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

JUNE 30, 2019

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, 2019, 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, 2019, 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 Statement of Activities for Special Programs and Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis and are 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 2018 consolidating financial statements, and our report dated December 12, 2018, 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, 2018, 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 28, 2019 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 28, 2019

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2019 WITH COMPARATIVE TOTALS FOR 2018

ASSETS	Volunteers of America, Greater Baton Rouge, Inc.	Human Services of Greater Baton Rouge, Inc.	Eliminations	2019 Consolidated Totals	2018 Consolidated Totals
Current Assets:					
Cash	$ 256,780	$ 100,459	$ -	$ 357,239	$ 64,602
Accounts Receivable Less Allowance of $88,822	1,761,883	36,339	(36,339)	1,761,883	2,791,990
Pledges Receivable, Net	89,198	-	-	89,198	99,658
Prepaid Expenses	8,950	2,288	-	11,238	18,458
Total Current Assets	2,116,811	139,086	(36,339)	2,219,558	2,974,708
Land, Buildings and Equipment, at Cost Less Accumulated Depreciation of $3,430,855	1,509,931	455,738	-	1,965,669	2,235,219
Investments	515,408	-	-	515,408	809,912
Other Assets	95,591	-	-	95,591	139,917
Total Assets	$ 4,237,741	$ 594,824	$ (36,339)	$ 4,796,226	$ 6,159,756
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Excess Outstanding Checks in Excess of Bank Balance	$ -	$ -	$ -	$ -	$ 179,101
Accounts Payable	401,701	8,131	(36,339)	373,493	192,351
Accrued Expenses	552,936	-	-	552,936	625,946
Lines of Credit	1,056,808	-	-	1,056,808	892,377
Other Liabilities	175,168	2,695	-	177,863	278,929
Current Portion of Long-Term Debt	59,275	17,483	-	76,758	80,462
Total Current Liabilities	2,245,888	28,309	(36,339)	2,237,858	2,249,166
Long-Term Liabilities:					
Long-Term Debt	374,962	128,489	-	503,451	573,372
Net Assets:					
Without Donor Restrictions	1,033,225	408,026	-	1,441,251	2,750,595
With Donor Restrictions	583,666	30,000	-	613,666	586,623
Total Net Assets	1,616,891	438,026	-	2,054,917	3,337,218
Total Liabilities and Net Assets	$ 4,237,741	$ 594,824	$ (36,339)	$ 4,796,226	$ 6,159,756

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, 2019 WITH COMPARATIVE TOTALS FOR 2018

	Volunteers of America, Greater Baton Rouge, Inc.			Human Services of Greater Baton Rouge, Inc.				2019	2018
	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	$ 697,410	$ -	$ 697,410	$ -	$ -	$ -	$ -	$ 697,410	$ 814,579
Contributions, In-Kind	460,582	-	460,582	-	-	-	-	460,582	599,383
Public Support Received Indirectly:									
United Way	312,278	-	312,278	-	-	-	-	312,278	375,700
Total Public Support	1,470,270	-	1,470,270	-	-	-	-	1,470,270	1,789,662
Revenue and Grants from Governmental Agencies	13,456,993	-	13,456,993	-	-	-	-	13,456,993	15,050,236
Other Revenue:									
Program Service Fees	348,988	-	348,988	-	-	-	-	348,988	560,094
Rental Income	6,913	-	6,913	146,490	-	146,490	-	153,403	161,871
Miscellaneous	255,888	-	255,888	4,170	-	4,170	-	260,058	219,780
Total Other Revenue	611,789	-	611,789	150,660	-	150,660	-	762,449	941,745
Total Revenues from Operations	15,539,052	-	15,539,052	150,660	-	150,660	-	15,689,712	17,781,643
Operating Expenses:									
Encouraging Positive Development	3,211,524	-	3,211,524	-	-	-	-	3,211,524	2,938,674
Fostering Independence	6,522,903	-	6,522,903	-	-	-	-	6,522,903	8,923,562
Promoting Self-Sufficiency	3,184,228	-	3,184,228	125,279	-	125,279	-	3,309,507	3,002,040
Total Program Services	12,918,655	-	12,918,655	125,279	-	125,279	-	13,043,934	14,864,276
Management and General	3,404,401	-	3,404,401	14,260	-	14,260	-	3,418,661	2,726,221
Fund Raising	312,350	-	312,350	-	-	-	-	312,350	280,509
Total Supporting Services	3,716,751	-	3,716,751	14,260	-	14,260	-	3,731,011	3,006,730
Administrative Fees Paid to National Organization	386,191	-	386,191	-	-	-	-	386,191	329,705
Total Operating Expenses	17,021,597	-	17,021,597	139,539	-	139,539	-	17,161,136	18,200,711
Excess (Deficit) from Operations	(1,482,545)	-	(1,482,545)	11,121	-	11,121	-	(1,471,424)	(419,068)

(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, 2019 WITH COMPARATIVE TOTALS FOR 2018

	Volunteers of America, Greater Baton Rouge, Inc.			Human Services of Greater Baton Rouge, Inc.				2019	2018
	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	3,649	8,647	12,296	-	-	-	-	12,296	18,030
Gain on Sale of Assets	154,277	-	154,277	-	-	-	-	154,277	430,178
Net Realized and Unrealized Gains (Losses)	4,154	18,396	22,550	-	-	-	-	22,550	23,025
Excess (Deficit) from Other Activities	162,080	27,043	189,123	-	-	-	-	189,123	471,233
Change in Net Assets	(1,320,465)	27,043	(1,293,422)	11,121	-	11,121	-	(1,282,301)	52,165
Net Assets - Beginning of Year	2,353,690	556,623	2,910,313	396,905	30,000	426,905	-	3,337,218	3,285,053
Net Assets - End of Year	$ 1,033,225	$ 583,666	$ 1,616,891	$ 408,026	$ 30,000	$ 438,026	$ -	$ 2,054,917	$ 3,337,218

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, 2019 WITH COMPARATIVE TOTALS FOR 2018

	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	2019 Consolidated Total	2018 Consolidated Total
Salaries and Wages	$ 1,581,200	$ 4,109,953	$ 1,318,193	$ 7,009,346	$ 1,579,179	$ 127,967	$ 1,707,146	$ 8,716,492	$ -	$ -	$ -	$ 8,716,492	$ 9,858,983
Employee Benefits	218,123	561,967	200,904	980,994	241,923	8,255	250,178	1,231,172	-	-	-	1,231,172	1,393,055
Professional Services	438,681	367,085	99,783	905,549	1,040,635	42,180	1,082,815	1,988,364	-	4,300	4,300	1,992,664	1,607,018
Occupancy Expenses	85,175	105,927	55,804	246,906	65,620	14,839	80,459	327,365	77,660	9,960	87,620	414,985	730,440
Specific Assistance to Individuals	195,634	605,559	1,222,365	2,023,558	-	-	-	2,023,558	-	-	-	2,023,558	2,626,138
Program Supplies and Expenses	148,411	125,226	37,133	310,770	98,425	67,392	165,817	476,587	-	-	-	476,587	349,135
Office Supplies and Expenses	53,683	342,859	55,285	451,827	103,807	3,254	107,061	558,888	-	-	-	558,888	304,031
Travel, Conferences, and Meetings	92,893	128,784	27,272	248,949	33,036	6,502	39,538	288,487	-	-	-	288,487	390,772
Depreciation and Amortization	48,370	31,073	10,386	89,829	138,791	1,816	140,607	230,436	47,414	-	47,414	277,850	309,895
Interest	-	16	7,551	7,567	102,985	-	102,985	110,552	205	-	205	110,757	91,715
Other	349,354	144,454	149,552	643,360	-	40,145	40,145	683,505	-	-	-	683,505	209,824
Total Functional Expenses	$ 3,211,524	$ 6,522,903	$ 3,184,228	$ 12,918,655	$ 3,404,401	$ 312,350	$ 3,716,751	16,635,406	$ 125,279	$ 14,260	$ 139,539	16,774,945	17,871,006
Administrative Fee Paid To National Organization								386,191				386,191	329,705
Total Expenses								$ 17,021,597				$ 17,161,136	$ 18,200,711

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, 2019
WITH COMPARATIVE TOTALS FOR 2018

	Volunteers of America, Greater Baton Rouge, Inc.	Human Services of Greater Baton Rouge, Inc.	Eliminations	2019 Consolidated Totals	2018 Consolidated Totals
Cash Flows From Operating Activities:					
Change in Net Assets	$ (1,293,422)	$ 11,121	$ -	$ (1,282,301)	$ 52,165
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	230,436	47,414	-	277,850	309,895
Net Unrealized (Gain) Loss on Long-Term Investment	(6,580)	-	-	(6,580)	(23,025)
(Gain) Loss on Sale of Assets	(154,277)	-	-	(154,277)	(430,178)
Provision for Bad Debts	621,485	-	-	621,485	180,585
Changes in Current Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	408,622	(1,065)	44,470	452,027	(438,987)
(Increase) Decrease in Pledges Receivable	10,460	-	-	10,460	49,629
(Increase) Decrease in Other Assets	44,326	-	-	44,326	3,695
(Increase) Decrease in Prepaid Expenses	7,221	(1)	-	7,220	10,705
Increase (Decrease) in Accounts Payable	174,076	8,131	(44,470)	137,737	27,690
Increase (Decrease) in Other Liabilities	(98,414)	(2,652)	-	(101,066)	11,992
Increase (Decrease) in Accrued Expenses	(73,010)	-	-	(73,010)	(68,872)
Net Cash Provided by (Used in) Operating Activities	(129,077)	62,948	-	(66,129)	(314,706)
Cash Flows From Investing Activities:					
Purchases of Fixed Assets	(31,548)	-	-	(31,548)	(64,327)
Proceeds From Sale of Assets	177,525	-	-	177,525	599,712
Net Proceeds from Sale (Purchase) of Investments	301,084	-	-	301,084	(39,668)
Net Cash Provided by (Used in) Investing Activities	447,061	-	-	447,061	495,717
Cash Flows From Financing Activities:					
Repayment of Notes Payable	(61,371)	(12,253)	-	(73,624)	(96,043)
Net Draws (Repayments) on Lines of Credit	164,430	-	-	164,430	(100,547)
Increase (Decrease) in Excess Outstanding Checks Over Bank Balance	(179,101)	-	-	(179,101)	23,261
Net Cash Provided by (Used In) Financing Activities	(76,042)	(12,253)	-	(88,295)	(173,329)
Net Increase (Decrease) in Cash and Cash Equivalents	241,942	50,695	-	292,637	7,682
Cash and Cash Equivalents - Beginning of Year	14,838	49,764	-	64,602	56,920
Cash and Cash Equivalents - End of Year	$ 256,780	$ 100,459	$ -	$ 357,239	$ 64,602
Supplemental Disclosure of Cash Flow Information:					
Cash Payments for Interest	$ 110,552	$ 205	$ -	$ 110,757	$ 94,705

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 spiritually based human services organization, recognized as a church, incorporated in the State of Louisiana that provides social services within the Greater Baton Rouge and Southwest Louisiana areas under a charter from Volunteers of America, Inc., a national nonprofit spiritually based organization providing local human service programs, and opportunities for individual and community involvement. 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 $88,822 at June 30, 2019.

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 $1,000; 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 are not included as support until such time as the conditions are substantially 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, 2019, 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 2018

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, 2018, from which the summarized information was derived.

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 2019. Accordingly, no tax expense was incurred during the year ended June 30, 2019.

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 2015. 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, 2019.

Recent Accounting Pronouncements

During the year ended June 30, 2019 the Organization implemented Accounting Standards Update (ASU) 2016-14, *Financial Statements of Not-for-Profit Entities*. Accordingly, the beginning balances of net assets that were previously presented as unrestricted have been presented as without donor restrictions and net assets that were previously presented as temporarily restricted and permanently restricted have been presented as with donor restrictions in these financial statements. Additionally, the ASU requires additional disclosures regarding liquidity and availability of certain financial assets which is discussed at Note 2 in these financial statements. This ASU is a presentation standard and had no effect on the previously reported change in net assets and net assets without donor restrictions and net assets with donor restrictions.

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 a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for non-public companies for fiscal years beginning after December 15, 2019, with early adoption permitted. In July 2019, the FASB proposed delaying the effective date for non-public companies for fiscal years beginning after December 15, 2020.The Organization is evaluating the impact the pronouncement may have on its financial statements.

In May 2014, FASB issued ASU 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 2015-14, *Revenue from Contract with Customers (Topic 606): Deferral of Effective Date*. This standard delays the effective date for non-public entities to fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization is evaluating the impact the pronouncement may have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU should 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. This ASU is effective for the Organization for the fiscal year beginning after December 15, 2018. The Organization is evaluating the impact the pronouncement may have on its financial statements.

Subsequent Events

The Organizations have evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through October 28, 2019, the date which the financial statements were available to be issued.

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 $750,000 line of credit and a $1,300,000 line of credit available to meet cash flow needs. The balance on these lines of credit at June 30, 2019 was $500,000 and $556,808, respectively:

Financial Assets at year end:	
Cash and Cash Equivalents	$ 357,239
Trade and Pledge Receivables, Current	1,851,081
	2,208,320
Less those unavailable for general expenditures within one year, due to:	
Net Assets with Donor Restrictions	(613,666)
Financial Assets available to meet cash needs for general expenditures within one year	$ 1,594,654

Note 3 - Investments -

The estimated fair value of Volunteers of America, Greater Baton Rouge, Inc.'s investments at June 30, 2019 was $515,408, which is all held in mutual 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 mutual funds represent various specific investments and various pools of funds held by BRAF for the benefit of Volunteers of America, Greater Baton Rouge, Inc. and other non-profit organizations. These funds are valued at the fair value of the underlying securities which are primarily determined from closing prices reported on the active market.

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, 2019 which are measured on a recurring basis:

	Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ -	$ 515,408	$ -	$ 515,408

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	$ 143,760
Receivables Due in One to Five Years	69,494
Total Unconditional Promises to Give	213,254
Less: Allowance for Uncollectible Amounts	(21,325)
Less: Discount to Present Value	(33,237)
Net Unconditional Promises to Give at June 30, 2019	$ 158,692

The long-term portions of the pledge receivables are included in Other Assets on the Consolidating Statement of Financial Position.

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, 2019 totaled $386,191. 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, 2019, Volunteers of America, Greater Baton Rouge, Inc. owes a net amount of $36,339 to 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, 2019 is $143,370. 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. There are no donor-restricted endowment funds (underwater endowments) with fair value below a minimum required amount as of June 30, 2019.

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 was 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 mutual funds. 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, 2019 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	$ 29,468	$ 88,291	$ 379,655	$ 497,414

Changes in endowment net assets for the year ended June 30, 2019 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	$ 61,249	$ 379,655	$ 470,372
Investment Income	-	23,463	-	23,463
Appreciation of Investments, Net	-	3,579	-	3,579
Contributions (Distributions)	-	-	-	-
Endowment Net Assets, End of Year	$ 29,468	$ 88,291	$ 379,655	$ 497,414

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.	$ 10,517	$ 74,092
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.	42,697	300,870
Note dated February 20, 2015 with an original principal balance of $36,530 payable in 60 monthly installments of $701 which includes interest at a rate of 5.50%. The note is collateralized by a 2015 Ford Van.	6,061	-
	$ 59,275	$ 374,962

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	$ 39,141
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.	7,551	89,348
	$ 17,483	$ 128,489

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

	Volunteers of America, Greater Baton Rouge, Inc.	Human Services of Greater Baton Rouge, Inc.
2020	$ 59,275	$ 17,483
2021	56,299	99,279
2022	59,563	9,932
2023	63,017	9,932
2024	66,671	9,346
Thereafter	129,412	-
	$ 434,237	$ 145,972

Interest expense for the year ended June 30, 2019 amounted to $110,552 for Volunteers of America, Greater Baton Rouge, Inc., and $205 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 $1,300,000, which expires on November 5, 2019. The line was subsequently renewed with a stated maximum of $1,000,000 and expires on May 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 6.75%). The line of credit is secured by certain properties and Accounts Receivable, and as of June 30, 2019 had an outstanding balance of $556,808. 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 $750,000, which matures on October 31, 2019 at which time the stated maximum will be reduced to $500,000 and is extended to a maturity date of December 31, 2019. The line of credit bears a variable interest at a rate based on Prime plus 1% (current rate 6.50%). The line of credit is unsecured, and as of June 30, 2019 had an outstanding balance of $500,000.

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, 2019:

Year Ended, June 30,	Volunteers of America, Greater Baton Rouge, Inc.
2020	$ 260,285
2021	84,480
2022	87,480
2023	87,480
	$ 519,725

Total rental expenses for the year ended June 30, 2019 for all operating leases was $257,284 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, 2019, times the employee's hourly rate at June 30, 2019. 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 $273,603 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 $53,484 for the year ended June 30, 2019.

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, 2019 was $51,410.

Note 15 - Memorandum of Understanding with Volunteers of America, Inc. -

Effective November 1, 2017, the Organization entered into a "Memorandum of Understanding" with its national office, Volunteers of America, Inc. In accordance with the document, the Organization has been placed on "Focused Attention" status as a result of the line of credit entered into with Volunteers of America, Inc. See Note 10 for details of the line of credit. The associated balance at June 30, 2019 totals $500,000. This "Memorandum of Understanding" was effective for a period of one-year from the date of inception. It automatically renews until it is mutually agreed by both parties that it is no longer effective.

Note 16 - 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 17 - Restrictions on Net Assets -

Net assets with donor restrictions for purpose are available for the following purposes at June 30, 2019:

	Volunteers of America, Greater Baton Rouge, Inc.	Human Services of Greater Baton Rouge, Inc.
Program Services	$ 201,410	$ -
Clothing for Residents	2,601	-
Property Acquisitions	-	30,000
	$ 204,011	$ 30,000

Net assets with donor restrictions in perpetuity consist of the following at June 30, 2019:

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

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 Janet Pace, President and CEO, for the year ended June 30, 2019:

Salary	$ 110,744
SECA	7,274
Benefits - Health & Dental	1,568
Benefits - 403b Retirement	2,217
Benefits - Life, LTD, AD&D	63
	$ 121,866

SUPPLEMENTARY INFORMATION

VOLUNTEERS OF AMERICA,
GREATER BATON ROUGE, INC.

STATEMENT OF ACTIVITIES FOR SPECIAL PROGRAMS*

FOR THE YEAR ENDED JUNE 30, 2019

Revenues from Operations:	
Government Grants and Fees	$ 1,364,361
United Way Allocation	310,530
Other	185,104
Total Revenues from Operations	1,859,995
Operating Expenses:	
Salaries	535,132
Employee Benefits	33,716
Payroll Taxes	39,214
Supplies and Office Expenses	38,716
Administrative Expenses	396,613
Occupancy	16,131
Insurance	26,019
Equipment Rental and Maintenance	6,896
Travel	14,466
Client Cash Subsidy	609,540
Depreciation	7,574
Other	6,710
Shared Expenses	51,052
Total Operating Expenses	1,781,779
Change in Net Assets	$ 78,216

* Includes all programs of Volunteers of America, Greater Baton Rouge, Inc. which received Capital Area United Way Funding annual allocation.

See independent auditor's report.

VOLUNTEERS OF AMERICA,
GREATER BATON ROUGE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

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	$ 684,608
Passed Through City Parish:		
Continuum of Care	14.267	48,110
		732,718
Passed Through City Parish:		
Emergency Solutions Grants Program	14.231	100,839
Passed Through Office of Community Planning and Development:		
Housing Opportunities for Persons with AIDS Program	14.241	599,063
Total U.S. Department of Housing and Urban Development		1,432,620
U.S. Department of Veterans Affairs		
Direct Program:		
V.A. Homeless Grant	64.024	133,901
Passed Through Volunteers of America, Southeast Louisiana, Inc.:		
Supportive Services for Veteran Families Program	64.033	384,423
Total U.S. Department of Veterans Affairs		518,324

(CONTINUED)

VOLUNTEERS OF AMERICA,
GREATER BATON ROUGE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

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, 2902, & 2904)	16.575	86,135
U.S. Department of Health and Human Services		
Passed Through Louisiana Department of Education:		
Child Care Development Block Grant	93.575	1,543,769
Community Network Lead Agencies (Project #28-16-CO & #28-17-CY)	93.575	70,329
		1,614,098
Passed Through Louisiana Department of Children and Family Services:		
Temporary Assistance for Needy Families	93.558	77,206
Passed Through Louisiana Department of Health and Hospitals, Office of Behavioral Health:		
Path	93.150	194,587
Passed Through City Parish - Division of Human Development and Services:		
HIV Emergency Relief	93.914	761,235
Total U.S. Department of Health and Human Services		2,647,126
Total Federal Assistance		$ 4,684,205

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, 2019

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, 2019.

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, 2019, 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 28, 2019.

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 2019-001 and 2019-002.

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*.

Volunteers of America, Greater Baton Rouge, Inc.'s Response to Findings

Volunteers of America, Greater Baton Rouge, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Volunteers of America, Greater Baton Rouge, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 28, 2019

HTB Hannis T. Bourgeois
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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, 2019. 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, 2019.

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 28, 2019

VOLUNTEERS OF AMERICA,
GREATER BATON ROUGE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2019

A. As required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the following is a summary of the results of our audit:

- Type of report issued on financial statements - unmodified.
- Type of report issued on compliance for major programs - unmodified.
- The results of audit procedures disclosed no material noncompliance in major programs.
- The results of audit procedures disclosed no questioned costs.
- Our audit disclosed no findings which are required to be reported under Section 510(a).
- The following program was tested as a Type ″A″ major program:

Federal Grantor/ Pass - Through Grantor/ Program Title	CFDA Number
U.S. Department of Health and Human Services	
Passed Through Louisiana Department of Education:	
Child Care 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.

B. Internal Control Over Financial Reporting -

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 the current year, an Accounting Director was hired and an Interim Chief Financial Officer is 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 current 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 the current year, 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.

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 the current 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.

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 the current 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.

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 board 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.

C. Compliance and Other Matters - None

VOLUNTEERS OF AMERICA,
GREATER BATON ROUGE, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2019

Finding 2018-001 - 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: 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 year. Temporary labor services were utilized during the year to assist in the accounting department.

Cause: Consequently, 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.

Effect or potential effect: Due to the factors listed above, there were delays in preparing billings, 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 recently hired and the third party accounting firm is being used on a monthly basis, we recommended that management take this opportunity to reevaluate the operations of the accounting department for segregation of duties to the extent possible given the relative size of the office staff.

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. 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, and downsized from eight internal employees to five. We have structured the department to ensure that there is adequate supervision over the accounting processes and that there is proper segregation of duties.

This finding has been carried forward to the current year and updated as finding 2019-001.

Finding 2018-002 - 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 accounts receivable and allowance for doubtful accounts.

Condition: It was noted that approximately 40% and 20% of the trade accounts receivable balance was aged 60 days and older in 2018 and 2017, respectively. Based on historical results, the 2018 balance aged 60 days and older has increased significantly.

Cause: Management explained this increase is a result of issues in the implementation of the new electronic health records system and the staff turnover noted above during the current year which has caused delays in the receipt and processing of invoices by the applicable agencies.

Effect or potential effect: Management reviewed accounts greater than six months old and determined that an additional adjustment to bad debt expense of approximately $129,000 as of June 30, 2018 was necessary to account for these delinquent amounts. Management felt that the remainder of the receivables are fully collectible and was currently working to resolve the data transmission and invoicing issues that arose from the new system and collect payment for services that were performed.

In addition, Management discovered that one vendor had not previously received billings amounting to approximately $150,000, although they had been booked into the accounting system as receivables. These billings were remitted as soon as administratively possible. The error was discovered then the confirmation was received from the vendor showing approximately $150,000 less in billings. Management contacted the vendor and determined the billings had not been properly transmitted through the new billing system.

Recommendation: We recommended that the necessary resources be devoted to resolving this issue timely and that the Organization continue to pursue collections on the significantly aged outstanding receivable balances. We further recommended if it is determined by management that any of the receivable balances are not collectible, that they be written off against the existing allowance for doubtful accounts or directly to bad debt expense if in excess of the current allowance. We also recommended that Management 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.

Management response: Management agrees with the recommendation above and is working with the third party accounting firm and board Finance Committee to develop a consistent methodology for determining the allowance for doubtful accounts. Additionally, management has devoted resources to resolving this issue as it relates to the various managed care organizations VOA works with and has started collecting payments as a result of this effort. We have engaged an outside firm to work on the oldest A/R claims, and they have successfully refiled old claims, recovered and continue to recover many of the oldest claims. Since the department has been fully staffed, billings are being remitted timely, payments are coming in more timely, and accounting staff is reviewing A/R weekly so that late payors can be addressed in a more timely fashion.

This finding has been carried forward to the current year and updated as finding 2019-002.

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Directors
Volunteers of America, Greater Baton Rouge, Inc. and
the Louisiana Legislative Auditor
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by Volunteers of America, Greater Baton Rouge, Inc. (a nonprofit organization) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget - **No findings**

   b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes. - **No findings**

   c) ***Disbursements***, including processing, reviewing, and approving - **No findings**

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation). - **No findings**

e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked. - **No findings**

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process - **No findings**

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases) - **No findings**

h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers - **No findings**

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. - **Not Applicable**

j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. - **Not Applicable**

k) ***Disaster Recovery/Business Continuity,*** including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event. - **No findings**

Collections

2. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

3. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

a) Employees that are responsible for cash collections do not share cash drawers/registers. - **No findings**

b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit. - **No findings**

c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit. - **No findings**

d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation. - **No findings**

4. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft. - **No findings**

5. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

a) Observe that receipts are sequentially pre-numbered. - **No findings**

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. - **No findings**

c) Trace the deposit slip total to the actual deposit per the bank statement. - **No findings**

d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

Finding - It was noted that the payment receipt date is not being documented for collections. For testing purposes, we compared the check date to the deposit date to verify deposits were made within one business day. It was noted fourteen instances in which deposits were not made within one business day of the check date. The deposits that exceeded one business day ranged from five (5) to twenty eight (28) days between the check date and the deposit date.

Management's Response/Corrective Action - To the extent practically possible, Volunteers of America, Greater Baton Rouge, Inc. will endeavor to make every effort to make deposits within one day of collection. Collections on Fridays, late afternoon could cause a delay and barring any weekend or holiday involved. Furthermore, Volunteers of America, Greater Baton Rouge, Inc. will begin documenting the date of receipt on the cash receipts login journal and/or stamping the date received on physical checks that are received.

e) Trace the actual deposit per the bank statement to the general ledger. - **No findings**

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
October 28, 2019