VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND HUMAN SERVICES OF GREATER BATON ROUGE, INC.

Audits of Consolidated Financial Statements

June 30, 2021 and 2020

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

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Independent Auditor's Report

To the Board of Directors
Volunteers of America, Greater Baton Rouge, Inc. and
Human Services of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Volunteers of America, Greater Baton Rouge, Inc. and Human Services of Greater Baton Rouge, Inc. (the Organization), which comprise the consolidated statements of financial position as of June 30, 2021, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion
In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of Volunteers of America, Greater Baton Rouge, Inc. and Human Services of Greater Baton Rouge, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
The financial statements of the Organization, as of and for the year ended June 30, 2020, were audited by other auditors, whose report dated October 30, 2020, expressed an unmodified opinion on those financial statements.

Other Information
Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Organization's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Covington, LA
October 27, 2021

VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.
Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and Cash Equivalents	$ 3,814,392	$ 1,176,708
Accounts Receivable, Net of Allowance for Doubtful Accounts of $205,000 at 2021 and $225,000 at 2020	2,087,971	2,546,933
Pledges Receivable Current, Net	43,199	105,011
Prepaid Expenses	376,166	80,971
Total Current Assets	6,321,728	3,909,623
Fixed Assets, Net	1,732,889	1,714,371
Other Assets		
Investments	942,937	351,454
Pledges Receivable - Long-Term, Net	48,782	11,220
Other Assets	45,558	26,097
Total Other Assets	1,037,277	388,771
Total Assets	$ 9,091,894	$ 6,012,765
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	$ 454,279	$ 387,224
Accrued Expenses	1,063,255	734,327
Current Portion of Long-Term Debt	311,937	2,021,735
Total Current Liabilities	1,829,471	3,143,286
Other Liabilities		
Long-Term Debt	281,563	346,869
Total Liabilities	2,111,034	3,490,155
Net Assets		
Net Assets Without Donor Restrictions	6,512,099	2,110,354
Net Assets With Donor Restrictions	468,761	412,256
Total Net Assets	6,980,860	2,522,610
Total Liabilities and Net Assets	$ 9,091,894	$ 6,012,765

The accompanying notes are an integral part of these consolidated financial statements.

VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.
Consolidated Statement of Activities
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Public Support Received Directly			
Contributions	$ 3,580,054	$ -	$ 3,580,054
Contributions, In-Kind	338,675	-	338,675
Public Support Received Indirectly			
United Way	30,201	-	30,201
Total Public Support	3,948,930	-	3,948,930
Revenues and Grants from Governmental Agencies	14,526,950	-	14,526,950
Other Revenue			
Program Service Fees	371,853	-	371,853
Rental Income	174,273	-	174,273
Miscellaneous	170,631	-	170,631
Total Other Revenue	716,757	-	716,757
Total Revenue, Support, and Gains	19,192,637	-	19,192,637
Operating Expenses			
Program Services			
Encouraging Positive Development	3,253,479	-	3,253,479
Fostering Independence	6,259,139	-	6,259,139
Promoting Self-Sufficiency	2,483,634	-	2,483,634
Total Program Services	11,996,252	-	11,996,252
Supporting Services			
Management and General	2,464,321	-	2,464,321
Fundraising	368,991	-	368,991
Total Supporting Services	2,833,312	-	2,833,312
Total Operating Expenses	14,829,564	-	14,829,564
Surplus from Operations	4,363,073	-	4,363,073
Other Activities			
Net Investment Return	37,141	56,505	93,646
Gain on Disposition of Asset	1,531	-	1,531
Surplus from Other Activities	38,672	56,505	95,177
Change in Net Assets	4,401,745	56,505	4,458,250
Net Assets, Beginning of Year	2,110,354	412,256	2,522,610
Net Assets, End of Year	$ 6,512,099	$ 468,761	$ 6,980,860

The accompanying notes are an integral part of these consolidated financial statements.

VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND HUMAN SERVICES OF GREATER BATON ROUGE, INC.
Consolidated Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Public Support Received Directly			
Contributions	$ 1,072,105	$ -	$ 1,072,105
Contributions, In-Kind	407,895	-	407,895
Public Support Received Indirectly			
United Way	37,636	-	37,636
Total Public Support	1,517,636	-	1,517,636
Revenues and Grants from Governmental Agencies	13,061,362	-	13,061,362
Other Revenue			
Program Service Fees	503,876	-	503,876
Rental Income	148,749	-	148,749
Miscellaneous	51,279	-	51,279
Total Other Revenue	703,904	-	703,904
Net Assets Released from Restrictions	190,065	(190,065)	-
Total Revenue, Support, and Gains	15,472,967	(190,065)	15,282,902
Operating Expenses			
Program Services			
Encouraging Positive Development	3,196,171	-	3,196,171
Fostering Independence	6,926,143	-	6,926,143
Promoting Self-Sufficiency	2,227,060	-	2,227,060
Total Program Services	12,349,374	-	12,349,374
Supporting Services			
Management and General	2,260,755	-	2,260,755
Fundraising	178,240	-	178,240
Total Supporting Services	2,438,995	-	2,438,995
Total Operating Expenses	14,788,369	-	14,788,369
Surplus from Operations	684,598	(190,065)	494,533
Other Activities			
Net Investment Loss	-	(11,345)	(11,345)
Loss on Disposition of Asset	(15,495)	-	(15,495)
Deficit from Other Activities	(15,495)	(11,345)	(26,840)
Change in Net Assets	669,103	(201,410)	467,693
Net Assets, Beginning of Year	1,441,251	613,666	2,054,917
Net Assets, End of Year	$ 2,110,354	$ 412,256	$ 2,522,610

The accompanying notes are an integral part of these consolidated financial statements.

VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND HUMAN SERVICES OF GREATER BATON ROUGE, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Services				Supporting Services			
	Encouraging Positive Development	Fostering Independence	Promoting Self-Sufficiency	Subtotal	Management and General	Fundraising	Subtotal	2021 Total
Salaries and Wages	$ 1,644,560	$ 4,104,717	$ 823,810	$ 6,573,087	$ 1,113,193	$ 162,642	$ 1,275,835	$ 7,848,922
Employee Benefits	215,023	557,395	1,397	773,815	95,063	14,062	109,125	882,940
Professional Services	214,193	547,217	57,771	819,181	604,602	39,564	644,166	1,463,347
Occupancy Expenses	53,549	75,952	175,653	305,154	74,705	3,824	78,529	383,683
Specific Assistance to Individuals	876,551	449,035	1,303,606	2,629,192	44,732	53,044	97,776	2,726,968
Program Supplies and Equipment	81,375	199,757	40,339	321,471	28,436	66,875	95,311	416,782
Office Supplies and Expenses	66,380	230,142	39,499	336,021	54,779	19,408	74,187	410,208
Travel, Conferences, and Meetings	54,444	44,393	6,168	105,005	70,479	1,953	72,432	177,437
Depreciation and Amortization	46,391	35,302	34,905	116,598	57,361	-	57,361	173,959
Interest	-	-	-	-	23,512	-	23,512	23,512
Other	1,013	15,229	486	16,728	297,459	7,619	305,078	321,806
Total	$ 3,253,479	$ 6,259,139	$ 2,483,634	$ 11,996,252	$ 2,464,321	$ 368,991	$ 2,833,312	$ 14,829,564

The accompanying notes are an integral part of these consolidated financial statements.

VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND HUMAN SERVICES OF GREATER BATON ROUGE, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services				Supporting Services			
	Encouraging Positive Development	Fostering Independence	Promoting Self-Sufficiency	Subtotal	Management and General	Fundraising	Subtotal	2020 Total
Salaries and Wages	$ 1,689,330	$ 4,372,990	$ 696,169	$ 6,758,489	$ 942,415	$ 104,562	$ 1,046,977	$ 7,805,466
Employee Benefits	219,151	617,503	104,184	940,838	221,142	9,245	230,387	1,171,225
Professional Services	239,266	622,915	112,616	974,797	579,249	12,831	592,080	1,566,877
Occupancy Expenses	49,046	124,962	187,626	361,634	44,993	4,345	49,338	410,972
Specific Assistance to Individuals	631,668	622,357	1,013,025	2,267,050	39,093	-	39,093	2,306,143
Program Supplies and Equipment	138,124	142,685	17,500	298,309	70,784	32,782	103,566	401,875
Office Supplies and Expenses	87,992	284,206	30,795	402,993	54,645	8,152	62,797	465,790
Travel, Conferences, and Meetings	96,451	97,617	7,816	201,884	25,194	2,135	27,329	229,213
Depreciation and Amortization	42,116	32,049	57,117	131,282	141,281	1,076	142,357	273,639
Interest	-	-	-	-	84,019	-	84,019	84,019
Other	3,027	8,859	212	12,098	57,940	3,112	61,052	73,150
Total	$ 3,196,171	$ 6,926,143	$ 2,227,060	$ 12,349,374	$ 2,260,755	$ 178,240	$ 2,438,995	$ 14,788,369

The accompanying notes are an integral part of these consolidated financial statements.

VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND HUMAN SERVICES OF GREATER BATON ROUGE, INC.
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

		2021		2020
Cash Flows from Operating Activities				
Change in Net Assets	$	4,458,250	$	467,693
Adjustments to Reconcile Change in Net Assets to				
Net Cash Provided by (Used in) Operating Activities				
Depreciation and Amortization		173,959		273,639
Net Unrealized (Gain) Loss on Investments		(84,792)		17,226
(Gain) Loss on Disposition of Asset		(1,531)		15,495
Bad Debt Expense		310,004		54,762
Payroll Protection Program Loan Forgiveness		(1,866,157)		-
(Increase) Decrease in Operating Assets				
Accounts Receivable, Net		148,958		(839,812)
Pledges Receivable, Net		24,250		42,461
Prepaid Expenses		(52,901)		(69,733)
Other Assets		(19,461)		-
Increase (Decrease) in Operating Liabilities				
Accounts Payable		67,055		13,731
Accrued Expenses		328,928		3,528
Net Cash Provided by (Used in) Operating Activities		3,486,562		(21,010)
Cash Flows from Investing Activities				
Purchase of Fixed Assets		(199,546)		(37,836)
Proceeds from Sale of Fixed Assets		8,600		-
Net (Purchases of) Proceeds from Sales of Investments		(506,691)		146,728
Net Cash (Used in) Provided by Investing Activities		(697,637)		108,892
Cash Flows from Financing Activities				
Proceeds from Issuance of Debt		225,101		1,866,157
Repayments of Debt		(376,342)		(77,762)
Net Repayments on Line of Credit		-		(1,056,808)
Net Cash (Used in) Provided by Financing Activities		(151,241)		731,587
Net Increase in Cash and Cash Equivalents		2,637,684		819,469
Cash and Cash Equivalents, Beginning of Year		1,176,708		357,239
Cash and Cash Equivalents, End of Year	$	3,814,392	$	1,176,708
Supplemental Disclosure of Cash Flow Information				
Cash Payments for Interest	$	23,512	$	84,019
Non-Cash Transactions				
Financed Insurance Premiums	$	242,294	$	-

The accompanying notes are an integral part of these consolidated financial statements.

Note 1. Organization

Volunteers of America, Greater Baton Rouge, Inc. (the Organization) is a nonprofit faith based human services organization, recognized as a church, incorporated in the State of Louisiana that provides social services within the Greater Baton Rouge, Acadiana, and Southwest Louisiana areas under a charter from Volunteers of America, Inc., a national nonprofit faith based organization providing local human service programs, and opportunities for individual and community involvement. Human Services of Greater Baton Rouge, Inc. is a nonprofit organization incorporated in the State of Louisiana which operates as a property holding corporation for Volunteers of America, Greater Baton Rouge, Inc.

The following is a list of the Impact Areas and the program services provided in each:

Encouraging Positive Development
The Organization provides services to encourage positive development for troubled and at-risk children and youth, while also promoting the healthy development of all children, adolescents, and their families. These 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. This affiliate provides children and youth services.

Fostering Independence
The Organization fosters the health and independence of the elderly and persons with disabilities, mental illness, and HIV/AIDS through quality affordable housing, health care services, and a wide range of community services. This affiliate provides disability, elderly, health care, housing, and mental health services.

Promoting Self-Sufficiency
The Organization promotes self-sufficiency for individuals and families who have experienced homelessness, or other personal crisis, including chemical dependency, involvement with the corrections system and unemployment. They focus on solution-oriented approaches, using a continuum of services from prevention to intervention to long-term support. This affiliate provides community enhancement, correctional, health care, homeless, and housing services.

Management and General
This supporting service facilitates and coordinates the operations of the Organization and is used to fund operations of the Organization that are not directly covered by specific programs administered by the Organization.

Fundraising
This supporting service facilitates and coordinates the fundraising activities of the Organization. Its activities primarily consist of fundraising activities.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying financial statements include the consolidated accounts of Volunteers of America, Greater Baton Rouge, Inc. and the related organization, Human Services of Greater Baton Rouge, Inc.

Accounting principles generally accepted in the United States of America require consolidation of all entities that an Organization has both control over and an economic interest in. Volunteers of America, Greater Baton Rouge, Inc. effectively controls the other organization's Board of Directors, and distributions made by the other organization are for the benefit of Volunteers of America, Greater Baton Rouge, Inc.

Basis of Accounting

The accounting policies of the Organizations conform to accounting principles generally accepted in the United States of America as applicable to voluntary health and welfare organizations. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation is in accordance with the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Accordingly, the Organization is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

Net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor- or grantor- imposed time and/or purpose restrictions. Contributions with donor restrictions are reported as revenues with donor restrictions. Once funds are expended for their restricted purpose, these net assets with donor restrictions are released to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

As of June 30, 2021 and 2020, there was $468,761 and $412,256, respectively, of net assets with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those statements.

Note 2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

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

Accounts Receivable

The Organization's accounts receivable are primarily due from customers and third-party payors and are recorded net of allowances for bad debts.

Allowances for Collection Losses

The allowance for collection losses are maintained at levels which are adequate to absorb reasonable foreseeable losses based on management's evaluation of outstanding balances and current economic conditions. The accounts receivable allowance was $205,000 and $225,000 at June 30, 2021 and 2020, respectively.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statements of financial position. See Note 17 for discussion of fair value measurement. Net investment return (including realized and unrealized gains and losses on investments, interest, dividends, and expenses) is included in the change in net assets with donor restrictions.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization uses the allowance method to determine uncollectible promises for unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Restricted and Designated Assets

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

Note 2. Summary of Significant Accounting Policies (Continued)

Fixed Assets

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

The Organization expense purchases of property bought with funds from cost reimbursement grants from various State and Federal agencies. Special provisions contained in the State contracts specify that ownership of all property purchased shall revert back to the grantor after a specified term or under certain conditions pursuant to the contractual agreement.

Depreciation and amortization are computed using the straight-line method based upon the following estimated useful lives of the assets:

Building and Improvements	15 - 30 Years
Vehicles	5 Years
Furniture and Equipment	5 - 8 Years

Revenue Recognition

The Organization's revenue is primarily from public support, contributions, grants, rental income, and program service fees.

In May 2014, the FASB issued ASC Topic 606, *Revenue from Contracts with Customers*, which introduced a five-step model to recognize revenue from customer contracts in an effort to increase consistency and comparability throughout global capital markets and across industries. The model identifies the contract, any separate performance obligations in the contract, determines the transaction price, allocates the transaction price, and recognizes revenue when the performance obligations are satisfied. However, this standard does not affect revenue streams that are addressed by other standards such as leases under Topic 840 and contributions under Topic 958. Consequently, the new standard did not impact the timing of revenue recognition for grants and rental income. Management determined that the new standard applies to revenues from public support and program service fees.

The Organization's rental income is derived from the leasing of commercial and residential properties and is accounted for on an accrual basis in accordance with Topic 840. Lease agreements may include escalation provisions, and as such, rental income is recognized on a straight-line basis with an offset to straight-line rent receivables.

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Grants and donations received from private foundations and nonprofit entities are accounted in accordance Topic 958. Contributions are recognized when received. Contributions are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Public support revenue and program service fee revenue is accounted in accordance with ASC 606.

A significant portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. As of June 30, 2021 and 2020, there have been no cost reimbursable grants received in advance of qualifying expenditures.

Program service fees are earned for managing the operations of real estate assets and are generally based on a fixed percentage of the revenues generated from the respective real estate assets. Program service fees are recorded based on a percentage of collected rents at the properties under management, and not on a straight-line basis, because such fees are contingent upon the collection of rents.

Federal Income Taxes

Under provision of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the State of Louisiana, Volunteers of America, Greater Baton Rouge, Inc. and Human Services of Greater Baton Rouge, Inc. are exempt from income taxes, except for net income from unrelated business income, as subordinate units of Volunteers of America, Inc. Volunteers of America, Inc. is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code as a religious organization described in Section 501(c)(3). There were no unrelated business activities in 2021 or 2020. Accordingly, no tax expense was incurred during the years ended June 30, 2021 and 2020.

Note 2. Summary of Significant Accounting Policies (Continued)

Federal Income Taxes (Continued)

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Organization believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Advertising Expenses

The Organization expenses the costs of advertising as incurred. There were no advertising expenses for the years ended June 30, 2021 and 2020.

Contributed Services and Materials

The Organization recognizes contribution revenue for certain services received at the fair value of those services provided those services create or enhance nonfinancial assets or require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the year ended June 30, 2021 and 2020, the value of contributed services meeting the requirements for recognition in the financial statements was recorded.

Donated materials and supplies reflected as contribution income and expense in the accompanying financial statements are at their estimated values at the date of the receipt.

Functional Allocation of Expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the various functions based on the recording of expenses to individual cost centers assigned to each functional expense category. Estimated allocations are determined by management on an equitable basis. The expenses that are allocated include salaries and wages and employee benefits based on management's best estimate of time and effort spent on these cost centers and certain insurance expenses included in professional services are allocated based on actual costs incurred in the various program and supportive services.

Summary Financial Information for 2020

The financial statements and supplementary information for the year ended June 30, 2020 contain certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements and related notes or the financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Note 2. Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain amounts in the prior year financial statements have been reclassified in order to be comparable with the current year presentation. Such reclassifications had no effect on the change in net assets previously reported.

Implementation of Accounting Pronouncement

Effective July 1, 2020, the Organization retrospectively changed its accounting methods for revenue recognition and financial instruments as a result of implementing the requirements in the FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The new revenue recognition guidance requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The Organization adopted ASU 2014-09 using the modified retrospective approach which did not result in any changes to the way revenue is recognized and as a result no adjustment to beginning net assets was necessary. A practical expedient was applied for revenue contracts that begin and end in the same year.

Recent Accounting Pronouncements

In January 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as financing or operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. In June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2016-02 one year, making it effective for annual reporting periods beginning after December 15, 2021. Management is currently evaluating the impact ASU 2016-02 will have on its financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848), which provides optional expedients and exceptions for contracts, hedging relationships, and other transactions affected by reference rate reform due to the anticipated cessation of LIBOR on or before December 31, 2021. This guidance is effective as of March 12, 2020 through December 31, 2022 and could impact the accounting for LIBOR provisions in the Organization's credit agreements. Management does not expect that the adoption of this guidance will have a significant impact on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard addresses measurement of contributed nonfinancial assets recognized by not-for-profit organizations and enhances disclosures with respect to these contributions. The ASU will be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021. Management is currently evaluating the impact ASU 2020-07 will have on its financial statements.

Note 3. Liquidity and Availability

The following reflects the Organization's financial assets as of the consolidated statements of financial position date, reduced by amounts not available for general use because of contractual or donor imposed restrictions within one year of the consolidated statements of financial position date. The Organization's goal is to maintain liquid financial assets to meet 90 days of operating expenses. The Organization has a $1,000,000 line of credit and a line of credit in an amount not to exceed 50% of its asset value in the Volunteers of America National Pooled Investment interest available to meet cash flow needs. There are no outstanding balances on these lines of credit at June 30, 2021.

Financial Assets at year end:	
Cash and Cash Equivalents	$ 3,814,392
Accounts and Pledge Receivables, Current	2,131,170
	5,945,562
Less those unavailable for general expenditures within one year, due to:	
Net Assets with Donor Restrictions	(468,761)
Financial Assets available to meet cash needs for general expenditures within one year	$ 5,476,801

Note 4. Pledges Receivable

At June 30, 2021 and 2020, amounts included in pledges receivable were as follows:

	2021	2020
Pledges Receivable	$ 102,777	$ 149,684
Less: Allowance for Uncollectible Amounts	(10,278)	(14,818)
Less: Discount to Present Value	(518)	(18,635)
Pledges Receivable, Net	**$ 91,981**	$ 116,231

Note 4. Pledges Receivable (Continued)

Amounts due in the year ending June 30 are as follows:

Year Ending June 30,		Amount
2022	$	48,148
2023		30,086
2024		14,303
2025		4,120
2026		4,120
Thereafter		2,000
Total	$	102,777

Note 5. Concentration of Credit Risk

Included in receivables are amounts due for program services provided to various agencies of the State of Louisiana and grant funds due from federal and state agencies. Allowances are provided for amounts estimated by management as uncollectible.

The Organization maintains deposits in financial institutions that at times exceed the insured amount of $250,000 by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization believes it is not exposed to any significant credit risk to cash. At June 30, 2021, the Organization had $3,281,083 in excess of the FDIC insured limit.

Note 6. Fixed Assets

At June 30, 2021 and 2020, fixed assets consisted of the following:

		2021		2020
Land	**$**	**412,255**	$	412,255
Buildings and Improvements		**3,726,582**		3,966,996
Vehicles		**279,877**		123,952
Furniture and Equipment		**731,202**		911,788
		5,149,916		5,414,991
Less: Accumulated Depreciation		**(3,417,027)**		(3,700,620)
Total Fixed Assets, Net	**$**	**1,732,889**	$	1,714,371

Depreciation expense totaled $173,959 and $273,639 for the years ended June 30, 2021 and 2020, respectively.

Note 7. Related-Party Transactions

The Organization is affiliated with Volunteers of America, Inc., which provides administrative services to the Organization for a fee. Affiliate fees for the fiscal years ended June 30, 2021 and 2020 totaled $340,191 and $214,597, respectively. The Organization also participates in the direct mail and scholastic book campaign sponsored by Volunteers of America, Inc. The Organization has a line of credit from Volunteers of America, Inc. as discussed in Note 10.

Volunteers of America, Greater Baton Rouge, Inc. acts as a management agent for various U.S. Department of Housing and Urban Development (HUD) housing complexes. The total amount due to Volunteers of America, Greater Baton Rouge, Inc. as of June 30, 2021 and 2020 totals $199,929 and $82,103, respectively. This amount is included in accounts receivable as in the accompanying financial statements.

Note 8. Endowment Funds

A version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) was adopted by the State of Louisiana on July 1, 2010. The new law updated the fundamental investment principles contained in the prior law (UMIFA), by providing standards to establish investment policies in a prudent manner by establishing a duty to minimize cost, diversify the investments, investigate facts relevant to the investment of the fund, consider tax consequences of investment decisions and to ensure that investment decision be made in light of the fund's entire portfolio as a part of an investment strategy having risk and return objectives reasonably suited to the fund and to the Organization. UPMIFA also permits the Organization to accumulate for expenditure so much of an endowment fund as the Organization determines to be prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, thereby eliminating the restriction that a fund could not be spent below its historical dollar value. Seven criteria are to be used to guide the Organization in its yearly expenditure decisions:

- duration and preservation of the endowment funds,
- the purposes of the Organization and the endowment funds,
- general economic conditions,
- effect of inflation or deflation,
- the expected total return from income and the appreciation of investments,
- other resources of the Organization, and
- the investment policy of the Organization.

Note 8. Endowment Funds (Continued)

The Organization has followed the policy of investing its endowment funds in a pooled investment program containing various investment securities. As required by generally accepted accounting principles, and in accordance with the terms of the fund agreements, these endowment funds and the net appreciation (depreciation) of these funds are recorded as net assets with donor restrictions that are perpetual in nature in these financial statements. The historical cost of the net assets associated with the endowment funds will be preserved, and any remaining net depreciation are included in net assets with donor restriction.

Endowment net asset composition as of June 30, 2021 and 2020 is as follows:

	2021	2020
With Donor Restrictions		
Restricted for Purpose	**$ 59,106**	$ 2,601
Restricted in Perpetuity	**379,655**	379,655
Total	**$ 438,761**	$ 382,256

Changes in endowment net assets for the years ended June 30, 2021 and 2020 were as follows:

June 30,2021	**With Donor Restrictions Restricted for Purpose**	**With Donor Restrictions Restricted in Perpetuity**	**Total Endowment Net Assets**
Endowment Net Assets, July 1, 2020	**$ 2,601**	**$ 379,655**	**$ 382,256**
Investment Income	**56,505**	**-**	**56,505**
Endowment Net Assets, June 30, 2021	**$ 59,106**	**$ 379,655**	**$ 438,761**

Changes in endowment net assets for the years ended June 30, 2020 is as follows:

June 30,2020	Without Donor Restrictions	With Donor Restrictions Restricted for Purpose	With Donor Restrictions Restricted in Perpetuity	Total Endowment Net Assets
Endowment Net Assets, July 1, 2019	$ 29,468	$ 88,291	$ 379,655	$ 497,414
Investment Income	-	5,881	-	5,881
Depreciation of Investments, Net	-	(17,226)	-	(17,226)
Distributions	(29,468)	(74,345)	-	(103,813)
Endowment Net Assets, June 30, 2020	$ -	$ 2,601	$ 379,655	$ 382,256

Note 9. Notes Payable

The following is a summary of mortgages and notes payable at June 30, 2021 and 2020:

	2021	2020
Note dated April 14, 2011 with an original principal balance of $150,000 payable in 180 monthly installments of $1,247 which includes interest at a rate of 5.65%. The note is collateralized by land and building on Wooddale Boulevard.	**$ 63,949**	$ 74,218
Note dated April 14, 2011 with an original principal balance of $608,975 payable in 180 monthly installments of $5,061 which includes interest at a rate of 5.65%. The note is collateralized by land and building on North Boulevard.	**259,621**	301,313
Note dated April 14, 2020, related to the Paycheck Protection Program (PPP) which was forgiven under the CARES Act on December 23, 2020.	**-**	1,866,157
Financed insurance premium with ten monthly installments of $24,675, starting August 1, 2021, including interest at 3.99%, maturing June 1, 2022.	**242,294**	-
Note dated December 29, 1994 with the City of Baton Rouge - Parish of East Baton Rouge with an original principal balance of $198,646 and a -0-% interest rate. Loan term is 240 months beginning with the first payment due on or by January 1, 2004. The note is collateralized by land and building on Harry Drive.	**27,636**	37,569
Note dated October 10, 2000 with the City of Baton Rouge - Parish of East Baton Rouge with an original principal balance of $233,024 and a 0% interest rate. Loan was paid during the year ended June 30, 2021.	**-**	89,347
Total	**$ 593,500**	$ 2,368,604

Scheduled principal payments due on the above notes payable subsequent to June 30, 2021 are as follows:

Year Ending June 30,	Amount
2022	$ 311,937
2023	73,106
2024	74,609
2025	70,712
2026	63,136
Total	$ 593,500

Note 10. Lines of Credit

The Organization has a revolving line of credit with Capital One with a stated maximum of $1,000,000, which expires on March 2, 2023. The line of credit bears an interest rate of 4.50%. The line of credit is secured by certain properties and accounts receivable, and as of June 30, 2021 and 2020 had an outstanding balance of $-0-.

Under its National Pooled Investment Agreement with Volunteers of America, Inc., the Organization may request one or more lines of credit from time to time while a participant in the program in an amount up to 50% of the participant asset value with a rate of interest equal to the overnight LIBOR-based rate which shall be equal to the greater of 1% of the sum of the overnight LIBOR plus 1%. The asset value as of June 30, 2021 and 2020 totaled $942,937 and $351,454, respectively, and there are no outstanding draws on this line of credit as of June 30, 2021 or 2020.

Note 11. Minimum Lease Commitments

The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms as of June 30, 2021:

Year Ending June 30,	Amount
2022	$ 129,941
2023	90,784
2024	3,304
Total	$ 224,029

Total rental expenses for the years ended June 30, 2021 and 2020 for all operating leases totaled $173,892 and $216,395, respectively.

Note 12. Accrued Annual Leave

The Organization has recorded an estimated liability for accrued leave of an amount based on the total hours of leave accumulated at June 30, 2021 and 2020, times the employee's hourly rate at June 30, 2021 and 2020. Employees accrue hours based upon their length of service. No more than one hundred sixty-eight hours of leave can be carried over from one year to another. As of June 30, 2021 and 2020 accrued leave, totaling $323,573 and $309,075, respectively, is included in accrued expenses on the consolidated statements of financial position.

Note 13. Pension Plan for Ministers

The Organization participates in a non-contributory defined benefit pension and retirement plan. The plan is administered through a commercial insurance company and covers all ministers commissioned through December 31, 1999. Pension plan expense totaled $14,876 and $42,134 for the years ended June 30, 2021 and 2020, respectively.

Because the plan is a multi-employer plan, the accumulated benefits and net assets available for benefits as they relate solely to the Organization are not readily available.

Note 14. Thrift Plan for Employees

The Organization has a Section 403(b) Thrift Plan that covers all employees with a minimum of one year of service. The Organization matches an amount equal to 50% of the basic employee contributions made by each participant limited to 8% of their wages. The Organization elected a three year cliff vesting option for this plan. The expense for the years ended June 30, 2021 and 2020 totaled $47,373 and $37,794, respectively.

Note 15. Commitments and Contingencies

The Organization receives financial assistance directly from federal agencies which are subject to compliance audits under Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and monitoring reviews by the granting agencies. As a result, amounts might be subject to disallowance upon acceptance of the audits and monitoring reviews by the federal granting agencies.

The Organization, in the ordinary course of business, may be involved in various legal proceedings. It is the opinion of the Organization's management that the disposition or ultimate resolution of such proceedings would not have a material effect on the Organization's financial position or the results of operations.

Note 16. Fair Value of Financial Instruments

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

Current Assets and Liabilities: The Organization considers the carrying amounts of financial instruments classified as current assets and liabilities to be a reasonable estimate of their fair values.

Note 16. Fair Value of Financial Instruments (Continued)

Investments: The fair values of the Organization's marketable equity securities are based on quoted market prices in an active market. The carrying amounts of other investments approximate fair value. See Note 17 for further details.

Long-Term Debt: When practicable to estimate, the fair values of the Organization's long-term financial instruments are based on (a) currently traded values of similar financial instruments, or (b) discounted cash flow methodologies utilizing currently available borrowing rates.

Note 17. Fair Value Measurements

The fair value measurements are based on a framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 17. Fair Value Measurements (Continued)

A description of the valuation methodologies used for assets measured at fair value is as follows:

- Common stocks, mutual funds, corporate bonds, government agencies, and government bonds, when present, are valued at the closing price reported on the active market on which the individual securities are traded.

The following tables set forth, by level within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2021 and 2020:

June 30, 2021	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 9,676	$ -	$ -	$ 9,676
Common Stocks	321,527	-	-	321,527
Mutual Funds	233,626	-	-	233,626
Corporate Bonds	139,736	-	-	139,736
Government Agencies	17,207	-	-	17,207
Government Bonds	88,434	-	-	88,434
	$ 810,206	$ -	$ -	810,206
Investments Measured at NAV*				132,731
Investments, at Fair Value				$ 942,937

June 30, 2020	Level 1	Level 2	Level 3	Total
Common Stocks	$ 118,239	$ -	$ -	$ 118,239
Mutual Funds	69,547	-	-	69,547
Corporate Bonds	53,876	-	-	53,876
Government Agencies	8,238	-	-	8,238
Government Bonds	37,002	-	-	37,002
	$ 286,902	$ -	$ -	286,902
Investments Measured at NAV*				64,552
Investments, at Fair Value				$ 351,454

*In accordance with Subtopic 820-10, certain investments that were measured at net asset value (NAV) per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in theses tables are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

Note 17. Fair Value Measurements (Continued)

The following tables summarize the investments measured at fair value based on NAV per share as of June 30, 2021 and 2020. The fund descriptions are indicative of their investment strategies.

June 30, 2021		Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Funds - Common Stock	$	58,209	N/A	Daily	60 days
Funds - Corporate Bonds		55,810	N/A	Daily	60 days
Funds - Real Estate		18,712	N/A	Daily	60 days
	$	132,731			

June 30, 2020		Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Funds - Common Stock	$	9,616	N/A	Daily	60 days
Funds - Corporate Bonds		40,898	N/A	Daily	60 days
Funds - Government Agencies		7,957	N/A	Daily	60 days
Funds - Real Estate		6,081	N/A	Daily	60 days
	$	64,552			

Transfers between Levels

For the years ended June 30, 2021 and 2020, there were no significant transfers between Levels 1 and 2 and no transfers in or out of Level 3.

Note 18. Significant Donors

During the year ended June 30, 2021, 14% of the Organization's total revenue, support, and gains derived from one donor. There were no concentrations during the year ended June 30, 2020.

Note 19. Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families, and businesses affected by the coronavirus pandemic. The Organization obtained a $1,866,157 PPP loan in April of 2020. The Organization applied for forgiveness with the lender and received notice of full forgiveness from the Small Business Administration (SBA) on December 23, 2020. The amount of loan forgiveness is presented as a component of revenues and grants from governmental agencies in the consolidated statement of activities for the year ended June 30, 2021.

Note 20. Restrictions on Net Assets

At June 30, 2021 and 2020, net assets with donor restrictions comprised of donor-imposed stipulations that expire when the purpose restriction is accomplished were as follows:

	2021	2020
Clothing for Residents	**$ 2,601**	$ 2,601
Family Fund	**56,505**	-
Property Acquisitions	**30,000**	30,000
Total Net Assets With Donor Restrictions for Purpose	**$ 89,106**	$ 32,601

At June 30, 2021 and 2020, the following net assets with donor restrictions are to be held in perpetuity:

	2021	2020
Family Fund Endowment	**$ 377,155**	$ 377,155
Clothing for Residents	**2,500**	2,500
Total Net Assets With Donor Restrictions to be Held in Perpetuity	**$ 379,655**	$ 379,655

Note 21. Net Assets Released from Restrictions

For the year ended June 30, 2021 and 2020, the following net assets were released from restrictions for incurring expenses satisfying the restricted purposes:

	2021	2020
Satisfaction of Purpose Restrictions		
Program Services	$ -	$ 190,065

Note 22. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 27, 2021, and determined that the following events occurred that require disclosure:

A new commercial lease for office space was entered into effective July 1, 2021 for 180 months requiring monthly payments between $22,642 and $29,608.

On July 30, 2021, a new group home in Baton Rouge, LA was purchased for $425,000.

In July 2021, two new contracts were signed with the Louisiana Department of Education totaling $3.2 million to provide training for teachers and coaches on outdoor classrooms and playgrounds due to the COVID-19 pandemic, as well as to procure outdoor learning and development equipment necessary.

In August 2021, Hurricane Ida affected southeast Louisiana. This hurricane caused widespread property damage, flooding, power outages, and water and communication services interruptions, and severely disrupted normal economic activity in this region. Management is in the process of assessing the financial impact to the Organization.

An office building was sold on September 10, 2021 for $500,000 with $250,978 being applied to pay off the existing mortgage on the property.

No other subsequent events occurring after October 27, 2021 have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND HUMAN SERVICES OF GREATER BATON ROUGE, INC.
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2021

Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees, be reported as a supplemental report within the financial statements of local governmental and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that non-governmental entities or not-for-profit entities that receive public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

Agency Head
David Kneipp, President and CEO

Purpose	Compensation and Benefits Funded by Use of Public Funds
Salary	$157,500
Bonus	$0
Benefits - Insurance	$3,740
Benefits - SECA	$10,642
Benefits - Other	$82
Car Allowance (Lease, Insurance, Gasoline)	$0
Per Diem	$0
Reimbursements	$1,435
Local Entertainment/Sales	$0
Registration Fees	$0
Conference/Sales Mission Travel	$0
Local Transportation/Parking	$0
Continuing Professional Education Fees	$0
Housing	$0
Unvouchered Expenses	$0
Dues and Subscriptions	$475

See independent auditor's report.

VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND HUMAN SERVICES OF GREATER BATON ROUGE, INC. **Schedule I**

Consolidating Statement of Financial Position

June 30, 2021

With Summarized Comparative Information at June 30, 2020

	Volunteers of America, Greater Baton Rouge, Inc.	Human Services of Greater Baton Rouge, Inc.	Subtotal	Eliminations	2021 Consolidated	2020 Consolidated
Assets						
Current Assets						
Cash and Cash Equivalents	$ 3,773,093	$ 41,299	$ 3,814,392	$ -	$ 3,814,392	$ 1,176,708
Accounts Receivable, Net of Allowance for Doubtful Accounts of $205,000 at 2021 and $225,000 at 2020	2,214,150	-	2,214,150	(126,179)	2,087,971	2,546,933
Pledges Receivable Current, Net	43,199	-	43,199	-	43,199	105,011
Prepaid Expenses	376,166	-	376,166	-	376,166	80,971
Total Current Assets	6,406,608	41,299	6,447,907	(126,179)	6,321,728	3,909,623
Fixed Assets, Net	1,371,090	361,799	1,732,889	-	1,732,889	1,714,371
Other Assets						
Investments	942,937	-	942,937	-	942,937	351,454
Pledges Receivable - Long-Term, Net	48,782	-	48,782	-	48,782	11,220
Other Assets	45,558	-	45,558	-	45,558	26,097
Total Other Assets	1,037,277	-	1,037,277	-	1,037,277	388,771
Total Assets	$ 8,814,975	$ 403,098	$ 9,218,073	$ (126,179)	$ 9,091,894	$ 6,012,765

See independent auditor's report.

VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND HUMAN SERVICES OF GREATER BATON ROUGE, INC. **Schedule I**

Consolidating Statement of Financial Position (Continued)

June 30, 2021

With Summarized Comparative Information at June 30, 2020

	Volunteers of America, Greater Baton Rouge, Inc.	Human Services of Greater Baton Rouge, Inc.	Subtotal	Eliminations	2021 Consolidated	2020 Consolidated
Liabilities and Net Assets						
Current Liabilities						
Accounts Payable	$ 450,771	$ 129,687	$ 580,458	$ (126,179)	$ 454,279	$ 387,224
Accrued Expenses	1,060,558	2,697	1,063,255	-	1,063,255	734,327
Current Portion of Long-Term Debt	302,005	9,932	311,937	-	311,937	2,021,735
Total Current Liabilities	1,813,334	142,316	1,955,650	(126,179)	1,829,471	3,143,286
Other Liabilities						
Long- Term Debt	263,859	17,704	281,563	-	281,563	346,869
Total Liabilities	2,077,193	160,020	2,237,213	(126,179)	2,111,034	3,490,155
Net Assets						
Net Assets Without Donor Restrictions	6,299,021	213,078	6,512,099	-	6,512,099	2,110,354
Net Assets With Donor Restrictions	438,761	30,000	468,761	-	468,761	412,256
Total Net Assets	6,737,782	243,078	6,980,860	-	6,980,860	2,522,610
Total Liabilities and Net Assets	$ 8,814,975	$ 403,098	$ 9,218,073	$ (126,179)	$ 9,091,894	$ 6,012,765

See independent auditor’s report.

VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND HUMAN SERVICES OF GREATER BATON ROUGE, INC. **Schedule II**

Consolidating Statement of Activities
For the Year Ended June 30, 2021
With Summarized Comparative Information for the Year Ended June 30, 2020

	Volunteers of America, Greater Baton Rouge, Inc.	Human Services of Greater Baton Rouge, Inc.	Subtotal	Eliminations	2021 Consolidated	2020 Consolidated
Revenue, Support, and Gains						
Public Support Received Directly						
Contributions	$ 3,580,054	$ -	$ 3,580,054	$ -	$ 3,580,054	$ 1,072,105
Contributions, In-Kind	338,675	-	338,675	-	338,675	407,895
Public Support Received Indirectly						
United Way						
Allocations	30,201	-	30,201	-	30,201	37,636
Total Public Support	3,948,930	-	3,948,930	-	3,948,930	1,517,636
Revenues and Grants from Governmental Agencies	14,526,950	-	14,526,950	-	14,526,950	13,061,362
Other Revenue						
Program Service Fees	371,853	-	371,853	-	371,853	503,876
Rental Income	2,365	171,908	174,273	-	174,273	148,749
Miscellaneous	170,631	-	170,631	-	170,631	51,279
Total Other Revenue	544,849	171,908	716,757	-	716,757	703,904
Total Revenue, Support, and Gains	19,020,729	171,908	19,192,637	-	19,192,637	15,282,902

See independent auditor's report.

VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND HUMAN SERVICES OF GREATER BATON ROUGE, INC.
Consolidating Statement of Activities (Continued)
For the Year Ended June 30, 2021
With Summarized Comparative Information for the Year Ended June 30, 2020

Schedule II

	Volunteers of America, Greater Baton Rouge, Inc.	Human Services of Greater Baton Rouge, Inc.	Subtotal	Eliminations	2021 Consolidated	2020 Consolidated
Operating Expenses						
Program Services						
Encouraging Positive Development	3,253,479	-	3,253,479	-	3,253,479	3,196,171
Fostering Independence	6,259,139	-	6,259,139	-	6,259,139	6,926,143
Promoting Self-Sufficiency	2,325,239	158,395	2,483,634	-	2,483,634	2,227,060
Total Program Services	11,837,857	158,395	11,996,252	-	11,996,252	12,349,374
Supporting Services						
Management and General	2,351,722	112,599	2,464,321	-	2,464,321	2,260,755
Fundraising	368,991	-	368,991	-	368,991	178,240
Total Supporting Services	2,720,713	112,599	2,833,312	-	2,833,312	2,438,995
Total Operating Expenses	14,558,570	270,994	14,829,564	-	14,829,564	14,788,369
Surplus from Operations	4,462,159	(99,086)	4,363,073	-	4,363,073	494,533

See independent auditor's report.

VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND HUMAN SERVICES OF GREATER BATON ROUGE, INC.
Consolidating Statement of Activities (Continued)
For the Year Ended June 30, 2021
With Summarized Comparative Information for the Year Ended June 30, 2020

Schedule II

	Volunteers of America, Greater Baton Rouge, Inc.	Human Services of Greater Baton Rouge, Inc.	Subtotal	Eliminations	2021 Consolidated	2020 Consolidated
Other Activities						
Net Investment Return (Loss)	93,646	-	93,646	-	93,646	(11,345)
Gain (Loss) on Disposition of Asset	1,531	-	1,531	-	1,531	(15,495)
Surplus (Deficit) from Other Activities	95,177	-	95,177	-	95,177	(26,840)
Change in Net Assets	4,557,336	(99,086)	4,458,250	-	4,458,250	467,693
Net Assets, Beginning of Year	2,180,446	342,164	2,522,610	-	2,522,610	2,054,917
Net Assets, End of Year	$ 6,737,782	$ 243,078	$ 6,980,860	$ -	$ 6,980,860	$ 2,522,610

See independent auditor's report.

VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC. AND HUMAN SERVICES OF GREATER BATON ROUGE, INC.

Schedule III

Consolidating Statement of Functional Expenses
For the Year Ended June 30, 2021
With Summarized Comparative Information for the Year Ended June 30, 2020

	Volunteers of America Greater Baton Rouge, Inc.						Greater Baton Rouge, Inc.				
	Program Services			Supporting Services			Program Services	Supporting Services			
	Encouraging Positive Development	Fostering Independence	Promoting Self-Sufficiency	Management and General	Fundraising	Subtotal	Promoting Self-Sufficiency	Management and General	Subtotal	2021 Total	2020 Total
Salaries and Wages	$ 1,644,560	$ 4,104,717	$ 823,740	$ 1,042,682	$ 162,642	$ 7,778,341	$ 70	$ 70,511	$ 70,581	$ 7,848,922	$ 7,805,466
Employee Benefits	215,023	557,395	1,381	86,834	14,062	874,695	16	8,229	8,245	882,940	1,171,225
Professional Services	214,193	547,217	57,771	597,158	39,564	1,455,903	-	7,444	7,444	1,463,347	1,566,877
Occupancy Expenses	53,549	75,952	70,432	58,963	3,824	262,720	105,221	15,742	120,963	383,683	410,972
Specific Assistance to Individuals	876,551	449,035	1,303,606	44,732	53,044	2,726,968	-	-	-	2,726,968	2,306,143
Program Supplies and Equipment	81,375	199,757	25,267	28,436	66,875	401,710	15,072	-	15,072	416,782	401,875
Office Supplies and Expenses	66,380	230,142	39,499	54,167	19,408	409,596	-	612	612	410,208	465,790
Travel, Conferences, and Meetings	54,444	44,393	6,168	70,479	1,953	177,437	-	-	-	177,437	229,213
Depreciation and Amortization	46,391	35,302	(3,111)	47,300	-	125,882	38,016	10,061	48,077	173,959	273,639
Interest	-	-	-	23,512	-	23,512	-	-	-	23,512	84,019
Other	1,013	15,229	486	297,459	7,619	321,806	-	-	-	321,806	73,150
Total	$ 3,253,479	$ 6,259,139	$ 2,325,239	$ 2,351,722	$ 368,991	$ 14,558,570	$ 158,395	$ 112,599	$ 270,994	$ 14,829,564	$ 14,788,369

See independent auditor's report.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Volunteers of America, Greater Baton Rouge, Inc. and
Human Services of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the consolidated financial statements of Volunteers of America, Greater Baton Rouge, Inc. and Human Services of Greater Baton Rouge, Inc. (the Organization), which comprise the consolidated statement of financial position as of June 30, 2021, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 27, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Organization's 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 the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Covington, LA
October 27, 2021

UNIFORM GUIDANCE SECTION

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Board of Directors
Volunteers of America, Greater Baton Rouge, Inc.
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program
We have audited Volunteers of America, Greater Baton Rouge, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program
In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

This report is intended for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, the report is distributed by the Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Covington, LA
October 27, 2021

VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

FEDERAL GRANTOR/ PASS-THROUGH AGENCY/ PROGRAM TITLE	Federal AL Number	Federal Expenditures
U.S. Department of Housing and Urban Development		
Direct Program:		
Continuum of Care Program	14.267	$ 400,664
Passed Through City Parish:		
Continuum of Care Program	14.267	52,363
		453,027
Passed Through City Parish:		
Emergency Solutions Grants Program	14.231	3,548
Passed Through Emergency Food and Shelter National Board Program:		
Emergency Solutions Grants Program	14.231	15,068
		18,616
Passed Through Office of Community Planning and Development:		
Housing Opportunities for Persons with AIDS	14.241	359,025
Total U.S. Department of Housing and Urban Development		830,668
U.S. Department of Veterans Affairs		
Direct Programs:		
V.A. Homeless Grant	64.024	98,633
Passed Through Volunteers of America, Southeast Louisiana, Inc.:		
COVID 19: Supportive Services for Veteran Families Program	64.033	990,425
Total U.S. Department of Veterans Affairs		1,089,058
U.S. Department of Education		
Passed through Louisiana Department of Education:		
Comprehensive Literacy Development	84.371C	49,698
Total U.S. Department of Education		49,698
U.S. Department of Justice		
Passed through Louisiana Commission on Law Enforcement and Administration of Criminal Justice:		
Crime Victim Assistance (Louisiana Commission on Law Enforcement Project Number 5848)	16.575	147,368
Total U.S. Department of Justice		147,368

VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC.
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2021

FEDERAL GRANTOR/ PASS-THROUGH AGENCY/ PROGRAM TITLE	Federal AL Number	Federal Expenditures
U.S. Department of Health and Human Services		
Passed Through Louisiana Department of Education:		
Child Care Development Block Grant	93.575	1,579,356
*COVID 19: Child Care Development Block Grant - Funds Regional	93.575	400
*COVID 19: Child Care Development Block Grant - Funds PICC - Lead Agencies	93.575	152,000
*COVID 19: Child Care Development Block Grant - Funds Regional	93.575	17,250
*COVID 19: Child Care Development Block Grant - Funds Regional	93.575	3,500
Community Network Lead Agencies		
(Project #28-16-CO & #28-17-CY)	93.575	57,636
		1,810,142
Preschool Development Grant	93.434	4,593
		1,814,735
Direct Programs:		
Block Grant Community Mental Health Services	93.958	5,462
Passed Through HRSA Health Resources & Services Administration:		
*COVID 19: Provider Relief Funds	93.498	204,546
Passed Through City Parish - Division of Human Development and Services:		
HIV Emergency Relief	93.914	7,087
Passed Through Louisiana Department of Health & Hospitals, Office of Behavioral Health:		
Path	93.150	186,362
Total U.S. Department of Health and Human Services		2,218,192
Total Expenditures of Federal Awards		$ 4,334,984

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Volunteers of America, Greater Baton Rouge, Inc. under programs of the federal government for the year ended June 30, 2021. 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* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

*Denotes COVID-19 relief related federal assistance.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. De Minimis Cost Rate

The Organization uses indirect cost rates negotiated and approved by the grant awarding agencies and has elected not to use the 10% de minimis indirect cost rate as provided for in section 200.414 of the Uniform Guidance.

VOLUNTEERS OF AMERICA, GREATER BATON ROUGE, INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No Reported
Non-compliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

CFDA Numbers	Name of Federal Program
64.033	Supportive Services for Veteran Families Program

Dollar threshold used to determine Type A Programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II. Findings - Financial Statement Audit

None.

Section III. Findings and Questioned Costs - Major Federal Award Programs Audit

None.

Finding 2020-001 - Accounting Department

Criteria: Internal controls are designed to safeguard assets and to help to deter losses from employee dishonesty or error. A fundamental concept in a good system of internal controls is segregation of duties. To the extent possible, duties should be segregated to serve as a check and balance of employee integrity and to maintain the best control system possible. The three duties that should be segregated whenever possible are (1) record keeping (access to general ledger, payroll records, reconciliations, etc.) (2) custody of assets (check signing ability, access to cash receipts, access to checks that have been signed, etc.) and (3) authorization (authority to order materials, hire employees, sign contracts, etc.). The basic premise is that no one employee has access to all phases of a transaction.

Condition: In 2019, an Accounting Director was hired and an Interim Chief Financial Officer was being used temporarily from Volunteers of America's national office.

In 2020, a permanent Chief Financial Officer was hired and accounting staff are in place to perform the monthly reconciliation process.

Cause: In 2019, reconciliations were performed in house by newly hired accountants, the Accounting Director, and the Interim Chief Financial Officer, but not all of those reconciliations as of June 30, 2019 were completed and reviewed in a timely manner although they were reconciled and any adjusting entries were recorded in the financial statements.

In 2020, reconciliations were being performed monthly however significant adjustments were needed to reconcile account balances. The necessary adjusting entries have been recorded in the financial statements.

Effect or potential effect: Due to the factors listed above, in the prior years, there were delays in preparing billings, account balance reconciliations, and supporting schedules that were obtained for the audit. Furthermore, there were delays in obtaining supporting documentation and responses to analytical and detail testing procedures required in our audit.

Due to the factors listed above, in 2020 there was further investigation needed within various account balances after the year-end closing and several adjustments were needed to reconcile the various balance sheet accounts, including but not limited to receivables and the allowance for doubtful accounts, payables, and accrued payroll expenses.

Recommendation: It was recommended that management take this opportunity to continue to evaluate the operations of the accounting department for segregation of duties to the extent possible given the relative size of the office staff, and we further recommended that the Organization consider hiring a permanent Chief Financial Officer.

In addition to the segregation of duties discussed above, it was recommended that there should be adequate supervision and review over significant accounting processes most notably the accounts receivable, payables, and payroll processes. It was also recommended that a member of management not responsible for processing these transactions be actively involved in the supervision and review process including adjusting of account balances during monthly closing process. These factors along with others should be considered when evaluating employee duties.

Management response: Management agreed with the recommendations above. In 2019, we implemented a new accounting software, hired an Accounting Director, brought in an acting Chief Financial Officer, and hired more accounting staff. We have structured the department to ensure that there is adequate supervision over the accounting processes and that there is proper segregation of duties. In 2020, a permanent Chief Financial Officer was hired. We will continue to implement supervision procedures for monthly account balance reconciliations. We will record adjustments to true up account balances on a monthly or quarterly basis if needed.

Current Status: The recommendation was adopted. No similar findings were noted in the current year audit.

Finding 2020-002 - Accounts Receivable

Criteria: Accounts receivable controls should be monitored to prevent or detect and correct material misstatements. This includes misstatements involving the estimation of the collectability of accounts receivable and the related allowance for doubtful accounts.

Condition: It was noted that approximately $621,000 of significantly aged trade accounts receivable was written off as uncollectable by management in 2019. The accounts written off consisted primarily of legacy receivables which were aged back to the prior accounting system and Medicaid service receivables that were handled in the new electronic health records system.

In 2020, it was noted that the allowance for doubtful accounts and allowance for pledge receivables needed adjustments totaling $44,587 and $10,000, respectively. Receivables aged greater than 60 days was in excess of $1.1 million dollars and the allowance based on management's current estimate of potentially uncollectable items had not been adjusted as of the close of year-end.

Cause: In 2019, management explained that due to the significant delays and processing issues of various invoices it was ultimately determined that collection would not occur and that the necessary amounts should be written off from the Organization's financial statements.

In 2020, management explained that collection of receivables has been delayed due to external factors including but not limited to, more stringent credentialing requirements by Medicaid agencies and the general business interruption cause by the COVID-19 pandemic. The allowance had not been adequately evaluated to account for the large volume of aged older outstanding receivables and the current collection environment.

Effect or potential effect: In 2019, Management reviewed all legacy and Medicaid receivables and reached out to customers on collectability prior to write off. Additionally, certain items were identified as misapplied against customer balances or not properly billed. This could potentially result in material misstatements to the estimate of the allowance for doubtful accounts.

In 2020, management continued to review and contact customers on collectability of receivables and was planning to assign a committee to review the status of outstanding receivables and the adequacy of the allowance for doubtful accounts.

Recommendation: It was recommended that the necessary resources be devoted to the management of accounts receivable and processes be implemented to identify collectability issues in a timely manner so that they can be resolved in order to minimize the possibility of significant write offs in the future. It was also recommended that management continue to assess the methodology for determining the allowance for doubtful accounts and determine that the current allowance amount is adequate based on their knowledge of the factors affecting the allowance. In addition, it was recommended that management continue to follow up on accounts previously written-off to determine if any of these amounts can be collected.

Current Status: The recommendation was adopted. No similar findings were noted in the current year audit.