)</u>
	<u>\$ 20,011,200</u>	<u>\$ 20,886,542</u>

4. Deferred Charges

The Partnership incurred costs during the year ended June 30, 2011, to obtain financing and low income housing tax credits in the amounts of \$76,378 and \$229,063, respectively, 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 in the amounts of \$227,858 and \$108,300, respectively. During the year ended June 30, 2022, financing costs in the amount of \$107,094 were reclassified into the basis of the building. The financing and low income housing tax credit costs 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 in the amount of \$98,000 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 amortized fee of \$22,595 and \$29,128 as of June 30, 2023 and 2022, respectively, is included in prepaid expenses and other assets in the accompanying consolidated statement of financial position and will be amortized over 15 years.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements *(Continued)*

Asset management fee amortization expense for the years ended June 30, 2023 and 2022, was \$6,533. Estimated amortization expense for each of the next four years is as follows:

Year	Amount
2024	\$ 6,533
2025	6,533
2026	6,533
2027	2,995
	<u>\$ 22,595</u>

Financing costs are netted against the notes payable balance in the accompanying consolidated statements of financial position and are summarized as follows at June 30:

	<u>2023</u>	<u>2022</u>
Cost	\$ 197,141	\$ 197,141
Less: accumulated amortization	<u>(32,839)</u>	<u>(26,369)</u>
Net Capitalized Costs	<u>\$ 164,302</u>	<u>\$ 170,772</u>

Financing costs amortization expense for the years ended June 30, 2023 and 2022, were \$9,104 and \$2,569, respectively. Estimated amortization expense for each of the next five years is as follows:

Year	Amount
2024	\$ 13,253
2025	13,253
2026	13,253
2027	6,719
2028	6,719
Thereafter	111,106
	<u>\$ 164,302</u>

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements *(Continued)*

Low income housing tax credit costs are included in prepaid expenses and other assets in the accompanying consolidated statements of financial position and are summarized as follows at June 30:

	<u>2023</u>	<u>2022</u>
Cost	\$ 246,914	\$ 246,914
Less: accumulated amortization	<u>(121,244)</u>	<u>(105,002)</u>
Net Capitalized Costs	<u>\$ 125,670</u>	<u>\$ 141,912</u>

Low income housing tax credit cost amortization expense for the years ended June 30, 2023 and 2022, was \$16,242 and \$17,428, respectively. Estimated amortization expense for each of the next five years is as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 15,992
2025	15,992
2026	15,992
2027	11,508
2028	7,723
Thereafter	<u>58,461</u>
	<u>\$ 125,670</u>

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements (Continued)

5. Notes Payable

Notes payable consist of the following as of June 30:

	2023	2022
<p>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.</p>	\$ 1,499,567	\$ 1,499,567
<p>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, 2023 and 2022, 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.</p>	451,973	542,373
<p>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.</p>	644,004	645,204
<p>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.</p>	250,000	250,000
<p>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. As of June 30, 2023, \$2,656,111 of proceeds were received.</p>	2,656,111	2,656,111
	\$ 5,501,655	\$ 5,593,255

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements *(Continued)*

Future maturities are as follows at June 30:

<u>Year</u>	<u>Amount</u>
2024	\$ 1,200
2025	1,200
2026	1,200
2027	453,173
2028	1,200
Thereafter	5,043,682
	<u>\$ 5,501,655</u>

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, 2023 and 2022, there were no advances owed on the line of credit.

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 year ended June 30, 2023 and 2022.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements *(Continued)*

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>2023</u>	<u>2022</u>
Grant funds for future veterans program costs	\$ —	\$ 160,031

9. Leases

The Corporation leases facilities and vehicles used for program services under operating leases. The facility lease expires on February 28, 2033. The vehicle leases expire on various dates through April 11, 2027.

The assets under the operating leases are capitalized using discount rates from 0.18% to 4.18% and amortized over the remaining life of the leases. As of the commencement date of July 1, 2022, the right-of-use assets and liabilities of \$78,539 and \$83,643, respectively were capitalized. As of June 30, 2023, 9.65 years of the lease terms remain. Lease expense for the year ended June 30, 2023 amounted to \$79,554 and \$500,058 and is included in travel and transportation and occupancy costs, respectively, on the statement of functional expense.

Other information related to leases are as follow:

Weighted-average remaining term - operating leases	9.65
Weighted-average discount rate - operating leases	3.75%

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements *(Continued)*

The reconciliation of the undiscounted cash flows of the lease liabilities recorded on the statement of financial position are as follows:

Year	Amount
2024	\$ 485,291
2025	469,414
2026	450,946
2027	427,781
2028	389,425
Thereafter	1,093,668
Total minimum lease payments	3,316,525
Less: Amount of lease payments representing interest	500,067
Present value of future minimum lease payments	2,816,458
Less: Current portion	485,291
	<u><u>\$ 2,331,167</u></u>

Future minimum rental payments under ASC 840 (the previously adopted lease standard) as of June 30, 2022 were as follows:

Year	Amount
2023	\$ 389,340
2024	17,201
	<u><u>\$ 406,541</u></u>

Total lease expense for the year ended June 30, 2022 totaled \$506,867.

10. Concentrations

The Illinois Department of Children and Family Services (DCFS) and the US Department of Veteran Affairs (VA) are major sources of the Corporation's operating revenues. Revenues from DCFS and VA accounted for 71% and 70% of total revenue for the years ended June 30, 2023 and 2022, respectively.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

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

	Year Ended June 30,	
	2023	2022
US Department of Veteran Affairs	63%	54%
Cook County Foster Care	25%	29%

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, 2023 and 2022. 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.

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 0.01% 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.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements *(Continued)*

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 0.01% 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, 2023, are as follows:

	Hope Manor II	Hope Manor Joliet	National
Revenues Earned By The Corporation:			
Developer fees, management fees, and payroll reimbursements	\$ 398,480	\$ 482,442	\$ 540,811
Expenses Incurred By The Corporation:			
Supporting services	\$ —	\$ —	\$ 172,035

Transactions with related parties for the year ended June 30, 2022, are as follows:

	Hope Manor II	Hope Manor Joliet	National
Revenues Earned By The Corporation:			
Developer fees, management fees, and payroll reimbursements	\$ 410,848	\$ 402,570	\$ 514,674
Expenses Incurred By The Corporation:			
Supporting services	\$ —	\$ —	178,323

Amounts due from/(due to) related parties for the year ended June 30, 2023, are as follows:

	Hope Manor II	Hope Manor Joliet	National
Corporation:			
Developer fees, management fees, and payroll reimbursements	\$ 81,455	\$ 303,455	\$ 224,237
Supporting services	\$ —	\$ —	(159,584)
Partnership:			
Deferred developer fees and other liabilities	\$ —	\$ —	(457,100)
Village Partnership:			
Deferred developer fees and other liabilities	\$ —	\$ —	\$ —
Note payable	\$ —	\$ —	(250,000)

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements *(Continued)*

Amounts due from/(due to) related parties for the year ended June 30, 2022, are as follows:

	Hope Manor II	Hope Manor Joliet	National
Corporation:			
Developer fees, management fees, and payroll reimbursements	\$ 120,555	\$ 339,222	\$ 360,920
Supporting services	\$ —	—	(80,265)
Partnership:			
Deferred developer fees and other liabilities	\$ —	—	(428,847)
Village Partnership:			
Deferred developer fees and other liabilities	\$ —	—	(185,400)
Note payable	\$ —	—	(250,000)

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:

	2023	2022
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 (*Continued*)

13. Liquidity And Availability Of Resources

The following table reflects the Corporation's financial assets as of June 30, 2023 and 2022, 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

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 6,697,288	\$ 7,976,114
Restricted cash	3,337,179	3,488,725
Accounts receivable	1,171,218	1,064,029
Due from related parties	464,147	675,697
Less those unavailable for general expenditures within one year, due to:		
Restricted cash	(3,337,179)	(3,488,725)
Net assets with donor restrictions	—	(160,031)
	<hr/>	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	\$ 8,332,653	\$ 9,555,809

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.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

14. 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, 2021	\$ 19,761,237	\$ 4,954,482	\$ 24,715,719
Change in net assets without donor restriction	(892,964)	(443,614)	(1,336,578)
Capital contributions	825,233	574,496	1,399,729
<u>Syndication costs</u>	<u>85,761</u>	<u>32,833</u>	<u>118,594</u>
Balance as of June 30, 2022	19,779,267	5,118,197	24,897,464
Change in net assets without donor restriction	(254,079)	(394,045)	(648,124)
<u>Capital contributions</u>	<u>177,984</u>	<u>118,656</u>	<u>296,640</u>
<u>Balance as of June 30, 2023</u>	<u>\$ 19,703,172</u>	<u>\$ 4,842,808</u>	<u>\$ 24,545,980</u>

For both years ended June 30, 2023 and 2022, there were no net assets with donor restrictions attributable to non-controlling interests.

15. Fair Value Measurements

The Corporation accounts for certain assets at fair value as required by generally accepted accounting principles. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The valuation techniques are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

There are three general valuation techniques that may be used to measure fair value, as described below:

Market approach - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Cost approach - Based on the amount that currently would be required to replace the service capacity of an asset.

Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts.

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Notes To Consolidated Financial Statements (*Continued*)

Investments measured and reported at fair value are classified and disclosed in one of the following three categories:

- Level 1* Quoted prices that are readily available in active markets/exchanges for identical investments. Typically, these investments are actively traded on a daily basis.
- Level 2* Pricing inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly. These investments may be priced daily, but are not necessarily traded on a daily basis.
- Level 3* Significant pricing inputs that are unobservable for the investment and includes investments for which there is little, if any, market activity for the investment.

The following are the major categories of assets measured at fair value on a recurring basis as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate debt obligations:				
Automotive	\$ —	\$ 48,687	\$ —	\$ 48,687
Basic materials	—	97,204	—	97,204
Financial services	—	721,968	—	721,968
Healthcare	—	144,185	—	144,185
Industrials	—	48,858	—	48,858
International	—	48,712	—	48,712
Other	—	59,166	—	59,166
Utilities	—	193,618	—	193,618
US treasury securities	98,159	—	—	98,159
Total Investments	\$ 98,159	\$ 1,362,398	\$ —	\$ 1,460,557

At June 30, 2023, the Level 2 assets utilize the following valuation techniques and inputs:

Corporate Debt Obligations: The fair value of investments in U.S. and international corporate bonds is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker-dealer quotes, issuer spreads, and security specific characteristics, such as early redemption options.

During 2023, there were no changes in the methods and/or assumptions utilized to derive the fair value of the Corporation's assets.

Independent Auditors' Report On Supplementary Information

Board of Directors
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, 2023, and have issued our report thereon dated December 15, 2023, which expressed an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position, consolidating statement of activities, schedule of program revenue, schedule of program cost, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

RubinBrown LLP

December 15, 2023

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Year Ended June 30, 2023

	Volunteers Of America Of Illinois	West Side Veterans Housing LP	Hope Manor Village Housing LP	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 6,549,737	\$ 3,973	\$ 188,311	\$ (44,733)	\$ 6,697,288
Accounts receivable, net	1,092,339	29,558	49,321	—	1,171,218
Investments	1,460,557	—	—	—	1,460,557
Prepaid expenses and other assets	352,151	33,754	9,211	—	395,116
Due from related parties	499,144	—	—	(34,997)	464,147
Total Current Assets	9,953,928	67,285	246,843	(79,730)	10,188,326
Noncurrent assets:					
Restricted cash	—	1,481,158	1,856,021	—	3,337,179
Investment in Westside Veterans Housing, LP	1,600,000	—	—	(1,600,000)	—
Loans receivable, related parties, net	1,695,254	—	—	(1,550,254)	145,000
Right-of-use assets	3,316,526	—	—	—	3,316,526
Property and equipment, net	45,600	9,221,483	11,792,395	(1,048,278)	20,011,200
Capitalized costs, net	—	28,592	97,078	—	125,670
Total Noncurrent Assets	6,657,380	10,731,233	13,745,494	(4,198,532)	26,935,575
Total Assets	\$ 16,611,308	\$ 10,798,518	\$ 13,992,337	\$ (4,278,262)	\$ 37,123,901

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (Continued)
Year Ended June 30, 2023

	Volunteers Of America Of Illinois	West Side Veterans Housing LP	Hope Manor Village Housing LP	Eliminations	Total
Liabilities And Net Assets					
Current liabilities:					
Accounts payable	\$ 200,038	\$ (8,102)	\$ 1,473	\$ —	\$ 193,409
Accrued expenses	374,634	5,303	162,856	—	542,793
Deferred revenue	392,629	—	—	—	392,629
Notes payable	—	1,200	—	—	1,200
Due to related parties	—	776,037	198,541	(357,894)	616,684
Deferred reimbursement	—	598,900	—	—	598,900
Prepaid rent	—	273	3,482	—	3,755
Current portion of lease liabilities	485,291	—	—	—	485,291
Total Current Liabilities	1,452,592	1,373,611	366,352	(357,894)	2,834,661
Long-term liabilities:					
Notes payable	—	3,299,769	3,474,611	(1,273,925)	5,500,455
Less: debt issuance costs	—	(47,439)	(116,863)	—	(164,302)
Long-term lease liabilities	2,816,458	—	—	—	2,816,458
Deferred reimbursable income	—	—	1,590,649	—	1,590,649
Total Long-term Liabilities	2,816,458	3,252,330	4,948,397	(1,273,925)	9,743,260
Total Liabilities	4,269,050	4,625,941	5,314,749	(1,631,819)	12,577,921
Net assets:					
Without donor restriction attributed to:					
Controlled limited partnership	—	4,320,804	5,206,553	(1,120,000)	8,407,357
Undesignated	12,342,258	—	—	(1,046,443)	11,295,815
	12,342,258	4,320,804	5,206,553	(2,166,443)	19,703,172
Noncontrolling interest in limited partnership	—	1,851,773	3,471,035	(480,000)	4,842,808
Total Without Donor Restrictions	12,342,258	6,172,577	8,677,588	(2,646,443)	24,545,980
With donor restrictions	—	—	—	—	—
Total Net Assets And Equity	12,342,258	6,172,577	8,677,588	(2,646,443)	24,545,980
Total Liabilities And Net Assets	\$ 16,611,308	\$ 10,798,518	\$ 13,992,337	\$ (4,278,262)	\$ 37,123,901

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

	Volunteers Of America of Illinois			West Side 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	\$ 165,678	\$ —	\$ 165,678	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 165,678
Contributions foundations	156,093	—	156,093	—	—	—	—	—	—	—	156,093
Contributions individuals	62,241	—	62,241	—	—	—	—	—	—	—	62,241
Contributions in kind	40,550	—	40,550	—	—	—	—	—	—	—	40,550
Total Public Support	424,562	—	424,562	—	—	—	—	—	—	—	424,562
Program and other revenue:											
Government fees and grants	10,174,253	—	10,174,253	—	—	—	—	—	—	—	10,174,253
Other grants	424,501	—	424,501	—	—	—	—	—	—	—	424,501
Management fees	305,124	—	305,124	—	—	—	—	—	—	(61,610)	243,514
Rent revenue	—	—	—	543,416	—	543,416	390,513	—	390,513	—	933,929
Housing services reimbursement	1,382,082	—	1,382,082	—	—	—	—	—	—	(260,594)	1,121,488
Developer fees and other revenues	823,398	—	823,398	70,930	—	70,930	17,988	—	17,988	(278,075)	634,241
Total Program And Other Revenue	13,109,358	—	13,109,358	614,346	—	614,346	408,501	—	408,501	(600,279)	13,531,926
Net assets released from restrictions	160,031	(160,031)	—	—	—	—	—	—	—	—	—
Total Revenue From Operations	13,693,951	(160,031)	13,533,920	614,346	—	614,346	408,501	—	408,501	(600,279)	13,956,488
Operating Expenses											
Program services	10,719,237	—	10,719,237	945,837	—	945,837	1,144,994	—	1,144,994	(322,204)	12,487,864
Supporting activities:											
Management and general	2,117,543	—	2,117,543	—	—	—	—	—	—	—	2,117,543
Fund-raising	159,236	—	159,236	—	—	—	—	—	—	—	159,236
Total Supporting Activities	2,276,779	—	2,276,779	—	—	—	—	—	—	—	2,276,779
Total Operating Expenses	12,996,016	—	12,996,016	945,837	—	945,837	1,144,994	—	1,144,994	(322,204)	14,764,643
Change In Net Assets	697,935	(160,031)	537,904	(331,491)	—	(331,491)	(736,493)	—	(736,493)	(278,075)	(808,155)
Net Assets, Beginning Of Year	11,644,323	160,031	11,804,354	6,504,068	—	6,504,068	9,117,441	—	9,117,441	(2,368,368)	25,057,495
Capital contribution	—	—	—	—	—	—	296,640	—	296,640	—	296,640
Net Assets, End Of Year	\$ 12,342,258	\$ —	\$ 12,342,258	\$ 6,172,577	\$ —	\$ 6,172,577	\$ 8,677,588	\$ —	\$ 8,677,588	\$ (2,646,443)	\$ 24,545,980

**Independent Auditors' Report
On Internal Control Over Financial
Reporting And On Compliance And Other
Matters Based On An Audit Of Consolidated
Financial Statements Performed In Accordance
With *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Volunteers of America of Illinois and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated December 15, 2023.

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Volunteers of America of Illinois and Affiliates' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Volunteers of America of Illinois and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of Volunteers of America of Illinois and Affiliates' internal control.

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

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

Report On Compliance And Other Matters

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

Purpose Of This Report

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

RubinBrown LLP

December 15, 2023

**Independent Auditors' Report On
Compliance For The Major Federal
Programs; Report On Internal Control Over
Compliance; And Report On Schedule Of
Expenditures Of Federal Awards Required
By The Uniform Guidance**

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

Report On Compliance For The Major Federal Programs

Opinion On The Major Federal Programs

We have audited Volunteers of America of Illinois and Affiliates' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Volunteers of America of Illinois and Affiliates' major federal programs for the year ended June 30, 2023. Volunteers of America of Illinois and Affiliates' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Volunteers of America of Illinois and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs for the year ended June 30, 2023.

Basis For Opinion On The Major Federal Programs

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibility under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities For The Audit Of Compliance section of our report.

We are required to be independent of Volunteers of America of Illinois and Affiliates and to meet our ethical responsibilities in accordance with 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 opinion on compliance for the major federal programs. Our audit does not provide a legal determination of Volunteers of America of Illinois and Affiliates' compliance with the compliance requirements referred to above.

Responsibilities Of Management For Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Volunteers of America of Illinois and Affiliates' federal programs.

Auditor's Responsibilities For The Audit Of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Volunteers of America of Illinois and Affiliates' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Volunteers of America of Illinois and Affiliates' compliance with the requirements of the major federal programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Volunteers of America of Illinois and Affiliates' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Volunteers of America of Illinois and Affiliates' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Volunteers of America of Illinois and Affiliates' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report On Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities For The Audit Of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report On Schedule Of Expenditures Of Federal Awards Required By The Uniform Guidance

We have audited the consolidated financial statements of Volunteers of America of Illinois and Affiliates' as of and for the year ended June 30, 2023, and have issued our report thereon dated December 15, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RubinBrown LLP

December 15, 2023

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number/ Contract Number	Federal Expenditures	Expenditures To Sub-Recipients
U.S. Department of Veteran Affairs				
VA Supportive Services for Veteran Families-Base	64.033	18-ZZ-034	\$ 4,085,278	\$ —
VA Homeless Providers Grant and Per Diem Program	64.024	VOAP047-1420-537-PD-22	977,440	—
Total U.S. Department Of Veteran Affairs			5,062,718	—
U.S. Department of Health and Human Services				
SSA-Work Incentives Planning and Assistance Program	96.008	WIP21050559-01-00	234,159	—
Department of Human Services				
<i>Food Distribution Center</i>				
Commodity Supplemental Food Program	10.565	A02313	39,430	—
U.S. Department of Housing and Urban Development				
Rapid-rehousing passed through from All Chicago COVID-19 Emergency Solutions Grant Program	14.231	134986	38,207	—
Rapid-rehousing passed through from All Chicago Emergency Solutions Grant Program	14.231	174287	542,661	—
Total U.S. Department Of Housing And Urban Development			580,868	—
Total Expenditures Of Federal Awards			\$ 5,917,175	\$ —

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

1. Organization

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal award programs of Volunteers of America of Illinois and Affiliates (the Corporation) for the year ended June 30, 2023. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies and other not-for-profit organizations, are included on the Schedule.

2. Basis Of Presentation

The Schedule is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

3. Indirect Cost Rate

For the VA Homeless Providers Grant and Per Diem Program, the Corporation has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance but rather a rate negotiated and approved by the Department of Veterans Affairs. The Corporation is using the 10% de minimis indirect cost rate for the VA Supportive Services for Veteran Families Program as required by the Department of Veterans Affairs.

4. Relationship To Consolidated Financial Statements

The amount of total expenditures of federal awards reconciles to the revenue in the consolidated statement of activities as follows:

Total expenditures of federal awards	\$ 5,917,175
Other governmental fees not subject to Uniform Guidance	<u>4,257,078</u>
Government grants per consolidated statements of activities	<u>\$ 10,174,253</u>

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2023**

Section I - Summary Of Auditors' Results

Consolidated Financial Statements

Type of report the auditor issued on whether the Consolidated financial statements audited were prepared in accordance with generally accepted accounting principles: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified? _____ yes X none reported

Noncompliance material to consolidated financial statements noted? _____ yes X no

Federal Awards

Type of auditors' report issued on compliance for major federal programs: Unmodified

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified? _____ yes X none reported

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

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
64.033	VA Supportive Services for Veteran Families Program
64.024	VA Homeless Providers Grant and Per Diem Program

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

Auditee qualified as low-risk auditee? X yes _____ no

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

For The Year Ended June 30, 2023

Section II - Financial Statement Findings

NONE

Section III - Federal Award Findings And Questioned Costs

NONE

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

SCHEDULE OF PRIOR AUDIT FINDINGS

For The Year Ended June 30, 2022

NONE

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

SCHEDULE OF PROGRAM REVENUES For The Year Ended June 30, 2023

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Illinois Department of Child & Family Services
Consolidated Financial Report
Schedule of Program Revenues
For Period Ended: 06-30-2023

Line #	Account Title	Agency Total	All Other Not Allocated	Subtotal DCFS Prgs	Prgram 1 Perf FC - Cook HMR/Trad
Fees + Purchase of Service:					
1	Department Of Aging	\$ —	\$ —	\$ —	\$ —
2	Department Of Children And Family Services	3,383,660	—	3,383,660	3,383,660
3	Department Of Corrections	—	—	—	—
4	Medicaid Rehab Option (MRO) Payments	—	—	—	—
5	Department Of Human Services	—	—	—	—
6	Department Of Public Aid	—	—	—	—
7	Department Of Public Health	—	—	—	—
8	Local Education Agency	—	—	—	—
9	Local Government	—	—	—	—
10	Federal Government	—	—	—	—
11	Other Government Agencies	—	—	—	—
12	Client/Family Program Fees (including SSI, SSA, pensions)	—	—	—	—
13	Special Service Fees For Individual Clients	—	—	—	—
14	Diagnostic Service Fees	—	—	—	—
15	Other: Excess Revenue,Uncollectibles (all)	—	—	—	—
16	Total Fees + Purchase of Services (Sum Lines 1 - 15)	3,383,660	—	3,383,660	3,383,660
Grant Revenues:					
17	Department Of Aging	—	—	—	—
18	Department Of Children and Family Services	—	—	—	—
19	Department Of Corrections	—	—	—	—
20	Donated/Certified Funds Initiative (DFI / CFI)	—	—	—	—
21	Department Of Human Services	—	—	—	—
22	Department Of Public Aid	—	—	—	—
23	Department Of Public Health	—	—	—	—
24	Local Education Agency	—	—	—	—
25	Local Government Awards	—	—	—	—
26	Federal Government Awards	6,790,592	6,790,592	—	—
27	Other Government Awards	—	—	—	—
28	JTPA / CETA	—	—	—	—
29	Other (Government Programs, DCAC, DCCA, Miscellaneous)	—	—	—	—
30	Total Grant Revenues (Sum Lines 17 - 29)	6,790,592	6,790,592	—	—
Contributions & Other					
31	Restricted to Operations	—	—	—	—
32	Restricted to Capital	—	—	—	—
33	Unrestricted	424,562	424,562	—	—
34	Contributions - Goods and Services	—	—	—	—
35	Child/Adult Food Pgms (school meals, commodities)	—	—	—	—
36	School Transportation Payments (to/from school)	—	—	—	—
37	Sales of Goods and Services	—	—	—	—
38	Rent Income	933,929	933,929	—	—
39	Gain on Sale of Assets	—	—	—	—
40	Cafeteria and Vending Machine	—	—	—	—
41	Other(specify) United Way,Special Support, Misc.	2,228,557	2,228,557	—	—
42	Total Contributions & Other (Sum Lines 31 - 41)	3,587,048	3,587,048	—	—
Investment Income					
43	Income on Restricted Assets / Investments	—	—	—	—
44	Income on Unrestricted Assets / Investments	195,188	195,188	—	—
45	Total Investment Income (Sum Lines 43 & 44)	195,188	195,188	—	—
TOTAL REVENUES (Sum Lines 16, 30, 42, 45)		\$ 13,956,488	\$ 10,572,828	\$ 3,383,660	\$ 3,383,660

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

SCHEDULE OF PROGRAM COST For The Year Ended June 30, 2023

VOLUNTEERS OF AMERICA OF ILLINOIS AND AFFILIATES

Illinois Department of Child & Family Services
Consolidated Financial Report
Schedule of Program Cost
For Period Ended: 06-30-2023

Line #	Account Title	Agency Total	All Other Not Allocated	Subtotal DCFS Prgs	Program 1 Perf FC - Cook HMR/Trad
Program Expenses:					
1	Program Staff Salaries	\$ 5,287,278	\$ 4,120,791	\$ 1,166,487	\$ 1,166,487
2	Program Clerical Staff Salaries	—	—	—	—
3	Program Payroll Taxes And Fringe Benefits	1,078,917	851,039	227,878	227,878
4	Program Consultants	420,416	274,575	145,841	145,841
5	Consumer Wages And Fringe Benefits	—	—	—	—
6	Medicine and Drugs	—	—	—	—
7	All Other Direct Service Equipment and Supplies	80,057	75,051	5,006	5,006
8	Staff Transportation	258,746	114,669	130,588	130,588
9	Client Transportation	13,489	13,489	—	—
10	Transportation To/From School	—	—	—	—
11	Direct Service Staff Conferences And Conventions	10,306	6,895	3,411	3,411
12	Program Insurance	77,754	77,754	—	—
13	Direct Client Specific Assistance	2,029,769	2,029,769	—	—
14	Telecommunication Costs Assigned to Program	36,369	32,143	4,226	4,226
15	Foster Care Payments	969,577	—	969,577	969,577
16	Other-Other Professional Fees, Subscription, Postage, Printing, Membership Dues, In-kind, Miscellaneous and Interest Expense	394,670	364,144	30,526	30,526
17	Total Program Expenses (Sum Lines 1 - 16)	10,657,347	7,960,318	2,683,540	2,683,540
Support Expenses:					
18	Support Salaries	—	—	—	—
19	Support Payroll Taxes And Fringe Benefits	—	—	—	—
20	Dietary Supplies	—	—	—	—
21	Housekeeping and Laundry Supplies	—	—	—	—
22	Other (specify)	—	—	—	—
23	Total Support Expenses (Sum Lines 18 - 22)	—	—	—	—
Occupancy Expenses:					
24	Occupancy Salaries	—	—	—	—
25	Occupancy Payroll Taxes And Fringe Benefits	—	—	—	—
26	Building And Equipment, Operations And Maintenance	59,472	57,410	2,062	2,062
27	Vehicle Depreciation	—	—	—	—
28	All Other Depreciation And Amortization	933,974	933,974	—	—
29	Vehicle Rent	—	—	—	—
30	All Other Lease / Rent / Taxes	837,073	728,265	108,808	108,808
31	Equipment Under \$500	—	—	—	—
32	Mortgage And Installment Interest	—	—	—	—
33	Operating Interest	—	—	—	—
34	Other (specify)	—	—	—	—
35	Total Occupancy Expenses (Sum Lines 24 - 34)	1,830,519	1,719,649	110,870	110,870
Administrative And Office Expenses:					
36	Administrative Salaries	902,866	688,499	214,367	214,367
37	Administrative Payroll Taxes and Fringe Benefits	217,180	165,615	51,565	51,565
38	Administrative Consultants	408,217	311,294	96,923	96,923
39	Telecommunication Costs Not Assigned To Program	27,370	20,872	6,498	6,498
40	Office Supplies And Equipment	117,824	89,849	27,975	27,975
41	Allocation Of Management And General (G & A)	—	—	—	—
42	Other (Specify)	603,319	460,073	143,246	143,246
43	Total Administrative Expenses (Sum Lines 36 - 42)	2,276,776	1,736,203	540,573	540,573
44	Total Expenses (Sum Lines 17, 23, 35, 43)	14,764,643	11,416,170	3,334,983	3,334,983
Non-reimbursable Expenses:					
45	Depreciation on DMHDD Funded Capital Assets Included Above	—	—	—	—
46	Cost of Prod. And Workshop Client Wages Included Above	—	—	—	—
47		—	—	—	—
48	Total Non-Reimbursable Expenses (Sum Lines 45 - 47)	—	—	—	—
	Net Expenses (Line 44 minus Line 48)	\$ 14,764,643	\$ 11,416,170	\$ 3,334,983	\$ 3,334,983