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

JUNE 30, 2020

BATON ROUGE, LOUISIANA

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying consolidating financial statements of Volunteers of America, Greater Baton Rouge, Inc. and Human Services of Greater Baton Rouge, Inc., (Nonprofit Organizations) which comprise the Consolidating Statement of Financial Position as of June 30, 2020, and the related Consolidating Statement of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the consolidating financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating 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 consolidating 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 consolidating 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 consolidating financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidating 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, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

Report on Summarized Comparative Information

We have previously audited Volunteers of America, Greater Baton Rouge, Inc. and Human Services of Greater Baton Rouge, Inc.'s 2019 consolidating financial statements, and our report dated October 28, 2019, expressed an unmodified opinion on those audited consolidating financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited consolidating financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020 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.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
October 30, 2020

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR 2019

ASSETS	Volunteers of America, Greater Baton Rouge, Inc.	Human Services of Greater Baton Rouge, Inc.	Eliminations	2020 Consolidated Totals	2019 Consolidated Totals
Current Assets:					
Cash	$ 1,081,549	$ 95,159	$ -	$ 1,176,708	$ 357,239
Accounts Receivable Less Allowance of $225,000	2,513,797	-	33,136	2,546,933	1,761,883
Pledges Receivable Current, Net	105,011	-	-	105,011	89,198
Prepaid Expenses	80,971	-	-	80,971	11,238
Total Current Assets	3,781,328	95,159	33,136	3,909,623	2,219,558
Land, Buildings and Equipment, at Cost Less Accumulated Depreciation of $3,700,620	1,304,494	409,877	-	1,714,371	1,965,669
Investments	351,454	-	-	351,454	515,408
Pledges Receivable - Long-Term, Net	11,220	-	-	11,220	69,494
Other Assets	26,097	-	-	26,097	26,097
Total Assets	$ 5,474,593	$ 505,036	$ 33,136	$ 6,012,765	$ 4,796,226
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts Payable	$ 320,952	$ 33,136	$ 33,136	$ 387,224	$ 373,493
Accrued Expenses	579,315	-	-	579,315	552,936
Lines of Credit	-	-	-	-	1,056,808
Other Liabilities	152,192	2,820	-	155,012	177,863
Current Portion of Long-Term Debt	1,922,456	99,279	-	2,021,735	76,758
Total Current Liabilities	2,974,915	135,235	33,136	3,143,286	2,237,858
Long-Term Liabilities:					
Long-Term Debt	319,232	27,637	-	346,869	503,451
Net Assets:					
Without Donor Restrictions	1,798,190	312,164	-	2,110,354	1,441,251
With Donor Restrictions	382,256	30,000	-	412,256	613,666
Total Net Assets	2,180,446	342,164	-	2,522,610	2,054,917
Total Liabilities and Net Assets	$ 5,474,593	$ 505,036	$ 33,136	$ 6,012,765	$ 4,796,226

The accompanying notes are an integral part of this statement.

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

CONSOLIDATING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR 2019

	Volunteers of America, Greater Baton Rouge, Inc.			Human Services of Greater Baton Rouge, Inc.				2020	2019
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Consolidated Totals	Consolidated Totals
Revenues from Operations:									
Public Support Received Directly:									
Contributions	$ 1,072,105	$ -	$ 1,072,105	$ -	$ -	$ -	$ -	$ 1,072,105	$ 697,410
Contributions, In-Kind	407,895	-	407,895	-	-	-	-	407,895	460,582
Public Support Received Indirectly:									
United Way	37,636	-	37,636	-	-	-	-	37,636	312,278
Total Public Support	1,517,636	-	1,517,636	-	-	-	-	1,517,636	1,470,270
Revenue and Grants from Governmental Agencies	12,926,807	-	12,926,807	-	-	-	-	12,926,807	13,456,993
Other Revenue:									
Program Service Fees	638,431	-	638,431	-	-	-	-	638,431	348,988
Rental Income	2,791	-	2,791	145,958	-	145,958	-	148,749	153,403
Miscellaneous	51,279	-	51,279	-	-	-	-	51,279	260,058
Total Other Revenue	692,501	-	692,501	145,958	-	145,958	-	838,459	762,449
Net Assets Released from Restrictions	190,065	(190,065)	-	-	-	-	-	-	-
Total Revenues from Operations	15,327,009	(190,065)	15,136,944	145,958	-	145,958	-	15,282,902	15,689,712
Operating Expenses:									
Encouraging Positive Development	3,196,171	-	3,196,171	-	-	-	-	3,196,171	3,211,524
Fostering Independence	6,926,143	-	6,926,143	-	-	-	-	6,926,143	6,522,903
Promoting Self-Sufficiency	2,070,667	-	2,070,667	156,393	-	156,393	-	2,227,060	3,309,507
Total Program Services	12,192,981	-	12,192,981	156,393	-	156,393	-	12,349,374	13,043,934
Management and General	1,960,731	-	1,960,731	85,427	-	85,427	-	2,046,158	3,418,661
Fund Raising	178,240	-	178,240	-	-	-	-	178,240	312,350
Total Supporting Services	2,138,971	-	2,138,971	85,427	-	85,427	-	2,224,398	3,731,011
Administrative Fees Paid to National Organization	214,597	-	214,597	-	-	-	-	214,597	386,191
Total Operating Expenses	14,546,549	-	14,546,549	241,820	-	241,820	-	14,788,369	17,161,136
Excess (Deficit) from Operations	780,460	(190,065)	590,395	(95,862)	-	(95,862)	-	494,533	(1,471,424)

(CONTINUED)

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, 2020 WITH COMPARATIVE TOTALS FOR 2019

	Volunteers of America, Greater Baton Rouge, Inc.			Human Services of Greater Baton Rouge, Inc.				2020	2019
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Consolidated Totals	Consolidated Totals
Non-Operating Gains (Losses) and Other Income:									
Investment Return, Net	-	5,881	5,881	-	-	-	-	5,881	12,296
Gain (Loss) on Sale of Assets	(15,495)	-	(15,495)	-	-	-	-	(15,495)	154,277
Net Realized and Unrealized Gains (Losses)	-	(17,226)	(17,226)	-	-	-	-	(17,226)	22,550
Excess (Deficit) from Other Activities	(15,495)	(11,345)	(26,840)	-	-	-	-	(26,840)	189,123
Change in Net Assets	764,965	(201,410)	563,555	(95,862)	-	(95,862)	-	467,693	(1,282,301)
Net Assets - Beginning of Year	1,033,225	583,666	1,616,891	408,026	30,000	438,026	-	2,054,917	3,337,218
Net Assets - End of Year	$ 1,798,190	$ 382,256	$ 2,180,446	$ 312,164	$ 30,000	$ 342,164	$ -	$ 2,522,610	$ 2,054,917

The accompanying notes are an integral part of this statement.

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

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020 WITH COMPARATIVE TOTALS FOR 2019

	Volunteers of America, Greater Baton Rouge, Inc.								Human Services of Greater Baton Rouge, Inc.				
	Program Services				Supporting Services				Program Services	Supporting Services			
	Encouraging Positive Development	Fostering Independence	Promoting Self-Sufficiency	Total	Management and General	Fund Raising	Total	Total Program and Supporting Services Expenses	Promoting Self-Sufficiency	Management and General	Total Program and Supporting Services Expenses	2020 Consolidated Total	2019 Consolidated Total
Salaries and Wages	$ 1,689,330	$ 4,372,990	$ 696,169	$ 6,758,489	$ 883,135	$ 104,562	$ 987,697	$ 7,746,186	$ -	$ 59,280	$ 59,280	$ 7,805,466	$ 8,716,492
Employee Benefits	219,151	617,503	104,184	940,838	214,675	9,245	223,920	1,164,758	-	6,467	6,467	1,171,225	1,231,172
Professional Services	239,266	622,915	108,316	970,497	364,652	12,831	377,483	1,347,980	4,300	-	4,300	1,352,280	1,693,061
Occupancy Expenses	49,046	124,962	91,104	265,112	27,081	4,345	31,426	296,538	96,522	17,912	114,434	410,972	414,985
Specific Assistance to Individuals	631,668	622,357	1,013,025	2,267,050	39,093	-	39,093	2,306,143	-	-	-	2,306,143	2,323,161
Program Supplies and Expenses	138,124	142,685	14,650	295,459	70,727	32,782	103,509	398,968	2,850	57	2,907	401,875	476,587
Office Supplies and Expenses	87,992	284,206	30,521	402,719	52,934	8,152	61,086	463,805	274	1,711	1,985	465,790	558,888
Travel, Conferences, and Meetings	96,451	97,617	7,816	201,884	25,194	2,135	27,329	229,213	-	-	-	229,213	288,487
Depreciation and Amortization	42,116	32,049	4,670	78,835	141,281	1,076	142,357	221,192	52,447	-	52,447	273,639	277,850
Interest	-	-	-	-	84,019	-	84,019	84,019	-	-	-	84,019	110,757
Other	3,027	8,859	212	12,098	57,940	3,112	61,052	73,150	-	-	-	73,150	683,505
Total Functional Expenses	$ 3,196,171	$ 6,926,143	$ 2,070,667	$ 12,192,981	$ 1,960,731	$ 178,240	$ 2,138,971	14,331,952	$ 156,393	$ 85,427	$ 241,820	14,573,772	16,774,945
Administrative Fee Paid To National Organization								214,597				214,597	386,191
Total Expenses								$ 14,546,549				$ 14,788,369	$ 17,161,136

The accompanying notes are an integral part of this statement.

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

CONSOLIDATING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR 2019

	Volunteers of America, Greater Baton Rouge, Inc.	Human Services of Greater Baton Rouge, Inc.	Eliminations	2020 Consolidated Totals	2019 Consolidated Totals
Cash Flows From Operating Activities:					
Change in Net Assets	$ 563,555	$ (95,862)	$ -	$ 467,693	$ (1,282,301)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	221,192	52,447	-	273,639	277,850
Net Unrealized (Gain) Loss on Long-Term Investment	17,226	-	-	17,226	(6,580)
(Gain) Loss on Sale of Assets	15,495	-	-	15,495	(154,277)
Provision for Bad Debts	54,762	-	-	54,762	621,485
Changes in Current Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(806,676)	36,339	(69,475)	(839,812)	452,027
(Increase) Decrease in Pledges Receivable	42,461	-	-	42,461	41,561
(Increase) Decrease in Other Assets	-	-	-	-	13,225
(Increase) Decrease in Prepaid Expenses	(72,021)	2,288	-	(69,733)	7,220
Increase (Decrease) in Accounts Payable	(80,749)	25,005	69,475	13,731	137,737
Increase (Decrease) in Other Liabilities	(22,976)	125	-	(22,851)	(101,066)
Increase (Decrease) in Accrued Expenses	26,379	-	-	26,379	(73,010)
Net Cash Provided by (Used in) Operating Activities	(41,352)	20,342	-	(21,010)	(66,129)
Cash Flows From Investing Activities:					
Purchases of Fixed Assets	(31,250)	(6,586)	-	(37,836)	(31,548)
Proceeds From Sale of Assets	-	-	-	-	177,525
Net Proceeds from Sale (Purchase) of Investments	146,728	-	-	146,728	301,084
Net Cash Provided by (Used in) Investing Activities	115,478	(6,586)	-	108,892	447,061
Cash Flows From Financing Activities:					
Proceeds from Issuance of Debt	1,866,157	-	-	1,866,157	-
Repayment of Notes Payable	(58,706)	(19,056)	-	(77,762)	(73,624)
Net Draws (Repayments) on Lines of Credit	(1,056,808)	-	-	(1,056,808)	164,430
Increase (Decrease) in Excess Outstanding Checks Over Bank Balance	-	-	-	-	(179,101)
Net Cash Provided by (Used In) Financing Activities	750,643	(19,056)	-	731,587	(88,295)
Net Increase (Decrease) in Cash and Cash Equivalents	824,769	(5,300)	-	819,469	292,637
Cash and Cash Equivalents - Beginning of Year	256,780	100,459	-	357,239	64,602
Cash and Cash Equivalents - End of Year	$ 1,081,549	$ 95,159	$ -	$ 1,176,708	$ 357,239
Supplemental Disclosure of Cash Flow Information:					
Cash Payments for Interest	$ 84,019	$ -	$ -	$ 84,019	$ 110,757

The accompanying notes are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies -

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. ('the Organization') 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

Volunteers of America, Greater Baton Rouge, Inc. provides services to encourage positive development for troubled and at-risk children and youth, while also promoting the healthy development of all children, adolescents, and their families. Our 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

Volunteers of America, Greater Baton Rouge, Inc. fosters the health and independence of the elderly and persons with disabilities, mental illness, and HIV/AIDS through quality affordable housing, health care services, and a wide range of community services. This affiliate provides disability, elderly, health care, housing and mental health services.

Promoting Self-Sufficiency

Volunteers of America, Greater Baton Rouge, Inc. promote self-sufficiency for individuals and families who have experienced homelessness, or other personal crisis, including chemical dependency, involvement with the corrections system and unemployment. We focus on solution-oriented approaches, using a continuum of services from prevention to intervention to long-term support. This affiliate provides community enhancement, correctional, health care, homeless and housing services.

Operations

The Organizations define operations as all program and supporting service activities undertaken as described above. Revenues that result from these activities, and their related expenses, are reported as operations. Gains, losses and other revenue that results from ancillary activities, such as investing liquid assets and disposing of fixed or other assets, are reported as non-operating.

Principles of Consolidation

The 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 generally accepted accounting principles as applicable to voluntary health and welfare organizations. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The financial statements of the Organizations are prepared under the accrual method of accounting. The Organizations classify their net assets, its revenues and expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therin are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions. These net assets may be used at the discretion of the Organizations' management and board of directors.

Net Assets With Donor Restrictions: Net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resource be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed or when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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 $225,000 at June 30, 2020.

Property and Equipment

Land, buildings and equipment purchased by the Organizations are recorded at cost. The Organizations 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 Organizations 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.

Cash Equivalents

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

Investments

Investments in all debt and equity securities with readily determinable fair values are reported at their fair value. All other investments are reported at historical cost, if purchased, or, if contributed, at fair value at the date of contribution. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities accounts will occur in the near term and those changes could materially affect the amounts reported in the Consolidating Statement of Financial Position.

Contributions

Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

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.

Volunteers of America, Greater Baton Rouge, Inc. 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 Organizations. 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.

Net Assets

The Organizations classify net assets into two categories: net assets with donor restrictions and net assets without donor restrictions. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Net assets with donor restrictions for purpose include contributions with temporary, donor-imposed time or purpose restrictions. These net assets with donor restrictions become net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose. Net assets with donor restrictions that are perpetual in nature include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all or part of the investment income earned on the contributions.

Contributed Services and Materials

The Organizations recognize 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, 2020, the value of contributed services meeting the requirements for recognition in the financial statements was recorded.

Donated materials and supplies are reflected as contribution income and expense in the accompanying financial statements at their estimated values at the date of 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 Consolidating Statement 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 2019

The financial statements include 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. Accordingly, such information should be read in conjunction with the organizations' consolidating financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Reclassifications

Certain classifications have been made to the 2019 summarized comparative totals to conform with the 2020 financial statement presentation. Such reclassifications had no effect on the change in net assets previously reported.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported 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 estimates.

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 2020. Accordingly, no tax expense was incurred during the year ended June 30, 2020.

Volunteers of America, Inc. files an income tax return which includes the Organizations listed above in the U.S. federal jurisdiction. With few exceptions, the Organizations are no longer subject to federal tax examinations by tax authorities for years before 2016. Any interest and penalties assessed by income taxing authorities are not significant and are included in general and administrative expenses in these financial statements, if applicable.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organizations may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2020.

Recent Accounting Pronouncements

During the year ended June 30, 2020, the Organization implemented ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for contributions received and contributions made to assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of ASU 2018-08 did not result in a change to the accounting for contributions received and contributions made.

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*, which will require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and liability for the corresponding lease obligation for leases with terms of more than twelve months. In November 2019, the FASB issued ASU 2019-10 delaying the effective date for non-public companies to fiscal years beginning after December 15, 2020. In response to the COVID-19 pandemic, ASU 2020-05 was issued in June 2020 delaying the effective date for Topic 842 to fiscal years beginning after December 15, 2021. The Organization is evaluating the impact the pronouncement may have on the financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU replaces nearly all existing U.S. GAAP guidance on revenue recognition. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Topic 606: Deferral of Effective Date*. This standard delayed the effective date for non-public entities to fiscal years beginning after December 15, 2018, with early adoption permitted. In response to the COVID-19 pandemic, ASU 2020-05 was issued in June 2020 delaying the effective date for Topic 606 to annual reporting periods beginning after December 15, 2019. The Organization is evaluating the impact the pronouncement may have on the financial statements.

Note 2 - Liquidity and Availability -

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor imposed restrictions within one year of the statement 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, a $500,000 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, 2020.

Financial Assets at year end:	
Cash and Cash Equivalents	$ 1,176,708
Trade and Pledge Receivables, Current	2,651,944
	3,828,652
Less those unavailable for general expenditures within one year, due to:	
Net Assets with Donor Restrictions	(412,256)
Financial Assets available to meet cash needs for general expenditures within one year	$ 3,416,396

Note 3 - Investments -

The estimated fair value of Volunteers of America, Greater Baton Rouge, Inc.'s investments at June 30, 2020 was $351,454, which is held in common stock, mutual funds, corporate bonds, government agency bonds, and real estate funds.

Note 4 - Fair Value Measurements -

The fair value measurement accounting literature provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels. Level 1 inputs to the valuation methodology are based on unadjusted quoted prices for identical assets in active markets that the Organizations have the ability to access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data. Level 3 inputs are unobservable and are based on assumptions market participants would utilize in pricing the assets.

The Organizations use appropriate valuation techniques based on the available inputs to measure the fair value of these investments. The asset's fair value measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organizations' investments are reported at fair value in the accompanying consolidating statement of financial position. The methods used to measure fair value may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organizations believe its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The investments in common stock, mutual funds, corporate bonds, government agency bonds, and real estate funds represent various specific investments and various pools of funds held by the

Volunteers of America National Pooled Investment Program for the benefit of Volunteers of America, Greater Baton Rouge, Inc. and other Volunteers of America affiliates. These funds are valued at the fair value of the underlying securities which are primarily determined from closing prices reported on the active market.

Certain of the investment funds are valued at net asset value (NAV) daily as the number of units held (units of participation) multiplied by the unit prices. The unit pricing is determined based on the quoted market prices (NAV) of the underlying investments and the account charges.

The following table sets forth by level, within the fair value hierarchy, Volunteers of America, Greater Baton Rouge, Inc.'s assets at fair value as of June 30, 2020 which are measured on a recurring basis:

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Common Stock	$ 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
	$ 187,786	$ 99,116	$ -	$ 286,902
Investments Measured Using Net Assets Value Per Share Practical Expedient*				64,552
Total Investments at Fair Value				$ 351,454

*In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Consolidating Statement of Financial Position.

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

	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			

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.

At various times during the year, cash on deposit with one banking institution may exceed the maximum amount insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the institution on a regular basis, along with their balances in cash to minimize this potential risk.

Note 6 - Unconditional Promises to Give -

The Organization has the "Family Fund" fundraising campaign whereby interest earnings can be used for various programs as stipulated by the donors.

The Organization has the Celebration for Change Campaign whereby pledges received under the campaigns are unrestricted.

Unconditional promises to give are as follows:

	Volunteers of America, Greater Baton Rouge, Inc.
Receivables Due in Less Than One Year	$ 112,801
Receivables Due in One to Five Years	36,883
Total Unconditional Promises to Give	149,684
Less: Allowance for Uncollectible Amounts	(14,818)
Less: Discount to Present Value	(18,635)
Net Unconditional Promises to Give at June 30, 2020	$ 116,231

Note 7 - Related Parties -

The Organization is affiliated with Volunteers of America, Inc. which provides administrative services to the Organization for a fee. Affiliate fees for the fiscal year ended June 30, 2020 totaled $214,597. 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.

Human Services of Greater Baton Rouge, Inc. has recorded land, buildings, and leasehold improvements of the Harry Drive, Garfield, MidCity and River Oaks properties in its financial statements. At June 30, 2020, Volunteers of America, Greater Baton Rouge, Inc. is owed a net amount of $33,136 from Human Services of Greater Baton Rouge, Inc. which has been eliminated in the consolidating financial statements.

Furthermore, 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, 2020 is $82,103. This amount is included in accounts receivable as in these consolidating 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:

(1) duration and preservation of the endowment funds
(2) the purposes of the Organization and the endowment funds,
(3) general economic conditions,
(4) effect of inflation or deflation,
(5) the expected total return from income and the appreciation of investments,
(6) other resources of the Organization, and
(7) the investment policy of the Organization.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. At June 30, 2020, funds with original gift values of $377,155, fair values of $351,454, and deficiencies of $25,701 were reported in net assets with donor restrictions. These deficiencies primarily resulted from unfavorable market fluctuations that occurred throughout the year.

The Organization has a policy that permits spending from underwater endowments depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. There were no expenditures from underwater endowment funds during the year.

Volunteers of America, Greater Baton Rouge, Inc. 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 by type of fund as of June 30, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions Restricted for Purpose	With Donor Restrictions Restricted in Perpetuity	Total Endowment Assets
Donor Restricted Endowment Funds	$ -	$ 2,601	$ 379,655	$ 382,256

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

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

Note 9 - Notes Payable -

Notes Payable of Volunteers of America, Greater Baton Rouge, Inc. are detailed as follows:

	Due Within One Year	Due After One Year
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.	$ 11,127	$ 63,091
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.	45,172	256,141
*Note under PPP Program of the CARES Act dated April 14, 2020 with an original principal balance of balance of \$1,866,157 payable in 18 monthly installments of \$105,040 which includes interest at a rate of 1.00%, unless loan is forgiven as discussed below. The loan is secured by a guaranty of the Small Business Administration.	1,866,157	-
	$ 1,922,456	$ 319,232

* In response to the COVID-19 outbreak, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) on March 27, 2020. Among other provisions, the CARES Act allows small businesses to apply for loans through the Paycheck Protection Program (PPP). On June 3, 2020, Congress passed the Paycheck Protection Program Flexibility Act which enhances several of the provisions of the PPP enacted as part of the CARES Act. The PPP provides 100% federally guaranteed loans to qualifying small businesses who maintain their payrolls during this emergency. These loans are eligible for loan forgiveness equal to the amount the borrowers spend on qualified business expenses during a 24-week period beginning on the date of the origination of the loan, including payroll costs, mortgage interest, rent and utility payments and certain other expenses as outlined in the legislation and

application guidelines. Any portion of the loan that does not qualify for forgiveness will accrue interest at 1% and be due in two years from its origination, with an option to extend for 5 years. As noted above, the Organization received $1,866,157 of loan proceeds under the PPP during the current year. Due to the uncertainty at this time, no determination has been made as to whether the loan or any portion thereof will be forgiven. Therefore, the proceeds of this loan are recorded as a liability until either the loan is paid or wholly forgiven and the Organization has been "legally released" or the Organization pays off the loan. Once the loan is, in part or wholly, forgiven and legal release is received, the Organization will reduce the liability by the amount forgiven and record a gain on extinguishment of the note payable. In the event that the PPP loan proceeds would not be wholly forgiven, it is the intention of the Organization to repay the entire principal plus any interest accrued within one year from the Statement of Financial Position date. The entire balance of this loan has been presented as a current liability in these financial statements.

Notes Payable of Human Services of Greater Baton Rouge, Inc. are detailed as follows:

	Due Within One Year	Due After One Year
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.	$ 9,932	$ 27,637
**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 term is 240 months with the first payment due on or by April 1, 2001. The note is collateralized by land and building on Garfield Street.	89,347	-
	$ 99,279	$ 27,637

** This note contains a balloon payment totaling approximately $82,600 due in March 2021. The Organization intends to renegotiate this agreement in order to extend the payment terms.

Note obligation maturities for year ended June 30, are as follows:

	Volunteers of America, Greater Baton Rouge, Inc.	Human Services of Greater Baton Rouge, Inc.
2021	$ 1,922,456	$ 99,279
2022	59,564	9,932
2023	63,017	9,932
2024	66,671	7,773
2025	82,286	-
Thereafter	47,694	-
	$ 2,241,688	$ 126,916

Interest expense for the year ended June 30, 2020 amounted to $84,019 for Volunteers of America, Greater Baton Rouge, Inc., and $0 for Human Services of Greater Baton Rouge, Inc.

Note 10 - Lines of Credit -

Volunteers of America, Greater Baton Rouge, Inc. has a revolving line of credit with Capital One with a stated maximum of $1,000,000, which expires on November 5, 2020. The line of credit bears a variable interest rate based on the Wall Street Journal Prime Rate plus 1.25% but cannot be less than 4.5% (current rate 4.50%). The line of credit is secured by certain properties and Accounts Receivable, and as of June 30, 2020 had an outstanding balance of $0. The line of credit is subject to certain financial covenants.

Volunteers of America, Greater Baton Rouge, Inc. has a line of credit with Volunteers of America, Inc. with a stated maximum of $500,000, which matures October 31, 2020. The line of credit bears a variable interest at a rate based on Prime plus 1% (current rate 4.25%). The line of credit is unsecured, and as of June 30, 2020 had no outstanding balance.

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% or the sum of the overnight LIBOR plus 1%. The asset value as of June 30, 2020 totals $351,454 and there are no outstanding draws on this line of credit.

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, 2020:

Year Ended, June 30,	Volunteers of America, Greater Baton Rouge, Inc.
2021	$ 188,073
2022	187,291
2023	94,375
2024	2,691
	$ 472,430

Total rental expenses for the year ended June 30, 2020 for all operating leases was $216,395 for Volunteers of America, Greater Baton Rouge, Inc. and $-0- for Human Services of Greater Baton Rouge, Inc.

Note 12 - Accrued Annual Leave -

Volunteers of America, Greater Baton Rouge, Inc. has recorded an estimated liability for accrued leave of an amount based on the total hours of leave accumulated at June 30, 2020, times the employee's hourly rate at June 30, 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. Accrued leave in the amount of $309,075 is included in accrued expenses on the Consolidating Statement 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 was $42,134 for the year ended June 30, 2020.

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 -

Volunteers of America, Greater Baton Rouge, Inc. 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. Volunteers of America, Greater Baton Rouge, Inc. elected a three year cliff vesting option for this plan. The expense for the year ended June 30, 2020 was $37,794.

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 - Restrictions on Net Assets -

Net assets with donor restrictions for purpose are available for the following purposes at June 30, 2020:

	Volunteers of America, Greater Baton Rouge, Inc.	Human Services of Greater Baton Rouge, Inc.
Clothing for Residents	$ 2,601	$ -
Property Acquisitions	-	30,000
	$ 2,601	$ 30,000

Net assets with donor restrictions in perpetuity consist of the following at June 30, 2020:

	Volunteers of America, Greater Baton Rouge, Inc.
Family Fund Endowment	$ 377,155
Clothing for Residents	2,500
	$ 379,655

Note 17 - Net Assets Released from Restrictions -

Net assets were released from restrictions for the year ended June 30, 2020 for incurring expenses satisfying the restricted purpose.

		Volunteers of America, Greater Baton Rouge, Inc.
Restrictions accomplished:		
Program Services	$	190,065

Note 18 - Schedule of Compensation, Benefits and Other Payments to President and CEO -

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation, Benefits and Other Payments received by David Kneipp, President and CEO, for the year ended June 30, 2020:

Salary	$	149,167
Social Security		8,738
Medicare		2,044
Benefits - Health & Dental		2,513
Benefits - Life, LTD, AD&D		79
Reimbursements		934
Conference Travel		4,858
	$	168,333

Note 19 - Subsequent Events -

The COVID-19 outbreak in the United States and globally which occurred during the year has caused business disruption through mandated and voluntary closings or schools and businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the continued duration and its impacts on the Organization's customers, employees and vendors. Therefore, the extent to which COVID-19 may impact the Organization's financial condition or results of operations cannot be reasonably estimated at this time.

The Organization owns property and conducts operations in an area that was affected by Hurricane Laura and Delta, which were declared federal disaster areas in August and October 2020. The extent to which these disasters may impact the Organization's financial condition or results of operations cannot be reasonably estimated at this time.

The management of the Organization evaluated subsequent events and transactions for possible recognition or disclosure in the financial statements through October 30, 2020, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

VOLUNTEERS OF AMERICA,
GREATER BATON ROUGE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal CFDA Number	Federal Expenses
U.S. Department of Housing and Urban Development		
Direct Program:		
Continuum of Care	14.267	$ 452,056
Passed Through City Parish:		
Continuum of Care	14.267	32,689
		484,745
Passed Through City Parish:		
Emergency Solutions Grants Program	14.231	148,865
Passed Through Office of Community Planning and Development:		
Housing Opportunities for Persons with AIDS Program	14.241	519,798
Total U.S. Department of Housing and Urban Development		1,153,408
U.S. Department of Veterans Affairs		
Direct Program:		
V.A. Homeless Grant	64.024	104,730
*COVID-19 V.A. Homeless Grant	64.024	1,585
Passed Through Volunteers of America, Southeast Louisiana, Inc.:		
Supportive Services for Veteran Families Program	64.033	374,224
*COVID-19 Supportive Services for Veteran Families Program	64.033	214,027
Total U.S. Department of Veterans Affairs		694,566
U.S. Department of Education		
Passed Through Louisiana Department of Education:		
West Baton Rouge Grant	84.371C	72,679

(CONTINUED)

VOLUNTEERS OF AMERICA,
GREATER BATON ROUGE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal CFDA Number	Federal Expenses
U.S. Department of Justice		
Passed Through Louisiana Commission on Law Enforcement and Administration of Criminal Justice:		
Shelter Program - Child Abuse (Louisiana Commission on Law Enforcement Project Number 2311, 4284, & 5232)	16.575	94,831
U.S. Department of Health and Human Services		
Passed Through Louisiana Department of Education:		
Child Care Development Block Grant	93.575	1,562,828
*COVID-19 Child Care Development Block Grant	93.575	352,825
Community Network Lead Agencies (Project #28-16-CO & #28-17-CY)	93.575	60,940
Competitive Grant	93.434	139,881
		2,116,474
Passed Through Louisiana Department of Children and Family Services:		
Temporary Assistance for Needy Families	93.558	30,489
Passed Through Louisiana Department of Health and Hospitals, Office of Behavioral Health:		
Path	93.150	189,912
Passed Through City Parish - Division of Human Development and Services:		
HIV Emergency Relief	93.914	240,180
Total U.S. Department of Health and Human Services		2,577,055
Total Federal Assistance		$ 4,592,539

See independent auditor's report.

VOLUNTEERS OF AMERICA,
GREATER BATON ROUGE, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

Note A - Significant Accounting Policies -

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Volunteers of America, Greater Baton Rouge, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

Note B - Indirect Cost Rate Election -

The Organization did not elect to use the 10% de minimis indirect cost rate during the year ended June 30, 2020.

*Denotes COVID-19 relief related federal assistance.

See independent auditor's report.

Hannis T. Bourgeois
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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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Volunteers of America, Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Volunteers of America, Greater Baton Rouge, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Volunteers of America, Greater Baton Rouge, Inc.'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. See Finding 2020-001 and 2020-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Volunteers of America, Greater Baton Rouge, Inc.'s 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the legislative auditor as a public document and its distribution is not limited.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
October 30, 2020

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

Board of Directors
Volunteers of America, 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 compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Volunteers of America, Greater Baton Rouge, Inc.'s major federal programs for the year ended June 30, 2020. Volunteers of America, Greater Baton Rouge, Inc.'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 Volunteers of America, Greater Baton Rouge, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Volunteers of America, Greater Baton Rouge, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Volunteers of America, Greater Baton Rouge, Inc. 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, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the legislative auditor as a public document and its distribution is not limited.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
October 30, 2020

VOLUNTEERS OF AMERICA,
GREATER BATON ROUGE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

(1) Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unmodified.

• Material weakness(es) identified?	________Yes	__X____No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	___X___Yes	_______ No
Noncompliance material to financial statements noted:	_______Yes	___X___No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	________Yes	___X____No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	________Yes	___X____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 section 510(a) of the Uniform Guidance?	_______Yes	__X_____No

Identification of major program:

Federal Grantor/ Pass - Through Grantor/ Program Name	CFDA Number
U.S. Department of Health and Human Services	
Passed Through Louisiana Department of Education:	
Child Care Development Block Grant and COVID-19 Development Block Grant and Community Network Lead Agencies (Project 28-16-CO & 28-17-CY)	93.575

- The threshold for distinguishing Types A and B programs was $750,000.
- The Organization was determined to be a low-risk auditee.

(2) Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*:

See below findings 2020-001 and 2020-002.

(3) Findings Relating to Compliance and Other Matters:

None

(4) Findings and Questioned Cost Related to Federal Awards:

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 the prior year, an Accounting Director was hired and an Interim Chief Financial Officer was being used temporarily from Volunteers of America's national office.

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

Cause: In the prior year, 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 the current year, 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 year, 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 the current year 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: In the prior year, we 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, we recommended and continue to recommend 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 agrees with the recommendations above. In the prior year, 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 the current year, 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.

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: In the prior year, 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 the current year, 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 the prior year, 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 the current year, 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 the prior year, 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 the current year, management continues to review and contact customers on collectability of receivables and is planning to assign a committee to review the status of outstanding receivables and the adequacy of the allowance for doubtful accounts.

Recommendation: We recommended and continue to recommend 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. We also recommended and continue to recommend 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, we recommended and continue to recommend that management continue to follow up on accounts previously written-off to determine if any of these amounts can be collected.

Management response: Management agrees with the recommendations above and is working with the finance committee of the Board to develop a consistent methodology for determining the allowance for doubtful accounts. Additionally, management has devoted the necessary resources to the handling of accounts receivable including the accuracy of processing, reviewing, and reconciling of receivables balances in order to more timely identify any issues with collectability. Since the department has been fully staffed, billings are being remitted timely, payments were received more timely with the exception of new external factors of the current year mentioned above, and accounting staff is reviewing accounts receivable weekly so that late payors can be addressed in a more timely fashion. Additionally, the accounting staff has added an employee whose primary function is to handle the electronic health records system to ensure that invoices are being properly input into the system, followed up on timely, and creating a better interface between the electronic health records system and the accounting system and general ledger.

VOLUNTEERS OF AMERICA,
GREATER BATON ROUGE, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2020

The following significant deficiencies were identified:

Finding 2019-001 - 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 the prior year, the Chief Financial Officer resigned in December 2017, the Controller resigned in May 2018, and several additional accounting staff resigned at various times during the prior year. Temporary labor services were utilized during the prior year to assist in the accounting department.

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

Cause: In the prior year, the balance sheet accounts had not been properly reconciled for the last several months of the year, and therefore some of the financial information reported to the board was inaccurate. Management then made the decision to have a third party accounting firm assist in the monthly and year end closeout.

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

Effect or potential effect: Due to the factors listed above, in the prior year, 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.

In 2019, due to the timing of new staff being hired, there were delays in account balance reconciliations and supporting schedules that are obtained for the audit. Furthermore, there were delays in obtaining supporting documentation and responses to analytical and detail testing procedures required in our audit.

Recommendation: Now that new personnel were hired, we recommend 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 recommend that the Organization consider hiring a permanent Chief Financial Officer.

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

Management response: Management agrees with the recommendation above. In the prior year, with the departure of the CFO and the Controller and then the accounting staff, VOAGBR did undertake an external assessment using our board Finance Committee and national VOA resources to assess the structure of our accounting department. We looked at other VOA affiliates and their structure and determined that outsourcing of our higher level functions would give us greater efficiency and accountability. In March 2018, we engaged an external accounting firm who has worked with us to create a new accounting structure. We have 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. We will continue to evaluate the need for a permanent Chief Financial Officer.

This finding has been carried forward to the current year and updated as finding 2020-001.

Finding 2019-002 - 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: In the prior year, it was noted that approximately 40% and 20% of the trade accounts receivable balance were aged 60 days and older in 2018 and 2017, respectively. Based on historical results, the 2018 balance aged 60 days and older had increased significantly.

In 2019, 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.

Cause: In the prior year, management explained the increase was a result of issues in the implementation of the new electronic health records system and the staff turnover noted in Finding 2019-001 which caused delays in the receipt and processing of invoices by the applicable agencies.

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.

Effect or potential effect: 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.

Recommendation: We recommend 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. We also recommend 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, we recommend that management continue to follow up on accounts previously written-off to determine if any of these amounts can be collected.

Management response: Management agrees with the recommendation above and is working with the Finance Committee to develop a consistent methodology for determining the allowance for doubtful accounts. Additionally, management has devoted the necessary resources to the handling of accounts receivable including the accuracy of processing, reviewing, and reconciling of receivables balances in order to more timely identify any issues with collectability. Since the department has been fully staffed, billings are being remitted timely, payments are coming in more timely, and accounting staff is reviewing accounts receivable weekly so that late payors can be addressed in a more timely fashion. Additionally, the accounting staff has added an employee whose primary function is to handle the electronic health records system to ensure that invoices are being properly input into the system, followed up on timely, and creating a better interface between the electronic health records system and the accounting system and general ledger.

This finding has been carried forward to the current year and updated as finding 2020-002.