

Volunteers of America, Inc. and Subsidiaries

Consolidated Financial Statements
and Supplementary Information

June 30, 2024 and 2023

Volunteers of America, Inc. and Subsidiaries

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June 30, 2024 and 2023

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Independent Auditors' Report

To the Audit Committee and Board of Directors of
Volunteers of America, Inc. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Volunteers of America, Inc. and Subsidiaries (the Organization), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audit and the reports of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Volunteers of America, Inc. and Subsidiaries as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of VOANS Holding Company, a majority-owned subsidiary, whose statements reflect total assets constituting 15% and 17% of the consolidated total assets at June 30, 2024 and 2023, respectively, and total revenues constituting 2% of the consolidated total revenues for the years ended June 30, 2024 and 2023. We did not audit the financial statements of Gulf Care, Inc., a subsidiary consolidated effective September 28, 2024, whose statements reflect total assets constituting 6% of the consolidated total assets at June 30, 2024, and total revenues constituting 7% of the consolidated total revenues for the year ended June 30, 2024. Those statements were audited by other auditors, whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included for the VOANS Holding Company and Gulf Care, Inc., is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 42-50 is presented for purposes of additional analysis rather than to present the financial position, results of operations, functional expenses, and cash flows of the subsidiaries, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information, based on our audit and the reports of the other auditors, is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

Minneapolis, Minnesota
November 25, 2024

Volunteers of America, Inc. and Subsidiaries

Consolidated Statements of Financial Position

June 30, 2024 and 2023

(In Thousands)

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 91,399	\$ 74,110
Accounts receivable, net of allowance for credit losses	37,587	28,721
Current portion of notes receivable	423	577
Short-term investments	28,358	19,422
Prepaid expenses	5,688	5,085
Other current assets, net of allowance for credit losses	176	400
Assets of discontinued operations	24,770	26,833
	<u>188,401</u>	<u>155,148</u>
Total current assets	<u>188,401</u>	<u>155,148</u>
Property and Equipment, Net of Accumulated Depreciation	<u>253,306</u>	<u>195,936</u>
Other Assets		
Encumbered assets	49,752	34,429
Long-term investments	11,291	12,693
Notes receivable, net of current portion and allowance for credit losses	4,813	5,059
Reimbursable costs	18,426	15,722
Property held for sale	656	656
Right-of-use assets	17,027	15,984
Deferred charges and other assets, net of accumulated amortization	15,158	13,121
Limited and general partnerships' assets	819,957	805,645
	<u>937,080</u>	<u>903,309</u>
Total other assets	<u>937,080</u>	<u>903,309</u>
Total assets	<u>\$ 1,378,787</u>	<u>\$ 1,254,393</u>

See notes to consolidated financial statements

Volunteers of America, Inc. and Subsidiaries

Consolidated Statements of Financial Position

June 30, 2024 and 2023

(In Thousands)

	<u>2024</u>	<u>2023</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 15,922	\$ 14,495
Accrued expenses	23,829	20,384
Lines of credit	7,000	16,112
Current portion of long-term debt	6,374	5,316
Other current liabilities	32,883	22,741
Liabilities of discontinued operations	23,788	28,811
	<u>109,796</u>	<u>107,859</u>
Long-Term Liabilities		
Long-term debt, net of current portion	304,267	241,979
Other long-term liabilities	83,112	47,462
Limited and general partnerships' liabilities	450,695	440,020
	<u>838,074</u>	<u>729,461</u>
Total liabilities	<u>947,870</u>	<u>837,320</u>
Net Assets		
Without donor restrictions:		
Controlled limited and general partnerships	17,240	11,573
Board designated	10,453	10,453
Undesignated	215,582	211,650
	<u>243,275</u>	<u>233,676</u>
Parent	<u>243,275</u>	<u>233,676</u>
Non-controlling interests in limited and general partnerships and other programs	183,900	176,670
	<u>427,175</u>	<u>410,346</u>
Total net assets without donor restrictions	<u>427,175</u>	<u>410,346</u>
Net Assets With Donor Restrictions	3,742	6,727
	<u>430,917</u>	<u>417,073</u>
Total net assets	<u>430,917</u>	<u>417,073</u>
Total liabilities and net assets	<u>\$ 1,378,787</u>	<u>\$ 1,254,393</u>

See notes to consolidated financial statements

Volunteers of America, Inc. and Subsidiaries

Consolidated Statements of Activities
Year Ended June 30, 2024
(In Thousands)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Operating Subtotal	Without Donor Restrictions Limited and General Partnerships		Total
				Eliminations		
Revenues From Operations						
Public support received directly:						
Contributions	\$ 4,589	\$ 2,886	\$ 7,475	\$ -	\$ -	\$ 7,475
Contributions, in-kind	11,765	-	11,765	-	-	11,765
Total public support	16,354	2,886	19,240	-	-	19,240
Government Grants and Contracts	30,757	-	30,757	43,088	-	73,845
Other Revenue						
Program fees	21,092	-	21,092	29,162	(15,617)	34,637
Resident service revenue	238,422	-	238,422	-	-	238,422
Administrative income from local offices	18,119	-	18,119	-	-	18,119
Other operating income	62	-	62	4,650	-	4,712
Total other revenue	277,695	-	277,695	33,812	(15,617)	295,890
Net Assets Released From Restrictions	5,877	(5,877)	-	-	-	-
Total revenues from operations	330,683	(2,991)	327,692	76,900	(15,617)	388,975
Operating Expenses						
Program services:						
Fostering independence	208,797	-	208,797	74,142	(7,629)	275,310
Encouraging positive development	19,397	-	19,397	-	-	19,397
Promoting self sufficiency	42,940	-	42,940	35,948	-	78,888
Total program services	271,134	-	271,134	110,090	(7,629)	373,595
Support Services						
Management and general	69,913	-	69,913	-	(10,290)	59,623
Fundraising	1,966	-	1,966	-	-	1,966
Total support services	71,879	-	71,879	-	(10,290)	61,589
Total operating expenses	343,013	-	343,013	110,090	(17,919)	435,184
Change in net assets from operations	(12,330)	(2,991)	(15,321)	(33,190)	2,302	(46,209)
Nonoperating Items						
Interest and dividend income	5,116	2	5,118	-	-	5,118
Net realized gains on investments	259	1	260	-	-	260
Net unrealized gains on investments	2,417	3	2,420	-	-	2,420
Gain on disposal	2,006	-	2,006	41,636	-	43,642
Related-party contributions	31,214	-	31,214	-	-	31,214
Equity contributions related to limited and general partnerships	-	-	-	2,504	-	2,504
Other nonoperating	149	-	149	-	-	149
Total nonoperating items before deconsolidation of discontinued operations and certain entities	41,161	6	41,167	44,140	-	85,307
Loss on consolidation of certain entities	(34,045)	-	(34,045)	-	-	(34,045)
Gain on discontinued operations including gain on disposal of \$11,622,000	8,791	-	8,791	-	-	8,791
Total non-operating items	15,907	6	15,913	44,140	-	60,053
Change in net assets	3,577	(2,985)	592	10,950	2,302	13,844
Less change in net assets attributable to the noncontrolling interest in limited and general partnerships and other programs	1,948	-	1,948	5,282	-	7,230
Change in net assets attributable to the parent	\$ 1,629	\$ (2,985)	\$ (1,356)	\$ 5,668	\$ 2,302	\$ 6,614

See notes to consolidated financial statements

Volunteers of America, Inc. and Subsidiaries

Consolidated Statements of Activities
Year Ended June 30, 2023
(In Thousands)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Operating Subtotal	Without Donor Restrictions		Total
				Limited and General Partnerships	Eliminations	
Revenues From Operations						
Public support received directly:						
Contributions	\$ 4,160	\$ 6,608	\$ 10,768	\$ -	\$ -	\$ 10,768
Contributions, in-kind	477	-	477	-	-	477
Total public support	4,637	6,608	11,245	-	-	11,245
Government Grants and Contracts	27,642	-	27,642	40,320	-	67,962
Other Revenue						
Program fees	22,806	-	22,806	28,963	(17,191)	34,578
Resident service revenue	192,249	-	192,249	195	-	192,444
Administrative income from local offices	16,002	-	16,002	-	-	16,002
Other operating income	(186)	-	(186)	3,801	-	3,615
Total other revenue	230,871	-	230,871	32,959	(17,191)	246,639
Net Assets Released From Restrictions	8,070	(8,070)	-	-	-	-
Total revenues from operations	271,220	(1,462)	269,758	73,279	(17,191)	325,846
Operating Expenses						
Program services:						
Fostering independence	182,570	-	182,570	69,098	(7,144)	244,524
Encouraging positive development	16,144	-	16,144	-	-	16,144
Promoting self sufficiency	31,652	-	31,652	34,615	-	66,267
Total program services	230,366	-	230,366	103,713	(7,144)	326,935
Support Services						
Management and general	53,630	-	53,630	-	(3,369)	50,261
Fundraising	2,014	-	2,014	-	-	2,014
Total support services	55,644	-	55,644	-	(3,369)	52,275
Total operating expenses	286,010	-	286,010	103,713	(10,513)	379,210
Change in net assets from operations	(14,790)	(1,462)	(16,252)	(30,434)	(6,678)	(53,364)
Nonoperating Items						
Interest and dividend income	3,481	1	3,482	-	-	3,482
Net realized gains on investments	778	2	780	-	-	780
Net unrealized (losses) gains on investments	1,437	3	1,440	-	-	1,440
Gain on disposal	405	-	405	-	-	405
Related-party contributions	10,210	-	10,210	-	-	10,210
Equity contributions related to limited and general partnerships	-	-	-	21,631	-	21,631
Other nonoperating	1,178	-	1,178	-	-	1,178
Total nonoperating items before deconsolidation of certain entities	17,489	6	17,495	21,631	-	39,126
Gain on deconsolidation of certain entities	27,631	-	27,631	-	-	27,631
Loss on discontinued operations	(2,506)	-	(2,506)	-	-	(2,506)
Total non-operating items	42,614	6	42,620	21,631	-	64,251
Change in net assets	27,824	(1,456)	26,368	(8,803)	(6,678)	10,887
Less change in net assets attributable to the noncontrolling interest in limited and general partnerships and other programs	7,100	-	7,100	(2,530)	-	4,570
Change in net assets attributable to the parent	\$ 20,724	\$ (1,456)	\$ 19,268	\$ (6,273)	\$ (6,678)	\$ 6,317

See notes to consolidated financial statements

Volunteers of America, Inc. and Subsidiaries

Consolidated Statements of Changes in Net Assets

Years Ended June 30, 2024 and 2023

(In Thousands)

	Attributable To The Parent			Attributable to the Noncontrolling Interests Net Assets Without Donor Restrictions	Total
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Subtotal		
Balance, June 30, 2022	\$ 225,903	\$ 8,183	\$ 234,086	\$ 172,100	\$ 406,186
Change in net assets	<u>7,773</u>	<u>(1,456)</u>	<u>6,317</u>	<u>4,570</u>	<u>10,887</u>
Balance, June 30, 2023	233,676	6,727	240,403	176,670	417,073
Change in net assets	<u>9,599</u>	<u>(2,985)</u>	<u>6,614</u>	<u>7,230</u>	<u>13,844</u>
Balance, June 30, 2024	<u>\$ 243,275</u>	<u>\$ 3,742</u>	<u>\$ 247,017</u>	<u>\$ 183,900</u>	<u>\$ 430,917</u>

See notes to consolidated financial statements

Volunteers of America, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended June 30, 2024 and 2023

(In Thousands)

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 13,844	\$ 10,887
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Non-controlling interest in limited and general partnerships and other programs	(7,230)	(4,570)
Change in limited and general partnerships	430	(911)
Change in allowance for credit losses	7,021	4,345
Depreciation and amortization	12,865	11,393
Amortization of right-of-use assets	1,714	1,990
Increase in finance lease liabilities	-	2,434
Related-party contributions	(31,214)	(10,210)
(Gain) Loss on:		
Sale of fixed asset	(1,723)	(424)
Joint ventures	466	-
Discontinued operations	(8,791)	2,506
Consolidation (deconsolidation) of certain entities	34,045	(27,631)
Net realized and unrealized investment gains, net	(2,681)	(2,219)
Payments on operating lease liabilities	(565)	(660)
Lease termination - right-of-use asset reduction	140	-
Lease termination - operating lease liability reduction	(140)	-
Amortization of non-refundable entrance deposits	(1,658)	-
Proceeds from property insurance	(1,955)	-
(Increase) decrease in operating assets:		
Accounts receivable	(8,963)	1,345
Prepaid expenses	1,581	792
Other current assets	178	41
Deferred charges and other assets	(674)	(288)
Increase (decrease) in operating liabilities:		
Accounts payable	2,866	(4,239)
Accrued expenses	3,725	2,232
Other liabilities	(6,445)	4,067
Net cash provided by (used in) operating activities	<u>6,836</u>	<u>(9,120)</u>
Cash Flows From Investing Activities		
Purchase of property and equipment, net	(12,720)	(6,701)
Sale of property and equipment	23,962	554
Notes Receivable:		
Advances	(4,724)	(4,448)
Payments	2,482	2,073
Change in unearned revenue, other long-term liabilities and other assets	(4,469)	(7,634)
Proceeds from property insurance	1,955	-
Cash proceeds withdrawn from investments	3,764	5,049
Limited and general partnerships investing inflows (outflows)	2,242	(4,863)
Change in investments including encumbered assets	(5,157)	(1,804)
Net cash provided by (used in) investing activities	<u>7,335</u>	<u>(17,774)</u>

See notes to consolidated financial statements

Volunteers of America, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended June 30, 2024 and 2023

(In Thousands)

	<u>2024</u>	<u>2023</u>
Cash Flows From Financing Activities		
Changes in line of credit	\$ (6,000)	\$ 2,300
Long-term debt and finance lease liability:		
Proceeds	-	164
Payments	(14,573)	(14,074)
Related-party contributions	31,214	10,210
Limited and general partnerships financing inflows (outflows)	921	(1,934)
Cash received upon consolidation of an affiliate	16,747	-
Change in other long-term assets/other long-term liabilities	(7,464)	1,874
	<u>20,845</u>	<u>(1,460)</u>
Net cash provided by (used in) financing activities	20,845	(1,460)
Net change in cash and cash equivalents and restricted cash equivalents	35,016	(28,354)
Cash and Cash Equivalents and Restricted Cash Equivalents, Beginning	<u>98,735</u>	<u>127,089</u>
Cash and Cash Equivalents and Restricted Cash Equivalents, Ending ⁽¹⁾	<u>\$ 133,751</u>	<u>\$ 98,735</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	<u>\$ 35,647</u>	<u>\$ 31,648</u>
Cash paid for income taxes	<u>\$ 51</u>	<u>\$ 456</u>
Non-Cash Investing and Financing Activity:		
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$ 3,911</u>	<u>\$ 13,727</u>
Property and equipment financed through debt or obtained in exchange for new financing lease liabilities	<u>\$ 785</u>	<u>\$ 1,301</u>
⁽¹⁾ Reconciliation of Cash and Cash Equivalents and Restricted Cash Equivalents to Consolidated Statement of Financial Position		
Cash and cash equivalents	\$ 91,399	\$ 74,110
Restricted cash equivalents included in short-term investments	5,965	5,634
Restricted cash equivalents included in encumbered assets (bond trust funds)	36,387	18,991
	<u>\$ 133,751</u>	<u>\$ 98,735</u>
Total cash and cash equivalents and restricted cash equivalents	<u>\$ 133,751</u>	<u>\$ 98,735</u>

See notes to consolidated financial statements

Volunteers of America, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses

Year Ended June 30, 2024

(In Thousands)

	Program Services			Support Services			Consolidated Operating Subtotal	Limited and General Partnerships			Eliminations	Total	
	Fostering Independence	Encouraging Positive Development	Promoting Self Sufficiency	Total Program Services	Management and General	Fundraising		Total Support Services	Fostering Independence	Promoting Self Sufficiency			Total Program Services
Salaries and wages	\$ 81,149	\$ 7,615	\$ 10,988	\$ 99,752	\$ 23,992	\$ 184	\$ 24,176	\$ 123,928	\$ 6,789	\$ 3,092	\$ 9,881	\$ -	\$ 133,809
Employee benefits	15,797	2,202	2,942	20,941	7,527	49	7,576	28,517	1,804	727	2,531	-	31,048
Professional services	14,860	3,561	6,486	24,907	6,182	1,125	7,307	32,214	4,934	1,345	6,279	-	38,493
In-Kind	-	-	11,693	11,693	-	-	-	11,693	-	-	-	-	11,693
Occupancy	7,129	2,965	1,183	11,277	590	-	590	11,867	16,244	9,175	25,419	-	37,286
Specific assistance	48,708	4	3,961	52,673	1	187	188	52,861	-	-	-	-	52,861
Program supplies and expenses	5,911	2,273	1,168	9,352	1,430	2	1,432	10,784	1,640	1,167	2,807	-	13,591
Office supplies and expenses	2,626	606	1,256	4,488	1,005	351	1,356	5,844	520	66	586	-	6,430
Travel, conferences and meetings	2,670	171	2,203	5,044	926	31	957	6,001	271	1	272	-	6,273
Depreciation and amortization	10,085	-	490	10,575	1,756	-	1,756	12,331	20,307	8,829	29,136	-	41,467
Interest	14,911	-	64	14,975	2,215	-	2,215	17,190	18,716	7,823	26,539	(7,629)	36,100
Other	4,951	-	506	5,457	24,289	37	24,326	29,783	2,917	3,723	6,640	(10,290)	26,133
	<u>\$ 208,797</u>	<u>\$ 19,397</u>	<u>\$ 42,940</u>	<u>\$ 271,134</u>	<u>\$ 69,913</u>	<u>\$ 1,966</u>	<u>\$ 71,879</u>	<u>\$ 343,013</u>	<u>\$ 74,142</u>	<u>\$ 35,948</u>	<u>\$ 110,090</u>	<u>\$ (17,919)</u>	<u>\$ 435,184</u>

See notes to consolidated financial statements

Volunteers of America, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

(In Thousands)

	Program Services				Support Services			Consolidated Operating Subtotal	Limited and General Partnerships			Eliminations	Total
	Fostering Independence	Encouraging Positive Development	Promoting Self Sufficiency	Total Program Services	Management and General	Fundraising	Total Support Services		Fostering Independence	Promoting Self Sufficiency	Total Program Services		
Salaries and wages	\$ 73,201	\$ 5,434	\$ 9,030	\$ 87,665	\$ 19,940	\$ 102	\$ 20,042	\$ 107,707	\$ 6,176	\$ 3,545	\$ 9,721	\$ -	\$ 117,428
Employee benefits	12,151	1,626	2,494	16,271	6,202	34	6,236	22,507	1,635	756	2,391	-	24,898
Professional services	13,144	2,578	6,284	22,006	6,169	1,308	7,477	29,483	5,176	1,458	6,634	-	36,117
In-Kind	-	-	462	462	-	-	-	462	-	-	-	-	462
Occupancy	7,150	2,383	1,010	10,543	1,203	-	1,203	11,746	14,458	9,036	23,494	-	35,240
Specific assistance	37,915	3	6,824	44,742	8	41	49	44,791	-	-	-	-	44,791
Program supplies and expenses	6,047	3,167	1,234	10,448	1,691	3	1,694	12,142	2,243	1,002	3,245	-	15,387
Office supplies and expenses	1,850	882	939	3,671	894	440	1,334	5,005	12	12	24	-	5,029
Travel, conferences and meetings	2,593	71	1,914	4,578	1,049	54	1,103	5,681	242	320	562	-	6,243
Depreciation and amortization	9,237	-	721	9,958	1,477	-	1,477	11,435	18,871	8,991	27,862	-	39,297
Interest	13,842	-	122	13,964	2,112	-	2,112	16,076	16,563	6,655	23,218	(7,144)	32,150
Other	5,440	-	618	6,058	12,885	32	12,917	18,975	3,722	2,840	6,562	(3,369)	22,168
	<u>\$ 182,570</u>	<u>\$ 16,144</u>	<u>\$ 31,652</u>	<u>\$ 230,366</u>	<u>\$ 53,630</u>	<u>\$ 2,014</u>	<u>\$ 55,644</u>	<u>\$ 286,010</u>	<u>\$ 69,098</u>	<u>\$ 34,615</u>	<u>\$ 103,713</u>	<u>\$ (10,513)</u>	<u>\$ 379,210</u>

See notes to consolidated financial statements

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Volunteers of America, Inc. (National Organization) is an interdenominational church and a national nonprofit human service organization that demonstrates its faith through acts of compassion, local service programs and opportunities for individual and community involvement. Established in 1896 by Christian social reformers Ballington and Maud Booth, the National Organization provides administrative and management services to 30 locally chartered and unchartered corporations (Local Offices) authorized to operate under the name of Volunteers of America. The Local Offices provide a wide variety of human service programs to help people in need. Volunteers of America is one of the nation's most comprehensive human service charities.

Organization

Volunteers of America National Services (National Services), a subsidiary of the National Organization, owns and operates nursing care facilities for the elderly which provide skilled nursing, convalescent and rehabilitative care; apartments for the elderly which provide a secure, independent living environment and supportive services; and assisted living programs that provide assistance with activities of daily living to elderly residents who can no longer live in an independent environment; and PACE (Program of All-Inclusive Care for the Elderly) programs that provide a full range of care to seniors with chronic care needs while allowing them to remain in their homes for as long as possible. National Services operates facilities and programs in Alaska, California, Colorado, Florida, Kentucky, Massachusetts, Michigan, Minnesota, Nevada, North Carolina, Ohio, Puerto Rico and Texas. Additionally, National Services and its subsidiaries develop and manage subsidized and affordable housing throughout the country.

On January 1, 2024, National Services sold two skilled nursing and assisted living facilities located in Minnesota to an unrelated party. The sales price was \$15,200,000. The Organization recorded a gain on the sale of approximately \$9,719,000 during the year ended June 30, 2024. The results of operations for the facilities have been reclassified to gain (loss) on discontinued operations.

On June 20, 2024, National Services sold three skilled nursing facilities and a behavioral health hospital located in Ohio to an unrelated party. The sales price was \$13,500,000. The Organization recorded a gain on the sale of approximately \$1,903,000 during the year ended June 30, 2024. The results of operations for the facilities have been reclassified to gain (loss) on discontinued operations.

National Services includes the accounts of its wholly-owned subsidiaries: Volunteers of America Care Facilities and Subsidiary; VOA Care Centers, Minnesota and Subsidiary; Volunteers of America National Services Foundation; Volunteers of America Assisted Living Communities; Volunteers of America Home Health Services; Volunteers of America National Services Development Corporation; VOA National Housing Corporation; The Homestead at Boulder City, Inc., an 80% owned subsidiary through April 12, 2024; The Homestead at Coon Rapids, Inc. through January 11, 2024, The Homestead at Montrose, Inc.; Sleepy Eye Area Home Health; Volunteers of America Homestead 2000, Inc.; VOA Rehabilitation Centers, Inc. owned through June 20, 2024; VOA Lee County Health Care Facility, Inc.; VOANS Senior Community Meals, Inc.; VOANS PACE Holding Company and its subsidiaries, Essex St. Commercial, LLC; Edina Senior Living, LLC, an 80% owned subsidiary through December 30, 2022; VOANS Holding Company; VOANS Insurance Company, Inc.; Summit VOANS, LLC; Intrepid VOA, LLC; Coronado VOANS, LLC; VOA PR SPE, LLC; VOANS Puerto Rico Holding Company; Gulf Care, Inc. effective September 28, 2023; and certain real estate general and limited partnerships.

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

On September 28, 2023, National Services agreed to support the operations of a related party, Gulf Care, Inc. dba Gulf Coast Village and Subsidiaries. The Organization previously had control of Gulf Care, Inc. through the assignment of the board of directors, and this financial support created economic interest. Since both criteria of control and economic interest are met, Gulf Care, Inc. has been consolidated in the Organization's consolidated financial statements effective September 28, 2023. As a result of this consolidation, the Organization acquired \$84,542,000 in assets and assumed \$118,587,000 in liabilities as of the date of consolidation and recognized a loss of \$34,045,000 in the consolidated statement of operations and changes in net assets during the year ended June 30, 2024. In addition, the operating activity and cash flows of Gulf Care, Inc. are included in the consolidated financial statements from September 28, 2023 through June 30, 2024. Gulf Care, Inc. provides housing and personal care services to the elderly through the operation of a continuing care retirement community.

Volunteers of America Correctional Services, a subsidiary, includes Volunteers of America Puerto Rico RRC, Inc., its wholly-owned subsidiary of VOA Inc.

Volunteers of America Futures Fund, Inc. (VOA Futures Fund) is a wholly owned subsidiary of VOA Inc.

Effective May 13, 2021, Volunteers of America Southwest California, Inc. (VOACASW) became an unchartered Local Office, at which point Volunteers of America, Inc.'s National Organization and Board of Directors took control of VOACASW. As a result of the change in control, the financial statements of VOACASW are consolidated with the financial statements of the National Organization. VOACASW includes the accounts for Southern California Development Corporation of Volunteers of America, Inc., a wholly owned subsidiary of VOA Inc.

On September 28, 2023, National Services agreed to support the operations of a related party, Gulf Care, Inc. dba Gulf Coast Village and Subsidiaries. The Organization previously had control of Gulf Care, Inc. through the assignment of the board of directors, and this financial support created economic interest. Since both criteria of control and economic interest are met, Gulf Care, Inc. has been consolidated in the Organization's consolidated financial statements effective September 28, 2023. As a result of this consolidation, the Organization acquired \$84,542,000 in assets and assumed \$118,587,000 in liabilities as of the date of consolidation and recognized a loss of \$34,045,000 in the consolidated statement of operations and changes in net assets during the year ended June 30, 2024. In addition, the operating activity and cash flows of Gulf Care, Inc. are included in the consolidated financial statements from September 28, 2023 through June 30, 2024. Gulf Care, Inc. provides housing and personal care services to the elderly through the operation of a continuing care retirement community.

Volunteers of America, Inc., Volunteers of America National Services, VOA Futures Fund, Volunteers of America Southwest California, Inc. and Volunteers of America Correctional Services are referred to collectively as the Organization.

Edina Senior Living, LLC is a limited liability company that operates an assisted living facility for the elderly. Through December 31, 2022, National Services held an 80% membership interest in Edina Senior Living, LLC. Effective December 31, 2022, National Services sold its membership interest to an unrelated party for \$1. The results of Edina Senior Living, LLC's operations for the six months ending December 31, 2022 are included in the consolidated statements of activities.

Effective December 31, 2022, Edina Senior Living, LLC was deconsolidated. As a result of this deconsolidation, the Organization recognized a gain of \$27,631,000 in the consolidated statements of activities and changes in net assets during the year ending June 30, 2023.

Program services provided by the Organization are described as follows:

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Fostering Independence

Through programs designed to provide care where needed while supporting independence to the degree possible, National Services offers services to the elderly and to those with disabilities, mental illness and HIV/AIDS.

Health Care and Elderly Services

National Services promotes the well-being of individuals through health education and screening, home health care, adult day care, transitional senior housing, assisted living facilities, nursing home care and Program of All-Inclusive Care for the Elderly (PACE). Nursing home care provides skilled and intermediate nursing care and secures special care units for people with memory loss and rehabilitation. The PACE program provides a full range of care to seniors with chronic care needs while allowing them to remain in their own homes for as long as possible.

Promoting Self-Sufficiency

Housing

The National Organization works to promote the self-sufficiency of those who have experienced homelessness or other personal crises, including chemical dependency, involvement with the corrections system and unemployment.

Disabled and Elderly Housing

National Services affords individuals and families an opportunity to live in safe, well-maintained, service-enriched rental housing. This program offers residents an array of activities and services that respond to the needs and interests of residents. Elderly housing offers recreational, social and health services. Housing for persons with disabilities have specifically designed services that support the residents' independent functioning.

Single Adults and Families

National Services affords individuals and families an opportunity to live in safe, well-maintained, service-enriched rental housing. This program offers residents an array of activities and services that respond to the needs and interests of residents.

National Services is the sponsor for certain Single Asset Entities (SAEs) and is developing additional affordable housing sites to be organized as SAEs. The SAEs are stand-alone entities and are not consolidated with the Organization.

Community Enhancement

The National Organization provides administrative and management services to the Local Offices from its headquarters office located in Alexandria, Virginia.

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Mission Focus

The National Organization provides management, program expertise and leadership to its Local Offices and ensures that the work of the Organization fulfills the mission of providing programs and services that help abused and neglected children, youth at risk, the elderly, people with disabilities, homeless individuals and families and many others. It facilitates development of an organization-wide plan. It commissions and ordains ministers and fosters the spiritual growth of leadership across the Organization. It articulates the mission of Volunteers of America and updates this message to keep it timely and meaningful. It promotes organizational values that instill pride and unite the Organization.

The National Organization establishes effective partnerships with government, businesses, churches and community organizations and participates in the national dialogue affecting the work of Volunteers of America.

Advocacy and Government Relations

The National Organization advocates on a local, national and international level for those groups served by Volunteers of America, maintains effective federal government relations, and encourages Local Offices to maintain effective state and local government relations. It informs Local Offices of legislative and regulatory proposals affecting their work, analyzes their impact and identifies national public policy initiatives and works towards their fulfillment.

Board Development

The National Organization's and Local Office's boards of directors provide leadership and direction for the Organization as they work with national and local staff. This program establishes a model for board effectiveness, provides training, communicates regularly with local boards, administers charters and works to expand the Organization nationally and internationally.

Communications

The National Organization provides publication, public relations, marketing, graphic, online and other communications support for the Organization. It conveys the mission and messages of Volunteers of America, maintains a national awareness campaign, and develops and ensures proper use of Volunteers of America trademarks. National Organization communications staff also provides professional, technical and operational support to the Local Offices. These communication efforts are designed to build public awareness and enhance the Organization's programs and services for people in need.

Service Development

The National Organization gathers and analyzes national data and trends on the types of services provided and forecasts needs and opportunities for additional services. It participates in the risk for new models of service delivery and launches national initiatives for service delivery.

The National Organization also establishes expectations of the Organization's leadership and a program to develop leadership skills. It invites individuals who share the values of Volunteers of America to volunteer for, commit to and participate in the work of the Organization. It identifies and supports national leadership for the Organization's primary service areas. It provides technical assistance to Local Offices on legal, financial and accounting, human resources, planning and other management areas.

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Financial Development

The National Organization facilitates the Organization's access to capital and raises funds for national and local initiatives. It makes training and supporting materials for financial development available to Local Offices. It creates national relationships with corporate partners. It develops enterprises that generate revenue to fund the work of the Organization. It monitors the financial condition of Local Offices and offers assistance when applicable.

Principles of Consolidation

All significant intercompany balances and transactions have been eliminated in consolidation. Intercompany guarantees that are eliminated in consolidation are not disclosed in the notes to the consolidated financial statements as the related obligations are eliminated on the consolidated statements of financial position.

Intercompany profits eliminated in consolidation related to developer fees earned and paid to National Services were \$7,988,000 and \$10,048,000 for the years ended June 30, 2024 and 2023, respectively. The cumulative amount of intercompany profits eliminated in consolidation related to developer fees earned and paid to National Services was \$78,739,000 and \$70,751,000 at June 30, 2024 and 2023, respectively.

Under generally accepted accounting principles in the United States of America, general partners in limited partnerships that keep substantive participating rights are presumed to control the limited partnerships regardless of the extent of their ownership interest; therefore, the limited partnerships' financial statements are consolidated with those of the general partners with substantive participating rights, regardless of the percentage ownership in the limited partnerships.

There are 158 Housing and Urban Development (HUD) financed properties and general partnership entities at June 30, 2024 and 2023, respectively, that National Services controls or in which it has economic interest, but not both. National Organization also has economic interests in all chartered local offices but does not possess control. Occasionally, the Organization may have control over unchartered local offices but does not have economic interest. Therefore, the Organization is not required to consolidate these HUD properties, general partnership entities or the 30 Local Offices for the fiscal years ended June 30, 2024 and 2023, except for VOACASW, as disclosed above.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are all highly liquid investments with an original 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 encumbered (see Note 3). The carrying amount approximates fair value because of the short maturity of those instruments.

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Investments

Investments consist of: (a) cash and cash equivalents; (b) certificates of deposits and (c) deposits that have been pooled with those of other affiliates of the Organization (pooled investments). The pooled investments are maintained in accounts consisting primarily of marketable securities (Note 4). The pooled investments are recorded at fair value based on quoted market prices of the underlying securities. Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value. The fair value of investments is based on the underlying value of the securities and will fluctuate based on overall changes in market conditions. Investment income or loss (including realized gains and losses on investments, interest and dividends) and change in unrealized gains and losses on investments are excluded from the change in net assets from operations.

Although the Organization's investments are invested in a variety of financial instruments managed by investment advisors, the fair values reported in the consolidated financial statements are subject to various market risks including changes in the equity markets, the interest rate environment and economic conditions. Due to the level of risk associated with investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the fair value of investments reported in the accompanying consolidated statements of financial position could change materially in the near term.

Fair Value Measurements

The Organization's financial instruments are measured at estimated fair value using inputs from among the three levels of the fair value hierarchy as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities, which prices are available at the measurement date.

Level 2 - Includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Level 3 - Unobservable inputs that reflect management's estimates about the assumptions that market participants would use in pricing the asset or liability. These inputs are developed based on the best information available, including internally-developed data.

Notes and Accounts Receivable

Notes and accounts receivable consist of third-party payors and patient receivables, housing, and other receivables and are stated at the amount management expects to collect from outstanding balances. Third-party payors and patient receivables and housing and other receivables are presented net of an allowance for credit losses (ACL). The allowance for credit losses replaces the prior years' allowance for uncollectible accounts. The ACL is based on management's assessment of the circumstances impacting credit risk, typically triggered by an account aging beyond 90 days. Each account is reviewed individually to determine the likelihood of collection. If applicable, an allowance is recorded with subsequent charge-off after collection efforts have been exhausted. At June 30, 2024 and 2023, the ACL related to third-party payors and patient receivables was \$2,759,000 and \$1,304,000, and the ACL related to housing and other receivables was \$4,458,000 and \$1,927,000, respectively. At June 30, 2024 and 2023, the ACL related to notes receivable was \$23,638,000 and \$19,304,000, respectively.

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Notes receivable, net of current portion, generally bear no interest and result from activity with managed apartment complexes, and affiliates, from development activity with affiliates and from some loans to Local Offices for operations (see Notes 6 and 16).

Property and Equipment and Depreciation Method

Land, buildings and equipment are recorded at cost. Donations of property and equipment are recorded at their fair value at the date of gift.

Depreciation and amortization are computed on the straight-line method based generally upon the following estimated useful lives:

Land and improvements	10 years
Building	30-40 years
Building improvements	10-40 years
Furniture and equipment	3-10 years
Transportation vehicles	3-5 years

Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized.

Amortization of assets acquired under finance leases is included in accumulated depreciation.

Impairment of Property and Equipment

Property and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. There was no impairment loss recognized during the years ended June 30, 2024 and 2023.

Leases

The Organization has entered into various building and equipment leases. The operating leases are included in right-of-use assets and other liabilities on the consolidated statements of financial position.

Right-of-use assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position and are recognized as lease expense on a straight-line basis over the lease term. The leases recorded on the consolidated balance sheet do not provide an implicit lease rate, therefore, the Organization has utilized an incremental borrowing rate as the basis to calculate the present value of future lease payments at lease commencement. The incremental borrowing rate represents the rate that would have to be paid to borrow funds on a collateralized basis over a similar term and in a similar economic environment.

The Organization has elected to include the assets relating to financing leases within property and equipment on the consolidated balance sheet. The Organization classifies leases as financing leases when the lease transfers ownership of the underlying asset to the Organization at the end of the lease term or the lease grants the Organization the option to purchase the underlying asset that the Organization is reasonably certain to exercise.

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Encumbered Assets

Encumbered assets represent the total of all assets that are encumbered by donor restrictions, legal agreements, and board designation and are otherwise unavailable for the general use of the Organization. This category includes donor restricted assets, board designated assets, bond trust funds, equity investments, and escrow deposits required by funding sources in the development of low-income housing (see Note 3).

Reimbursable Costs

Reimbursable costs are funds advanced for the construction of various low-income housing projects sponsored by National Services that will be managed by an affiliate of the Organization. These projects are developed using low-income housing tax credits (LIHTC) and tax-exempt bond financing. Prior to receiving funding, the sponsor advances funds for options and other due diligence costs related to the acquisition and development of these projects. The majority of these advances are reimbursed within 18 to 24 months of being incurred upon satisfactory completion of the due diligence process. Thereafter, additional advances may be necessary to provide cash flow between the time a cost has been incurred and approved for reimbursement, and the receipt of the reimbursement.

Limited and General Partnerships

National Services usually creates a limited partnership for tax credit properties where it is the general partner or wholly owns the general partner, and receives tax credits, which it in turn sells to an investor or to a limited partner. Overall, National Services' ownership percentage of the limited partnerships is generally less than 1%. These housing projects serve family and single adults, the elderly and disabled, or individuals with HIV/AIDS.

Assets and liabilities of the limited partnerships consist principally of buildings, construction-in-progress, and long-term debt (see further detail in Note 13). Noncontrolled interests in the limited partnerships of \$183,615,000 and \$178,332,000 at June 30, 2024 and 2023, respectively, represent the ownership by the limited partners and not that of the general partners that is required under generally accepted accounting principles in the United States of America to be included in the consolidated financial statements.

During the year ending June 30, 2024, five limited partnerships were sold for a collective purchase price of \$73,500,000 and a net gain on sale of \$41,636,000.

Net Assets

Net assets are classified into two categories: net assets without donor restrictions and net assets with donor restrictions. All net assets are considered to be without donor restrictions unless specifically restricted by the donor or by law. Net assets with donor restrictions include contributions with temporary, donor-imposed time or purpose restrictions. Net assets with donor restrictions become net assets without donor restrictions and are reported in the consolidated statements of activities as net assets released from restrictions, when the time restrictions expire, or the contributions are used for their restricted purpose. Net assets with donor restrictions also include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity but permitting unrestricted use of all or part of the investment income earned on the corpus.

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Revenues From Operations

Operations are defined as all program and supporting service activities undertaken. Revenues that result from these activities and their related expenses are reported as operations. Gains, losses and other revenue that result from ancillary activities, such as investing liquid assets, disposing of other assets, related party contributions and equity contributions related to limited and general partnerships are reported as nonoperating.

Public Support

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 net present value of the amounts expected to be collected. Conditional promises to give - that is, those with a measurable performance or other barrier and a right-of-return - are not included as support until such time as the conditions are substantially met. Contributions are recorded within net assets without donor restrictions unless specifically restricted by the donor or by law. As of June 30, 2024 and 2023, the Organization has received approximately \$3,386,000 and \$2,640,000, respectively, of conditional promises to give, which is recorded within other current liabilities.

The Organization recognizes contribution revenue for certain goods and services received at the fair value of those gifts.

Government Grants and Contracts

VOAPR has a multi-year agreement with the Federal Bureau of Prisons for residential reentry program services for the previously incarcerated. The contracts specified daily billable rates for each category of service. Performance obligations are determined based on the nature of services provided. Payments for the services have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided.

Other Operating Revenue

Resident services revenue consists of skilled nursing, assisted living, independent living, and ancillary services which are reported at the estimated net realizable amounts from residents, third-party payers, and others for services rendered. National services have determined that the services included in the monthly or daily fees have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided.

Administrative income from Local Office represents the fees earned by the National Organization providing administrative and management services to 30 locally chartered and unchartered corporations (Local Offices) authorized to operate under the name of Volunteers of America. The fee is based on a percentage of net revenue reported by locally chartered and unchartered offices to the National Organization and billed on a monthly basis. The Organization has determined that the services included in the monthly affiliate fee have the same timing pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied during the month the services are billed and provided.

Operating revenues includes amounts received from federal and state funding sources related to the COVID-19 pandemic. The Organization accounts for this funding in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605 guidance for conditional contributions and accordingly, revenues are measured and recognized when barriers are substantially met, which occurs when the Organization complies with the terms and conditions related to the purpose of the grant rather than those that are administrative in nature.

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law to combat the financial effects of COVID-19. The CARES Act created a Provider Relief Fund to provide financial support for hospitals and other healthcare providers. The Organization received approximately \$1,538,000 in 2023, related to this and other state funding sources. In accordance with the terms and conditions, the Organization could apply the funding against lost revenues and eligible expenses. The Organization estimated lost revenues by comparing to fiscal year 2019 actual revenues.

Management believes that the Organization complied with all terms and conditions of the PRF. However, the Department of Health and Human Services has indicated that PRF payments are subject to future reporting and audit requirements. Further, noncompliance with the terms and conditions of the PRF, which can be subject to future government review and interpretation, could result in repayment of some or all of the support received. An estimate of the possible effects cannot be made as of the date these financial statements were issued and, it is unknown whether there will be further developments in regulatory guidance.

The Organization has incurred lost revenues and eligible expenses in accordance with the current terms and conditions of the Provider Relief Fund as of June 30, 2023 of approximately \$1,538,000.

Other revenue also includes fees earned through the management and development of affordable housing and rental income for the limited and partnership interests. There were none of these fees received or recognized in 2024.

Developer Fee Revenue

National Services recognizes developer fee revenue when the earnings process is complete and specific benchmarks have been reached. Developer fee revenue is included as part of other operating income within other revenues in the consolidated statements of activities.

Cumulative costs associated with earning this revenue are capitalized until the revenue can be matched with the associated net expenses. This resulted in capitalizing approximately \$197,000 and \$1,710,000 of developer fees as reimbursable costs for the fiscal years ended June 30, 2024 and 2023, respectively. The reimbursable costs are expected to be matched with future developer fee revenues.

Allocation of Functional Expenses

Program and support service expenses are specifically identified with or allocated to the various functions. Expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage and time and effort.

Income Taxes

Under provisions of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the applicable states, the Organization is a public charity, other than VOANS Insurance Company, Inc. and Edina Senior Living, LLC, and is exempt from income taxes. VOANS Insurance Company, Inc. and Edina Senior Living, LLC are taxed as corporations. The Organization has evaluated its tax positions for uncertainty and has no unrecognized tax matters that are required to be disclosed. The Organization recognized income tax expense of \$214,000 and \$158,000 and there were cash payments for income taxes of \$51,000 and \$456,000 in 2024 and 2023, respectively.

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents, investments, encumbered assets, notes receivable and accounts receivable.

The Organization places its cash and cash equivalents, investments and encumbered assets with high credit quality financial institutions. At times, such amounts may be in excess of the Federal Deposit Insurance Company (FDIC) insurance limits. The Organization has not experienced any loss associated with this practice.

With respect to third-party payor and patient receivables included in accounts receivable, the Organization grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements.

Goodwill

Goodwill represents the excess of the purchase price and related costs over the fair value of net tangible and identifiable intangible assets acquired and is included in other assets on the consolidated balance sheets. The Organization has elected the accounting alternative to amortize goodwill, using a ten year life. Goodwill is tested for impairment when a triggering event occurs or other circumstances indicate the fair value of the Organization may be below the carrying value. The Organization has elected the accounting alternative to assess impairment at the entity level rather than the reporting unit level.

Subsequent Events

Management has evaluated for subsequent events through November 25, 2024, the date the consolidated financial statements were issued.

Reclassifications

Certain reclassifications have been made to the 2023 consolidated financial statements to conform to the 2024 presentation.

2. Operating Revenues

Operating revenues consist of the following for the years ended June 30, 2024 and 2023. The Organization disaggregates revenue from contracts with customers by type of service as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors:

	2024					
	VOA, Inc.	VOA FF	VOA Corr.	VOA CASW	VOANS	Total
	(In Thousands)					
Public support	\$ 16,428	\$ 367	\$ 178	\$ 139	\$ 2,128	\$ 19,240
Resident service revenue	-	-	-	-	238,422	238,422
Program fees	1,428	-	-	2,270	30,939	34,637
Program fees-affiliate fees	18,119	-	-	-	-	18,119
Government grants and contracts	-	-	5,265	25,492	43,088	73,845
Other operating income	30	-	32	-	4,650	4,712
Total	<u>\$ 36,005</u>	<u>\$ 367</u>	<u>\$ 5,475</u>	<u>\$ 27,901</u>	<u>\$ 319,227</u>	<u>\$ 388,975</u>

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

	2023					
	VOA, Inc.	VOA FF	VOA Corr.	VOA CASW	VOANS	Total
	(In Thousands)					
Public support	\$ 9,323	\$ 168	\$ 23	\$ 120	\$ 1,611	\$ 11,245
Resident service revenue	-	-	-	-	192,444	192,444
Program fees	1,593	-	-	2,325	30,660	34,578
Program fees-affiliate fees	16,002	-	-	-	-	16,002
Government grants and contracts	-	-	5,011	20,898	42,053	67,962
Other operating (expense) income	(226)	-	40	-	3,801	3,615
Total	<u>\$ 26,692</u>	<u>\$ 168</u>	<u>\$ 5,074</u>	<u>\$ 23,343</u>	<u>\$ 270,569</u>	<u>\$ 325,846</u>

Payment terms and conditions for the National Services resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Operating revenues for recurring and routine monthly services are generally billed each month as services are rendered. Operating revenues for ancillary services are generally billed monthly in arrears. Revenues collected from residents in advance are recognized as unearned revenue until the performance obligations are satisfied and are included in unearned revenues in the accompanying consolidated statements of financial position. National Services applies the practical expedient in ASC 606, and therefore does not disclose amounts for remaining performance obligations that have original expected durations of one year or less.

3. Encumbered Assets

At June 30, 2024 and 2023, encumbered assets included assets restricted either externally, by donor restriction or legal agreement, or restricted internally, by board designation.

Bond trust funds consist of assets held by trustees under various indenture agreements. Amounts held in bond trust funds in excess of amounts required under the indenture agreements are classified as short-term investments. These investments consisting of short-term treasury funds and certificates of deposit and are recorded at cost, which approximates fair value.

	VOA, Inc.	VOANS	2024	2023
	(In Thousands)			
Cash and cash equivalents	\$ 2,026	\$ -	\$ 2,026	\$ 4,164
Investments (see Note 4)	11,339	-	11,339	11,274
Bond trust funds	-	36,387	36,387	18,991
Encumbered assets	<u>\$ 13,365</u>	<u>\$ 36,387</u>	<u>\$ 49,752</u>	<u>\$ 34,429</u>

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
June 30, 2024 and 2023

4. Investments

At June 30, 2024 and 2023, investments were as follows:

	<u>VOA, Inc.</u>	<u>VOANS</u>	<u>2024</u>	<u>2023</u>
	(In Thousands)			
Unencumbered and encumbered investments:				
Cash and cash equivalents	\$ 2,372	\$ 172	\$ 2,544	\$ 3,159
Certificates of deposit	-	19,076	19,076	12,115
Fixed income	3,047	1,029	4,076	5,560
Equities	17,211	8,081	25,292	22,555
Total	<u>\$ 22,630</u>	<u>\$ 28,358</u>	<u>\$ 50,988</u>	<u>\$ 43,389</u>
Investments included in encumbered assets (see Note 3)				
Short-term investments	\$ 11,339	\$ -	\$ 11,339	\$ 11,274
Long-term investments	-	28,358	28,358	19,422
	11,291	-	11,291	12,693
Total	<u>\$ 22,630</u>	<u>\$ 28,358</u>	<u>\$ 50,988</u>	<u>\$ 43,389</u>

National Organization sponsors the National Organization Pooled Investment program open to eligible Local Offices and subsidiaries. The combined fair value of the program's assets is approximately \$61,519,000 and \$60,058,000 at June 30, 2024 and 2023, respectively. There were 17 total active participants at June 30, 2024 which include the National Organization, 13 Local Offices, National Services, and two subsidiaries of National Services in the program. Local Offices, National Services, and subsidiaries account for 68% of the total portfolio in the program at June 30, 2024. Each participant has ownership of its allocated assets and recognizes its allocated earnings. The National Organization records the portion of other participants' investment, \$41,923,000 and \$38,936,000 at June 30, 2024 and 2023, respectively, as assets and equal offsetting liabilities, netted within the investment line on the consolidated statements of financial position.

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
June 30, 2024 and 2023

5. Liquidity and Availability of Resources

The following table reflects the Organization's financial assets available for general expenditure within one year at June 30, 2024 and 2023. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Unavailable financial assets consist of assets whose use is limited by loan and other agreements.

	<u>2024</u>	<u>2023</u>
	(In Thousands)	
Financial assets:		
Cash and cash equivalents	\$ 91,399	\$ 74,110
Short-term investments (uncollateralized)	21,358	12,422
Appropriation from board designated endowment for subsequent year	456	521
Receivables and other current assets	38,010	29,121
Cash and cash equivalents included in limited and general partnership's assets	14,171	7,866
Tenant receivables included in limited and general partnership's assets	2,981	4,206
	<u>166,215</u>	<u>128,246</u>
Total	\$ 166,215	\$ 128,246

The Organization's limited and general partnerships are required to maintain a reserve for replacement account and also deposit any residual revenue, as defined, into a residual receipts account. The use of the funds in these accounts is subject to approval by HUD and is generally limited to capital expenditures and service coordinator expenses. The Organization's limited and general partnerships also had escrow deposits held in a separate account in accordance with its loan agreements. These deposits are limited as to its use to the payment of real estate taxes and property and mortgage insurance. Included in the table above are the total balance of such funds which was \$59,204,000 at June 30, 2024 and \$60,343,000 at June 30, 2023.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization invests cash in excess of daily requirements in short-term investments. To assist management with satisfying any unanticipated liquidity needs, the Organization has lines of credit that can be drawn upon (Note 10).

The National Organization maintains a board designated endowment fund of \$10,453,000 with cumulative earnings thereon of \$1,704,000 and \$3,427,000 as of June 30, 2024 and 2023, respectively (Note 15), which is not included in the table above. It has a policy of appropriating endowment assets available for expenditure each year no greater than 4% of the market value of the funds at the end of the preceding fiscal year. Subject to the approval of the Organization's Board of Directors, the board designated endowment funds may be drawn upon for strategic program initiatives requiring initial working capital, or in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities (see Note 15).

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
June 30, 2024 and 2023

6. Notes Receivable

Notes receivable consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
	(In Thousands)	
Notes receivable	\$ 28,641	\$ 24,789
Accrued interest, note receivable	233	151
Less current portion	<u>(423)</u>	<u>(577)</u>
	28,451	24,363
Less allowance for credit losses	<u>(23,638)</u>	<u>(19,304)</u>
Notes receivable, long-term	<u>\$ 4,813</u>	<u>\$ 5,059</u>

Activity in the allowance for credit losses related to notes receivable was as follows:

	<u>2024</u>	<u>2023</u>
	(In Thousands)	
Balance at beginning of year	\$ 19,304	\$ 15,634
Consolidation of certain entities	1,510	-
Provision for losses	4,933	4,205
Charge-off	(2,017)	(1)
Recoveries	<u>(92)</u>	<u>(534)</u>
Notes receivable, long-term	<u>\$ 23,638</u>	<u>\$ 19,304</u>

7. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
	(In Thousands)	
Land and improvements	\$ 22,526	\$ 19,418
Buildings and improvements	330,111	237,469
Furniture and equipment	<u>47,113</u>	<u>38,108</u>
	399,750	294,995
Less accumulated depreciation	<u>(146,444)</u>	<u>(99,059)</u>
	<u>\$ 253,306</u>	<u>\$ 195,936</u>

Depreciation expense for the years ended June 30, 2024 and 2023, was \$12,331,000 and \$10,911,000, respectively.

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

8. Fair Value Measurements

The Organization has categorized its financial instruments based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. This fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), observable market-based inputs or unobservable inputs that are corroborated by market data (Level 2) and the lowest priority to unobservable inputs (Level 3).

Financial assets that are carried at estimated fair value are categorized based on the inputs to the valuation technique as follows for the years ended June 30, 2024 and 2023. There were no financial instruments valued using Level 3 inputs at June 30, 2024 and 2023.

	2024		
	Total	(In Thousands) Level 1	Level 2
Financial assets category:			
Fixed income	\$ 4,076	\$ -	\$ 4,076
Equities:			
Common stock	13,040	13,040	-
Mutual funds	3,787	3,787	-
Total financial assets at fair value	20,903	\$ 16,677	\$ 4,076
Investments measured at net assets value ^(a)	8,465		
Financial assets at cost:			
Cash and cash equivalents	4,571		
Certificates of deposit	19,076		
Bond trust funds	36,387		
Total short-term and long-term investments and encumbered assets	\$ 89,402		

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

	2023		
	Total	(In Thousands)	
		Level 1	Level 2
Financial assets category:			
Fixed income	\$ 5,560	\$ -	\$ 5,560
Equities:			
Common stock	11,440	11,440	-
Mutual funds	2,030	2,030	-
	<u>19,030</u>	<u>\$ 13,470</u>	<u>\$ 5,560</u>
Total financial assets at fair value			
	9,084		
Investments measured at net assets value ^(a)			
Financial assets at cost:			
Cash and cash equivalents	7,324		
Certificates of deposit	12,115		
Bond trust funds	18,991		
	<u>66,544</u>		
Total short-term and long-term investments and encumbered assets	<u>\$ 66,544</u>		

^(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position. These investments are primarily comprised of privately traded mutual funds; there are no unfunded commitments or redemption restrictions on these investments.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2024 and 2023.

Mutual funds and common stock are valued at fair value based on quoted market prices for identical securities in active markets that the Organization has the ability to access at the measurement date. Fixed income securities are valued at fair value based on quoted prices for similar assets in active markets and inputs other than quoted prices that are observable for the asset (i.e., interest rates, yield curves, etc.).

9. Deferred Compensation Plan

The National Organization maintains an executive deferred compensation plan. The plan is open to qualified employees and is based on amounts designated by the plan administrator. The assets are maintained within a trust and are held for eventual payment of the liability. The trust is recorded in deferred charges and other assets and in other long-term liabilities in the amount of \$5,157,000 and \$4,666,000 as of June 30, 2024 and 2023, respectively, at its fair value.

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

10. Lines of Credit

The National Organization entered into a Revolving Credit Agreement for working capital in the amount of \$10,000,000. The agreement expired February 28, 2024 and was not renewed but had extensions through June 30, 2024, at which time the unpaid principal balance was paid in full. The unpaid principal balance bears interest at an annual rate equal to 2.1% plus the Secured Overnight Financing Rate (SOFR). The interest rate was 7.26% at June 30, 2023. No collateral is required. As of June 30, 2024, and 2023, the outstanding balance on the Revolving Credit Agreement was \$0 and \$5,000,000, respectively.

The National Organization also has a line of credit with their investment institution secured by their investments in the National Pooled Investment program, where they can borrow up to 50% against their investment value. Other participants in the National Pooled Investment program also have access to this line of credit. At June 30, 2024 and 2023, \$11,539,000 and \$11,112,000, respectively, was outstanding from National Pooled Investment participants collectively, where the balance is collateralized by their investments. The unpaid principal balance bears interest at an annual rate equal to (i) the "Prime-Based Rate," defined as the greater of (A) 1.070% (the Prime Rate Note Floor) or (B) the Prime Rate minus 1.120%; or (ii) the "Daily Simple SOFR-Based Rate," defined as the greater of: (A) 1.070% (the Daily Simple SOFR Rate Note Floor) or (B) Daily Simple SOFR plus 1.070%. The interest rate was 6.40% and 6.12% at June 30, 2024 and 2023, respectively. The line is secured by the pooled investment funds. At June 30, 2024 and 2023, the National Services had an outstanding balance of \$7,000,000. At June 30, 2024 and 2023, the National Organization had an outstanding balance of \$4,112,000 borrowed on behalf of VOACASW.

11. Long-Term Debt

Long-term debt consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
	(In Thousands)	
Real estate notes and mortgages, 0% to 9%, due in varying amounts through 2047	\$ 53,526	\$ 57,671
Revenue bonds, 3.25% to 7.50%, due in varying amounts through 2053	264,271	195,749
	317,797	253,420
Less unamortized discount	2,016	1,703
Less unamortized deferred financing cost	5,140	4,422
	310,641	247,295
Less current portion	6,374	5,316
Total long-term debt	<u>\$ 304,267</u>	<u>\$ 241,979</u>

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Future annual maturities of long-term debt, for the year ended June 30, are as follows:

	<u>Amount</u> <u>(In Thousands)</u>
2025	\$ 6,374
2026	9,148
2027	24,984
2028	6,929
2029	9,595
Thereafter	<u>260,767</u>
Total	<u>\$ 317,797</u>

At June 30, 2024 and 2023, substantially all of the property and equipment is pledged as collateral for the long-term debt. The term of these certain types of long-term debt agreements include various covenants including financial and other nonfinancial matters with which the Organization must comply.

12. Leases

National Services leases certain buildings and equipment under noncancelable operating leases expiring through October 2034, and noncancelable finance leases expiring through May 2029. The weighted-average remaining lease term as of June 30, 2024 is 3.6 years for the finance leases and 10.7 years for the operating leases. The weighted-average discount rate used for the year ending June 30, 2024 is 9.1% for the finance leases and 3.9% for the operating leases.

VOACASW leases program and administrative facilities under operating leases that expire over 1 to 11 years. The weighted-average remaining lease term as of June 30, 2024 is 6.2 years; the weighted-average discount rate used for the year ending June 30, 2024 is 3%.

VOA Puerto Rico, RRC leases its land under noncancelable operating leases expiring on July 1, 2023 and leases its building under noncancelable finance leases expiring on July 1, 2023. The lease term shall be month-to-month after expiration. The discount rate used for the year ending June 30, 2023 is 28.7% for the finance leases and 4.3% for the operating leases. The building was recorded at fair value on the lease commencement date.

The cost of the assets recorded under finance lease agreements and related accumulated amortization is as follows at June 30:

	<u>2024</u>	<u>2023</u>
	<u>(In Thousands)</u>	
Assets recorded under finance lease agreements	\$ 2,116	\$ 2,127
Less accumulated amortization (included in accumulated depreciation, Note 7)	<u>577</u>	<u>1,212</u>
	<u>\$ 1,539</u>	<u>\$ 915</u>

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

The lease cost and other required information for the year ended June 30, 2024 are:

	2024
	(In Thousands)
Finance lease cost:	
Amortization of right-of-use asset	\$ 283
Interest on lease liabilities	81
Operating lease cost	2,860
Short-term lease cost	7,076
	<hr/>
Total lease cost	<u>\$ 10,300</u>

Future minimum lease payments are as follows:

	Finance	Operating
	(In Thousands)	
Years ending June 30:		
2025	\$ 472	\$ 2,548
2026	432	2,419
2027	345	2,429
2028	195	2,426
2029	90	2,141
Thereafter	-	9,684
	<hr/>	<hr/>
Total lease payments	1,534	21,647
Less interest	<u>(235)</u>	<u>(3,223)</u>
Lease liabilities	1,299	18,424
Less current portion	<u>(368)</u>	<u>(1,958)</u>
Long-term portion of lease liabilities	<u>\$ 931</u>	<u>\$ 16,466</u>

Lease liabilities are presented in other current liabilities and other long-term liabilities on the consolidated statement of financial position.

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

13. Limited and General Partnerships

The Organization has elected to present the assets and liabilities of the real estate limited and general partnerships on a nonclassified basis in the consolidated statements of financial position, in accordance with industry practice for real estate companies. The assets and liabilities are composed of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
	<u>(In Thousands)</u>	
Cash and cash equivalents	\$ 14,171	\$ 7,866
Account receivable, net	2,981	4,206
Prepaid expenses	9,970	7,673
	<u>27,122</u>	<u>19,745</u>
Total current assets	27,122	19,745
Property and equipment, net	771,172	792,126
Encumbered assets	59,204	60,343
Other long-term assets	58,128	29,278
	<u>915,626</u>	<u>901,492</u>
Total assets before eliminations	915,626	901,492
Eliminations	<u>(95,669)</u>	<u>(95,847)</u>
Total limited and general partnerships' assets	<u>\$ 819,957</u>	<u>\$ 805,645</u>
Accounts payable	\$ 19,677	\$ 24,812
Accrued expenses	76,038	71,300
Other current liabilities	3,991	6,949
	<u>99,706</u>	<u>103,061</u>
Total current liabilities	99,706	103,061
Long-term debt, net of current portion	589,103	583,448
Other long-term liabilities	25,961	25,078
	<u>714,770</u>	<u>711,587</u>
Total liabilities before eliminations	714,770	711,587
Eliminations	<u>(264,075)</u>	<u>(271,567)</u>
Total limited and general partnerships' liabilities	<u>\$ 450,695</u>	<u>\$ 440,020</u>

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
June 30, 2024 and 2023

14. Retirement Plans

Defined Benefit Plans

The National Organization participates with its Local Offices and National Services in a noncontributory defined benefit pension and retirement plan, called The Volunteers of America National Pension Plan. The plan's employer identification number is 13-1692595 and the plan year end is December 31. This plan is a multi-employer plan and thus the National Organization is not required to record the unfunded pension liability in its financial statements. The plan's disclosure information regarding the projected benefit obligation and unfunded status as they relate solely to the National Organization is not available, which is typical for multi-employer plans. Because this plan is a church plan and not subject to the Employment Retirement Security Act of 1974 (ERISA), the National Organization is not required to file a Form 5500. This unfunded liability is collectively the liability of all participating employers. If there were any cash shortfalls in the plan, the plan would look towards the participating employers to help fund these amounts. As the participating employers of this plan are affiliated with the National Organization, it is not anticipated that any employer will choose to stop participating.

The following table presents certain actuarial valuation information with respect to the plan for the plan year beginning on January 1:

	<u>2024</u>	<u>2023</u>
	(In Thousands)	
Market value of plan assets	\$ 88,517	\$ 76,321
Present value of accumulated plan benefits	<u>88,339</u>	<u>85,958</u>
Funded plan benefits	<u>\$ 178</u>	<u>\$ (9,637)</u>

The financial health of the multi-employer pension plan is indicated by the zone status, as defined by the Pension Protection Act of 2006, which represents the funded status of the plan as certified by the plan's actuary. Plans in the red zone are less than 65% funded, the yellow zone are between 65% and 80% funded, and the green zone are at least 80% funded.

The following table presents certain financial information for the plan as June 30:

	<u>2024</u>	<u>2023</u>
	(In Thousands)	
Funded status	65% or more	65% or more
Employer's contribution to the plan	\$ 1,847	\$ 1,696
Total contributions received by the plan	\$ 4,618	\$ 3,975
Employer's contribution >5% of total contributions to the plan	Yes	Yes
Total fair value of plan assets at year end	\$ 94,510	\$ 84,599
Projected benefit obligation	\$ 111,497	\$ 109,264

Because the Plan is not subject to ERISA, a funding improvement plan based on the projected benefit obligation is not required; however, the Organization has voluntarily implemented a contribution assessment.

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June 30, 2024 and 2023

VOA National Housing Corporation has a separate defined benefit plan which is a single employer plan and recognizes the funded status of the defined benefit pension plan as a net asset or liability and recognizes changes in the funded status in the year in which the change occurs through a separate line item within the change in unrestricted net assets, apart from expenses, to the extent those changes are not included in the net periodic pension costs. For the years ended June 30, 2024 and 2023, the funded status reported on the consolidated statements of financial position is included in other long-term liabilities and was measured as the difference between the fair value of plan assets and the benefit obligation.

The following table presents certain information with respect to the plan for nonminister employees at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
	<u>(In Thousands)</u>	
Plan assets, at fair value	\$ 9,271	\$ 7,988
Projected benefit obligation	<u>7,742</u>	<u>7,783</u>
Funded (unfunded) status	<u>\$ 1,529</u>	<u>\$ 205</u>
Net periodic benefit cost	\$ -	\$ 151
Employer contributions	510	553
Benefits paid	397	427
Weighted average assumptions used to determine benefit obligation at June 30:		
Discount rate	5.50%	5.30%
Rate of compensation increase	4.00%	Graded
Weighted average assumptions used to determine net periodic benefit cost for the year ended June 30:		
Discount rate	5.30%	4.80%
Expected return on plan assets	7.25%	7.25%
Rate of compensation increase	4.00%	Graded

The expected long-term rate of return for the plan's total assets is based on both VOA National Housing Corporation's historical rate of return and the expected rate of return on VOA National Housing Corporation's asset classes, weighted based on target allocations for each class.

The net gain related to the unrecognized component of net periodic pension cost recognized in the years ended June 30, 2024 and 2023 was approximately \$811,000 and \$1,073,000, respectively, and is included in other nonoperating income on the consolidated statement of activities.

The accumulated benefit obligation was \$7,590,000 and \$7,633,000 at June 30, 2024 and 2023, respectively.

VOA National Housing Corporation uses the Pri-2012 Mortality Tables projected forward with scale MP-2021 for males and females.

The expected rates of return on pension plan assets are based on the historical rate of return of the plan, industry trends, and current market trends. The decisions have traditionally been conservative in nature.

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
June 30, 2024 and 2023

VOA National Housing Corporation employs a global allocation model by investing in two mutual funds. The funds are allowed to move between various asset classes predicated on the fund manager's assessment of over/under valued markets or sectors. Therefore, there are no set target allocation percentages or ranges for the classes of plan assets. This investment strategy is reviewed quarterly by National Services.

The fair values of VOA National Housing Corporation's postretirement plan assets at June 30, 2024 and 2023, by asset category (Note 8), are as follows

	<u>2024</u> <u>Level 1</u>	<u>2023</u> <u>Level 1</u>
	(In Thousands)	
Global asset allocation mutual funds	\$ 9,271	\$ 7,988

The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid as follows:

	<u>Amount</u> <u>(In Thousands)</u>
Years ending June 30:	
2025	\$ 449
2026	463
2027	476
2028	493
2029	509
2030-2034	<u>2,837</u>
Total	<u>\$ 5,227</u>

Defined Contribution Plans

The Organization participates in defined contribution retirement plans. The plans cover all employees who have met certain employment requirements. The Organization authorized contributions of \$1,017,000 and \$1,008,000 for the years ended June 30, 2024 and 2023, respectively.

15. Net Assets

Net Assets With Donor Restrictions

At June 30, 2024 and 2023, net assets with donor restrictions could be expended for the following:

	<u>2024</u>	<u>2023</u>
	(In Thousands)	
Awards of Volunteers of America Local Offices and other program services	\$ 3,616	\$ 5,906
Scholarships to Volunteers of America employees	62	66
Contributions received from donors to be maintained in perpetuity	<u>824</u>	<u>755</u>
	<u>\$ 4,502</u>	<u>\$ 6,727</u>

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Net assets with donor restrictions were released from restriction during the years ended June 30, 2024 and 2023 fulfilling donor stipulations for the following purposes:

	<u>2024</u>	<u>2023</u>
	(In Thousands)	
Awards of Volunteers of America Local Offices and other program services	\$ 5,877	\$ 8,070

Board Designated Net Assets

Board designated net assets include the VOA Trust for \$6,000,000, and VOA Irrevocable Trust for \$6,000,000. The two trusts were created by the Board of Directors using the proceeds of a settlement and the net proceeds from a syndication of certain HUD financed projects. The trusts are exempt from federal and state income taxes and are all considered unrestricted. The remaining board designated net assets include additional contributions to the board designated fund. The board designated net assets are not designated for a specific purpose other than to support the mission of the Organization to be used at the discretion of the Board of Directors.

The terms of both trusts are irrevocable and vest the trustees, who are the members of the Finance Committee, with all powers over investment, management, and distribution of the principal assets. These trusts are invested with the National Organization's Pooled Investment program which is monitored by the Finance Committee. The assets must be invested with the care, skill, and diligence that a prudent person acting in this capacity would undertake. All investments will be made within the guidelines of quality, marketability, and diversification mandated by controlling statutes. The target asset class investment mix for the board designated endowment funds is to have 40% of the endowment invested in fixed income securities and 60% in equities.

The objectives of the account should be pursued as a long-term goal designed to maximize the returns without exposure to undue risk, with a total targeted net return of 4.5-6% annually. Understanding that a long-term positive correlation exists between performance volatility (risk) and expected returns in the securities markets and the short-term investment objective is for the portfolio to minimize the likelihood of low or negative total returns.

For the years ended June 30, 2024 and 2023, the National Organization has a policy of appropriating endowment assets available for expenditure each year no greater than 4% of the market value of the funds at the end of the preceding fiscal year. In establishing this policy, the National Organization considered the long-term expected return on its endowment. Accordingly, the National Organization expects the current appropriation policy to allow its endowment to grow at an average of 4.25% annually over a moving three (3) year period. This is consistent with the National Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as, to provide additional real growth through investment return.

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Board designated funds included in net assets without donor restrictions at June 30, 2024 and 2023 are as follows:

	2024		
	Board Designated Endowment (Encumbered)	Total Board Designated (Encumbered) (In Thousands)	Earnings (Undesignated)
Beginning balance, July 1, 2023	\$ 10,453	\$ 10,453	\$ 3,427
Investment net gains (losses)	-	-	1,493
Withdrawal of endowment assets per approved appropriation	-	-	(476)
Reduction of endowment assets from fund programs (board approved)	-	-	(2,739)
Transfers	-	-	-
Ending balance, June 30, 2024	<u>\$ 10,453</u>	<u>\$ 10,453</u>	<u>\$ 1,704</u>

Appropriation of endowment assets available for subsequent year			\$ 456
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	2023		
	Board Designated Endowment (Encumbered)	Total Board Designated (Encumbered) (In Thousands)	Earnings (Undesignated)
Beginning balance, July 1, 2022	\$ 14,820	\$ 14,820	\$ 2,640
Investment net gains (losses)	-	-	1,512
Withdrawal of endowment assets per approved appropriation	-	-	(535)
Reduction of endowment assets from fund programs (board approved)	-	-	(4,557)
Transfers	(4,367)	(4,367)	4,367
Ending balance, June 30, 2023	<u>\$ 10,453</u>	<u>\$ 10,453</u>	<u>\$ 3,427</u>

Appropriation of endowment assets available for subsequent year			\$ 521
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Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

16. Related-Party Transactions

Administrative Income From Local Offices and Program Fees

Administrative fees from the Local Offices are calculated based on a Board-approved formula, whereby approximately 2.20% of all revenues without donor restrictions received by the Local Offices, subject to certain maximum thresholds, are paid to the National Organization to provide funding for programs, supporting services, and additional pension contributions. Total administrative fees charged were \$18,399,000 and \$16,001,000 during the years ended June 30, 2024 and 2023, respectively.

Other services are also provided to Local Offices in exchange for negotiated "program fees" These services for assistance in programs include, direct mail fundraising, website development and maintenance, and low-income housing development. Total fees charged were \$1,428,000 and \$1,594,000 during the years ended June 30, 2024 and 2023, respectively.

Notes and Advances to Local Offices

Notes receivable from Local Offices are generally unsecured, carry no interest, and are due within 1 to 15 years. Specific repayment plans are negotiated with each Local Office based on their local Board-approved business plan and cash flow forecasts. Notes receivable, net from Local Offices was \$3,538,000 and \$3,726,000 at June 30, 2024 and 2023, respectively. National Organization also has a receivable due from VOACASW for funds provided to defease the outstanding bonds held by VOACASW and working capital needs. This receivable is eliminated in the Organization's consolidated financial statement.

Notes Receivable

National Services was assigned a note receivable in 2013, which was originally associated with the sale of a related housing property. The original note included an obligation to pay a portion to Volunteers of America Chesapeake, Inc. The amount owed as of June 30, 2024 and 2023 is \$1,838,000 and \$1,767,000, respectively.

Awards and Grants to Local Offices

In the years ended June 30, 2024 and 2023, the National Organization awarded approximately \$3,143,000 and \$6,215,000, respectively, to various Local Offices for development purposes, which are presented as other expense in the consolidated statement of functional expenses. Endowment awards are made on the basis of specific criteria determined by the Board of Directors and on the basis of competitive proposals submitted by the Local Offices. Grants to Local Offices are made on the basis of a local Board-approved business plan specifically addressing development objectives and future sources of revenue and working capital.

Related-Party Contributions

During the years ended June 30, 2024 and 2023, National Services received contributions of \$31,214,000 and \$10,210,000, respectively, from affiliated housing properties and other programs. The amounts are included in other changes in net assets without donor restrictions on the consolidated statements of activities.

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

17. Contributions-in-Kind

For the years ended June 30, 2024 and 2023, the National Organization received \$2,000 in various goods, which its participating Local Offices use in its program services. The National Organization received \$11,690,000 and \$447,000 in professional services, and public service advertising and branding for the years ended June 30, 2024 and 2023, respectively. Additionally, National Services received \$72,000 for donated rent fees for the years ended June 30, 2024 and 2023, respectively. These amounts are reflected as revenue and expense in the accompanying consolidated financial statements.

18. Discontinued Operations

Carrying amounts of major assets and liabilities of discontinued operations are as follows as of June 30 (in thousands):

	<u>2024</u>	<u>2023</u>
Cash and short-term investments	\$ 19,445	\$ 1,399
Third-party payor and patient receivables, net	3,498	6,064
Property and equipment, net	-	15,923
Other classes of assets that are not major	1,827	3,447
	<u>24,770</u>	<u>26,833</u>
Total assets of the discontinued operations	\$ 24,770	\$ 26,833
Cash and short-term investments	\$ 2,359	\$ 3,627
Third-party payor and patient receivables, net	20,462	24,550
Other classes of assets that are not major	967	634
	<u>23,788</u>	<u>28,811</u>
Total liabilities of the discontinued operations	\$ 23,788	\$ 28,811

Major classes of line items constituting gain (loss) on discontinued operations are as follows (in thousands):

	<u>2024</u>	<u>2023</u>
Operating revenues, net	\$ 34,417	\$ 45,628
Salaries and employee benefits	(21,354)	(30,162)
Other operating expenses	(12,069)	(15,096)
Other revenue and expense items that are not major	(3,825)	(2,876)
Gain on disposal	11,622	-
	<u>8,791</u>	<u>(2,506)</u>
Gain (loss) on discontinued operations	\$ 8,791	\$ (2,506)

Total operating and investing cash flows of the discontinued operations are as follows (in thousands):

	<u>2024</u>	<u>2023</u>
Net cash from operating activities	\$ 1,305	\$ 701
Net cash from investing activities	17,169	533

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Functional expenses of the discontinued operations are as follows:

	2024		
	Program Services	Support Services	Total
Salaries and employee benefits	\$ 21,029	\$ 325	\$ 21,354
Other	10,493	1,576	12,069
Depreciation	972	10	982
Interest	1,453	1	1,454
	<u>\$ 33,947</u>	<u>\$ 1,912</u>	<u>\$ 35,859</u>
	2023		
	Program Services	Support Services	Total
Salaries and employee benefits	\$ 29,694	\$ 468	\$ 30,162
Other	13,045	2,051	15,096
Depreciation	1,352	14	1,366
Interest	1,666	1	1,667
	<u>\$ 45,757</u>	<u>\$ 2,534</u>	<u>\$ 48,291</u>

19. Goodwill

Goodwill is reported in other assets on the consolidated balance sheets and consists of the following as of June 30, 2024 (in thousands):

	2024	2023
Goodwill	\$ 2,625	\$ 2,625
Accumulated amortization	(679)	(416)
	<u>\$ 1,946</u>	<u>\$ 2,209</u>

20. Commitments and Contingencies

Guarantees

National Services provides guarantees for housing projects that have completed construction and are in an initial lease-up and stabilization period. During this period, operating reserves of the individual housing projects may be available to the project for funding of operational gaps if funded at conversion. The Organization is providing a guaranty of the operating deficit of one housing project during this period, and has met stabilization and perm conversion but not 8609 delivery. The total outstanding amount of the guaranty is \$19,620,000 of equity. The project is expected to deliver 8609s during fiscal year 2025. No payments have been required as a result of the guaranty.

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Minimum Liquid Reserve

Gulf Care, Inc. is required by Florida Statute (the Statute) to maintain an amount equal to one year's debt service, property taxes, and insurance in an escrow account. In addition, an operating reserve is required in an amount equal to 15% of the average annual operating expenses, as defined by the Statute, for the preceding three years. Gulf Care, Inc. is also required to maintain in escrow a renewal and replacement reserve equal to 15% of total accumulated depreciation, but not to exceed 15% of the three-year average annual total operating expenses, as defined by the Statutes. Collectively, these reserves are referred to as a Minimum Liquid Reserve (MLR). Management is not aware of any noncompliance with the MLR requirement as of June 30, 2024.

Self-Insured Medical Benefits

National Services has a self-insured employee health plan that the National Organization is also a participant. It contracts with an administrative service company to supervise and administer the program and act as its representative. The National Services insures for excessive and unexpected claims and is liable for claims with limits determined through actuarial reports. Claims up to the insurance limit will be funded by the National Services. The National Services has stop-loss insurance to cover excess claims over \$255,000 per individual. Estimated future claims for incurred medical and dental services of approximately \$3,320,000 and \$3,204,000 were recorded as part of accrued expenses on the consolidated statements of financial position at June 30, 2024 and 2023, respectively.

Medical Malpractice Claims Coverage

National Services is subject to various legal proceedings and claims which arise in the ordinary course of business. National Services maintains malpractice insurance coverage for claims made during the policy year. In management's opinion, adequate provision has been made for amounts expected to be paid under the policy's deductible limits for unasserted claims not covered by the policy and any other uninsured liability.

Workers' Compensation Insurance

Workers' compensation policies are subject to audit and retroactive adjustment. Any significant variations in anticipated claims cost could result in adjustments to health insurance and workers' compensation expense for the Organization when the effect becomes reasonably determinable.

Sponsorship

In November 2018, Volunteers of America, Inc. entered into a Title Sponsorship Agreement with the Ladies Professional Golf Association, Inc. for \$8,500,000 over a five-year period from 2019 to 2024. This is part of the National Organization's Branding Initiative. The Organization also has an agreement for approximately \$1,300,000 each year over a four-year period from April 2019 to June 2024 for advertising.

Industry Developments

The senior living services industry is subject to numerous laws, regulations and administrative directives of federal, state and local governments and agencies. Compliance with these laws, regulations and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments for resident services previously billed.

Volunteers of America, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Legal

The Organization is party to various legal actions arising in the ordinary course of business. While it is not feasible for management to determine the outcome of these actions, information available at this time, including management's discussions with legal counsel, does not indicate that these matters will have a material adverse effect on the Organization's consolidated financial position or future results of operations.

Volunteers of America, Inc. and Subsidiaries

Consolidating Schedule of Financial Position

June 30, 2024

(In Thousands)

	Volunteers of America, Inc.	Volunteers of America, Inc Futures Fund	Volunteers of America Correctional Services	Volunteers of America Southwest California	Volunteers of America National Services	Eliminations	Total
Assets							
Current Assets							
Cash and cash equivalents	\$ 7,441	\$ 1,555	\$ 740	\$ 2,570	\$ 79,093	-	\$ 91,399
Accounts receivable, net	7,439	10	993	1,565	30,841	(3,261)	37,587
Current portion of notes receivable	423	-	-	-	-	-	423
Short-term investments	-	-	-	-	28,358	-	28,358
Prepaid expenses	500	-	262	18	4,908	-	5,688
Other current assets, net	176	-	-	-	-	-	176
Assets of discontinued operations	-	-	-	-	24,770	-	24,770
Total current assets	15,979	1,565	1,995	4,153	167,970	(3,261)	188,401
Property and Equipment, Net	6,941		4,834	1,069	240,462		253,306
Other Assets							
Encumbered assets	13,365	-	-	-	36,387	-	49,752
Long-term investments	11,141	150	-	-	-	-	11,291
Notes receivable, net of current portion	2,720	-	-	187	1,906	-	4,813
Reimbursable costs	-	-	-	-	18,426	-	18,426
Property held for sale	-	-	-	656	-	-	656
Right-of-use assets	-	-	-	9,288	7,739	-	17,027
Deferred charges and other assets, net	5,963	-	-	164	9,031	-	15,158
Limited and general partnerships' assets	-	-	-	-	819,957	-	819,957
Total other assets	33,189	150	-	10,295	893,446	-	937,080
Total assets	\$ 56,109	\$ 1,715	\$ 6,829	\$ 15,517	\$ 1,301,878	\$ (3,261)	\$ 1,378,787

Volunteers of America, Inc. and Subsidiaries

Consolidating Schedule of Financial Position

June 30, 2024

(In Thousands)

	Volunteers of America, Inc.	Volunteers of America, Inc Futures Fund	Volunteers of America Correctional Services	Volunteers of America Southwest California	Volunteers of America National Services	Eliminations	Total
Liabilities and Net Assets							
Current Liabilities							
Accounts payable	\$ 2,207	-	\$ 108	\$ 1,286	\$ 12,753	\$ (432)	\$ 15,922
Accrued expenses	2,670	7	111	1,664	19,503	(126)	23,829
Lines-of-credit	-	-	-	-	7,000	-	7,000
Current portion of long-term debt	-	-	-	-	6,374	-	6,374
Other current liabilities	9,376	-	119	1,764	22,267	(643)	32,883
Liabilities of discontinued operations	-	-	-	-	23,788	-	23,788
Total current liabilities	<u>14,253</u>	<u>7</u>	<u>338</u>	<u>4,714</u>	<u>91,685</u>	<u>(1,201)</u>	<u>109,796</u>
Long-Term Liabilities							
Long-term debt, net of current portion	-	-	-	6,212	302,167	(4,112)	304,267
Other long-term liabilities	5,940	30	-	8,379	68,871	(108)	83,112
Limited and general partnerships' liabilities	-	-	-	-	450,695	-	450,695
Total long-term liabilities	<u>5,940</u>	<u>30</u>	<u>-</u>	<u>14,591</u>	<u>821,733</u>	<u>(4,220)</u>	<u>838,074</u>
Total liabilities	<u>20,193</u>	<u>37</u>	<u>338</u>	<u>19,305</u>	<u>913,418</u>	<u>(5,421)</u>	<u>947,870</u>
Net Assets							
Without donor restrictions							
Controlled limited and general partnerships	-	-	-	-	17,240	-	17,240
Board designated	10,453	-	-	-	-	-	10,453
Undesignated	22,550	89	6,491	(3,788)	187,320	2,920	215,582
Parent	<u>33,003</u>	<u>89</u>	<u>6,491</u>	<u>(3,788)</u>	<u>204,560</u>	<u>2,920</u>	<u>243,275</u>
Noncontrolling interests in limited and general partnerships and other programs							
	-	-	-	-	183,900	-	183,900
Total net assets without donor restrictions	<u>33,003</u>	<u>89</u>	<u>6,491</u>	<u>(3,788)</u>	<u>388,460</u>	<u>2,920</u>	<u>427,175</u>
Net Assets With Donor Restrictions	2,913	1,589	-	-	-	(760)	3,742
Total net assets	<u>35,916</u>	<u>1,678</u>	<u>6,491</u>	<u>(3,788)</u>	<u>388,460</u>	<u>2,160</u>	<u>430,917</u>
Total liabilities and net assets	<u>\$ 56,109</u>	<u>\$ 1,715</u>	<u>\$ 6,829</u>	<u>\$ 15,517</u>	<u>\$ 1,301,878</u>	<u>\$ (3,261)</u>	<u>\$ 1,378,787</u>

Volunteers of America, Inc. and Subsidiaries

Consolidating Statement of Activities

Year Ended June 30, 2024

(In Thousands)

	Volunteers of America, Inc.		Volunteers of America Futures Fund, Inc.		Volunteers of America Correctional Services	Volunteers of America Southwest California		Volunteers of America National Services	Eliminations	Operating Subtotal	Net Assets Without Donor Restrictions	Eliminations	Total
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Net Assets Without Donor Restrictions	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Net Assets Without Donor Restrictions			Limited and General Partnerships		
Revenue From Operations													
Public support received directly:													
Contributions	\$ 2,704	\$ 2,526	\$ 7	\$ 360	\$ 178	\$ 139	\$ -	\$ 2,056	\$ (495)	\$ 7,475	\$ -	\$ -	\$ 7,475
Contributions, in-kind	11,693							72		11,765			11,765
Total public support	14,397	2,526	7	360	178	139	-	2,128	(495)	19,240	-	-	19,240
Government Grants and Contracts					5,265	25,492				30,757	43,088		73,845
Other Revenue													
Program fees	4,393	-	-	-	-	2,270	-	17,394	(2,965)	21,092	29,162	(15,617)	34,637
Resident service revenue	-	-	-	-	-	-	-	238,422	-	238,422	-	-	238,422
Administrative income from local offices	19,201	-	-	-	-	-	-	-	(1,082)	18,119	-	-	18,119
Other operating income	271	-	-	-	32	-	-	-	(241)	62	4,650	-	4,712
Total other revenue	23,865	-	-	-	32	2,270	-	255,816	(4,288)	277,695	33,812	(15,617)	295,890
Net assets released from restrictions	5,364	(5,364)	513	(513)						-			-
Total revenues from operations	43,626	(2,838)	520	(153)	5,475	27,901	-	257,944	(4,783)	327,692	76,900	(15,617)	388,975
Operating Expenses													
Program services:													
Fostering independence	-	-	-	-	-	1,500	-	207,297	-	208,797	74,142	(7,629)	275,310
Encouraging positive development	-	-	-	-	-	19,397	-	-	-	19,397	-	-	19,397
Promoting self sufficiency	40,377	-	508	-	4,587	2,913	-	62	(5,507)	42,940	35,948	-	78,888
Total program services	40,377	-	508	-	4,587	23,810	-	207,359	(5,507)	271,134	110,090	(7,629)	373,595
Support Services													
Management and general	7,429	-	5	-	632	3,162	-	62,973	(4,288)	69,913	-	(10,290)	59,623
Fundraising	1,878	-	-	-	-	-	-	88	-	1,966	-	-	1,966
Total support services	9,307	-	5	-	632	3,162	-	63,061	(4,288)	71,879	-	(10,290)	61,589
Total operating expenses	49,684	-	513	-	5,219	26,972	-	270,420	(9,795)	343,013	110,090	(17,919)	435,184
Change in net assets from operations	(6,058)	(2,838)	7	(153)	256	929	-	(12,476)	5,012	(15,321)	(33,190)	2,302	(46,209)
Nonoperating Items													
Interest and dividend income	957	2	10	-	-	-	-	4,427	(278)	5,118	-	-	5,118
Net realized gains on investments	245	1	-	-	-	-	-	14	-	260	-	-	260
Net unrealized gains on investments	1,619	3	-	-	-	-	-	798	-	2,420	-	-	2,420
Gain on disposal	-	-	-	-	-	-	-	2,006	-	2,006	41,636	-	43,642
Related-party contributions	-	-	-	-	4,734	-	-	31,214	(4,734)	31,214	-	-	31,214
Equity contributions related to limited and general partnerships	-	-	-	-	-	-	-	-	-	-	2,504	-	2,504
Other nonoperating	-	-	-	-	-	18	-	131	-	149	-	-	149
Total nonoperating items before deconsolidation of discontinued operations and certain entities	2,821	6	10	-	4,734	18	-	38,590	(5,012)	41,167	44,140	-	85,307
Loss on consolidation of certain entities	-	-	-	-	-	-	-	(34,045)	-	(34,045)	-	-	(34,045)
Gain on deconsolidation	-	-	-	-	-	-	-	8,791	-	8,791	-	-	8,791
Total nonoperating items	2,821	6	10	-	4,734	18	-	13,336	(5,012)	15,913	44,140	-	60,053
Change in net assets	(3,237)	(2,832)	17	(153)	4,990	947	-	860	-	592	10,950	2,302	13,844
Less change in net assets attributable the noncontrolling interest in limited and general partnerships and other programs	-	-	-	-	-	-	-	1,948	-	1,948	5,282	-	7,230
Change in net assets attributable to the parent	<u>\$ (3,237)</u>	<u>\$ (2,832)</u>	<u>\$ 17</u>	<u>\$ (153)</u>	<u>\$ 4,990</u>	<u>\$ 947</u>	<u>\$ -</u>	<u>\$ (1,088)</u>	<u>\$ -</u>	<u>\$ (1,356)</u>	<u>\$ 5,668</u>	<u>\$ 2,302</u>	<u>\$ 6,614</u>

Volunteers of America, Inc. and Subsidiaries

Consolidating Schedule of Cash Flows
Year Ended June 30, 2024
(in Thousands)

	Volunteers of America, Inc.	Volunteers America, Inc. 4 Futures Fund	Correctional Services	Southwest California	National Services	Eliminations	Total
Cash Flows From Operating Activities							
Change in net assets	\$ (6,069)	\$ (136)	\$ 4,990	\$ 947	\$ 14,112	\$ -	\$ 13,844
Adjustments to reconcile change in net assets to net cash provided by operating activities:							
Non-controlling interest in limited and general partnerships and other programs	-	-	-	-	(7,230)	-	(7,230)
Change in limited and general partnerships	-	-	-	-	430	-	430
Change in allowance for doubtful accounts and credit losses	825	-	-	26	6,170	-	7,021
Depreciation and amortization	511	-	147	65	12,142	-	12,865
Amortization of right-of-use assets	-	-	-	1,193	521	-	1,714
Increase in finance lease liabilities	-	-	-	-	-	-	-
Related-party contributions	-	-	-	-	(31,214)	-	(31,214)
Operating lease payments	-	-	-	-	-	-	-
(Gain) Loss on:							
Sale of fixed asset	-	-	-	-	(1,723)	-	(1,723)
Joint ventures	-	-	-	-	466	-	466
Discontinued operations	-	-	-	-	(8,791)	-	(8,791)
Deconsolidation of certain entities	-	-	-	-	34,045	-	34,045
Net realized and unrealized investment (gains) losses	(1,869)	-	-	-	(812)	-	(2,681)
Payments on operating lease liabilities	-	-	-	-	(565)	-	(565)
Lease termination - right-of-use asset reduction	-	-	-	-	140	-	140
Lease termination - operating lease liability reduction	-	-	-	-	(140)	-	(140)
Amortization of non-refundable entrance deposits	-	-	-	-	(1,658)	-	(1,658)
Proceeds from property insurance	-	-	-	-	(1,955)	-	(1,955)
(Increase) decrease in operating assets:							
Accounts receivable	6,551	1	75	1,124	(10,926)	(5,788)	(8,963)
Prepaid expenses	70	-	6	204	1,301	-	1,581
Other current assets	224	-	54	(100)	-	-	178
Deferred charges and other assets	(674)	-	-	-	-	-	(674)
Increase (decrease) in operating liabilities:							
Accounts payable	(211)	(11)	59	(462)	(1,571)	5,062	2,866
Accrued expenses	228	(146)	(423)	195	3,758	113	3,725
Other liabilities	(3,799)	-	25	(761)	(2,523)	613	(6,445)
Net cash (used in) provided by operating activities	(4,213)	(292)	4,933	2,431	3,977	-	6,836
Cash Flows From Investing Activities							
Purchase of property and equipment, net	(1,143)	-	(4,946)	(976)	(5,655)	-	(12,720)
Sale of property and equipment	-	-	-	-	23,962	-	23,962
Notes Receivable:							
Advances	(319)	-	-	-	(4,405)	-	(4,724)
Payments	702	-	-	-	1,780	-	2,482
Change in unearned revenue, other long-term liabilities and other assets	-	(633)	-	-	(3,836)	-	(4,469)
Proceeds from property insurance	-	-	-	-	1,955	-	1,955
Cash proceeds withdrawn from (deposits to) investments	3,764	-	-	-	-	-	3,764
Limited and general partnerships investing inflows	-	-	-	-	2,242	-	2,242
Change in investments including encumbered assets	\$ 1,579	\$ -	\$ -	\$ -	\$ (6,736)	\$ -	\$ (5,157)
Net cash provided by (used in) investing activities	4,583	(633)	(4,946)	(976)	9,307	-	7,335

Volunteers of America, Inc. and Subsidiaries

Consolidating Schedule of Cash Flows
Year Ended June 30, 2024
(in Thousands)

	Volunteers of America, Inc.	Volunteers America, Inc. 4 Futures Fund	Correctional Services	Southwest California	National Services	Eliminations	Total
Cash Flows From Financing Activities							
Changes in line of credit	-	-	-	-	(6,000)	-	(6,000)
Long-term debt and finance lease liability:							
Proceeds	-	-	-	-	-	-	-
Payments	(2,976)	-	-	-	(11,597)	-	(14,573)
Related-party contributions	-	-	-	-	31,214	-	31,214
Limited and general partnerships financing inflows (outflows)	-	-	-	-	921	-	921
Cash received upon consolidation of an affiliate	-	-	-	-	16,747	-	16,747
Change in other long-term assets/other long-term liabilities	-	-	-	-	(7,464)	-	(7,464)
Net cash (used in) provided by financing activities	(2,976)	-	-	-	23,821	-	20,845
Net change in cash and cash equivalents and restricted cash equivalents	(2,606)	(925)	(13)	1,455	37,105	-	35,016
Cash and Cash Equivalents and Restricted Cash Equivalents, Beginning	10,047	2,480	753	1,115	84,340	-	98,735
Cash and Cash Equivalents and Restricted Cash Equivalents, Ending ⁽¹⁾	<u>\$ 7,441</u>	<u>\$ 1,555</u>	<u>\$ 740</u>	<u>\$ 2,570</u>	<u>\$ 121,445</u>	<u>\$ -</u>	<u>\$ 133,751</u>
Supplemental Disclosures of Cash Flow Information							
Cash paid for interest	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,147</u>	<u>\$ -</u>	<u>\$ 35,647</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51</u>	<u>\$ -</u>	<u>\$ 51</u>
Non-Cash Investing and Financing Activity:							
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,911</u>	<u>\$ -</u>	<u>\$ 3,911</u>
Property and equipment financed through debt or obtained in exchange for new financing lease liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 785</u>	<u>\$ -</u>	<u>\$ 785</u>
⁽¹⁾ Reconciliation of Cash and Cash Equivalents and Restricted Cash Equivalents to Consolidated Statement of Financial Position							
Cash and cash equivalents	7,441	1,555	740	2,570	79,093	-	91,399
Restricted cash equivalents included in short-term investments	-	-	-	-	5,965	-	5,965
Restricted cash equivalents included in encumbered assets (bond trust funds)	-	-	-	-	36,387	-	36,387
Total cash and cash equivalents and restricted cash equivalents	7,441	1,555	740	2,570	121,445	-	<u>\$ 133,751</u>

Volunteers of America, Inc. and Subsidiaries

Consolidating Schedule of Functional Expenses

Year Ended June 30, 2024

(In Thousands)

	Volunteers of America, Inc.							Volunteers of America, Inc Futures Fund		
	Program Services			Support Services				Program Services	Support Services	Subtotal
	Fostering Independence	Promoting Self Sufficiency	Total Program Services	Management And General	Fundraising	Total Support Services	Promoting Self Sufficiency	Management and General		
Salaries and wages	\$ -	\$ 7,904	\$ 7,904	\$ 2,675	\$ 184	\$ 2,859	\$ 10,763	\$ 136	\$ -	\$ 136
Employee benefits	-	1,945	1,945	2,654	49	2,703	4,648	45	-	45
Professional services	-	5,754	5,754	577	1,039	1,616	7,370	128	-	128
In-Kind	-	11,693	11,693	-	-	-	11,693	-	-	-
Occupancy	-	184	184	144	-	144	328	-	-	-
Specific assistance	-	8,579	8,579	-	187	187	8,766	187	-	187
Program supplies and expenses	-	-	-	-	-	-	-	-	-	-
Office supplies and expenses	-	1,090	1,090	609	351	960	2,050	-	-	-
Travel, conferences and meetings	-	2,041	2,041	80	31	111	2,152	12	-	12
Depreciation and amortization	-	343	343	168	-	168	511	-	-	-
Interest	-	342	342	167	-	167	509	-	-	-
Other	-	502	502	355	37	392	894	-	5	5
	<u>\$ -</u>	<u>\$ 40,377</u>	<u>\$ 40,377</u>	<u>\$ 7,429</u>	<u>\$ 1,878</u>	<u>\$ 9,307</u>	<u>\$ 49,684</u>	<u>\$ 508</u>	<u>\$ 5</u>	<u>\$ 513</u>

Volunteers of America, Inc. and Subsidiaries

Consolidating Schedule of Functional Expenses

Year Ended June 30, 2024

(In Thousands)

	Volunteers of America Southwest						Volunteers of America Correctional Services		
	Program Services			Support Services			Program Services	Support Services	
	Encouraging Positive Development	Fostering Independence	Promoting Self Sufficiency	Management And General	Fundraising	Subtotal	Promoting Self Sufficiency	Management and General	Subtotal
Salaries and wages	\$ 7,615	\$ 660	\$ 1,452	\$ 752	\$ -	\$ 10,479	\$ 1,496	\$ -	\$ 1,496
Employee benefits	2,202	217	452	257	-	3,128	500	-	500
Professional services	3,561	19	181	1,369	-	5,130	423	632	1,055
In-Kind	-	-	-	-	-	-	-	-	-
Occupancy	2,965	314	247	330	-	3,856	752	-	752
Specific assistance	4	3	424	1	-	432	-	-	-
Program supplies and expenses	2,273	211	48	2	-	2,534	1,058	-	1,058
Office supplies and expenses	606	73	91	183	-	953	75	-	75
Travel, conferences & meetings	171	3	18	11	-	203	132	-	132
Depreciation and amortization	-	-	-	65	-	65	147	-	147
Interest	-	-	-	188	-	188	-	-	-
Other	-	-	-	4	-	4	4	-	4
	<u>\$ 19,397</u>	<u>\$ 1,500</u>	<u>\$ 2,913</u>	<u>\$ 3,162</u>	<u>\$ -</u>	<u>\$ 26,972</u>	<u>\$ 4,587</u>	<u>\$ 632</u>	<u>\$ 5,219</u>

Volunteers of America, Inc. and Subsidiaries

Consolidating Schedule of Functional Expenses

Year Ended June 30, 2024

(In Thousands)

Volunteers of America National Services

	Program Services			Support Services			Subtotal
	Fostering Independence	Promoting Self Sufficiency	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and wages	\$ 80,489	\$ -	\$ 80,489	\$ 20,565	\$ -	\$ 20,565	\$ 101,054
Employee benefits	15,580	-	15,580	4,901	-	4,901	20,481
Professional services	14,841	-	14,841	7,184	86	7,270	22,111
In-Kind	-	-	-	-	-	-	-
Occupancy	6,815	-	6,815	539	-	539	7,354
Specific assistance	48,705	-	48,705	-	-	-	48,705
Program supplies and expenses	5,700	62	5,762	1,428	2	1,430	7,192
Office supplies and expenses	2,553	-	2,553	213	-	213	2,766
Travel, conferences and meetings	2,667	-	2,667	835	-	835	3,502
Depreciation and amortization	10,085	-	10,085	1,523	-	1,523	11,608
Interest	14,911	-	14,911	1,860	-	1,860	16,771
Other	4,951	-	4,951	23,925	-	23,925	28,876
	<u>\$ 207,297</u>	<u>\$ 62</u>	<u>\$ 207,359</u>	<u>\$ 62,973</u>	<u>\$ 88</u>	<u>\$ 63,061</u>	<u>\$ 270,420</u>

Volunteers of America, Inc. and Subsidiaries

Consolidating Schedule of Functional Expenses

Year Ended June 30, 2024

(In Thousands)

	<u>Eliminations</u>	<u>Consolidated Operating Subtotal</u>	<u>Limited and General Partnerships</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Salaries and wages	\$ -	\$ 123,928	\$ 9,881	\$ -	\$ 133,809
Employee benefits	(285)	28,517	2,531	-	31,048
Professional services	(3,580)	32,214	6,279	-	38,493
In-Kind	-	11,693	-	-	11,693
Occupancy	(423)	11,867	25,419	-	37,286
Specific assistance	(5,229)	52,861	-	-	52,861
Program supplies and expenses	-	10,784	2,807	-	13,591
Office supplies and expenses	-	5,844	586	-	6,430
Travel, conferences and meetings	-	6,001	272	-	6,273
Depreciation and amortization	-	12,331	29,136	-	41,467
Interest	(278)	17,190	26,539	(7,629)	36,100
Other	-	29,783	6,640	(10,290)	26,133
	<u>\$ (9,795)</u>	<u>\$ 343,013</u>	<u>\$ 110,090</u>	<u>\$ (17,919)</u>	<u>\$ 435,184</u>