

# **Volunteers of America, Dakotas and Affiliates**

Consolidated Financial Report  
June 30, 2017

## Contents

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Independent auditor's report	1-2
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Financial statements	
Consolidated statements of financial position	3
Consolidated statements of activities	4
Consolidated statements of functional expenses	5-6
Consolidated statements of cash flows	7
Notes to consolidated financial statements	8-25

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Supplementary information	
Consolidating statement of financial position	26
Consolidating statement of activities	27
Consolidating statement of functional expenses	28-30
Department of Human Services Cost Report–Schedule A	31-33
Department of Human Services Cost Report–Schedule B	34-35
Department of Social Services Cost Report–Schedule A	36-38
Department of Social Services Cost Report–Schedule B	39-40
Schedule of expenditures of federal awards	41-42

---

Summary schedule of prior audit findings	43
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Independent auditor's report on:	
Internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	44-45
Compliance for each major program and on internal control over compliance required by the Uniform Guidance	46-47

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Schedule of findings and questioned costs	48-49
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Corrective action plan	50
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RSM US LLP

## Independent Auditor's Report

To the Board of Directors  
Volunteers of America, Dakotas and Affiliates

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Volunteers of America, Dakotas and Affiliates, which comprise the consolidated statements of financial position as of June 30, 2017 and 2016; the related consolidated statements of activities, functional expenses and cash flows for the years then ended; and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

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

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

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

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Volunteers of America, Dakotas and Affiliates as of June 30, 2017 and 2016, 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.

**Other Matters***Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary consolidating statements and Department of Human Services and Department of Social Services Cost Reports Schedules A and B on pages 31 through 40, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, on pages 41 through 42, are presented for purposes of additional analysis and are 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 information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2017, on our consideration of Volunteers of America, Dakotas and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Volunteers of America, Dakotas and Affiliates' internal control over financial reporting and compliance.

*RSM US LLP*

Sioux Falls, South Dakota  
November 22, 2017

## Volunteers of America, Dakotas and Affiliates

### Consolidated Statements of Financial Position June 30, 2017 and 2016

	2017	2016
<b>Assets (Notes 11 and 12)</b>		
Current assets:		
Cash and cash equivalents	\$ 881,754	\$ 844,027
Accounts and grants receivable, net of allowance for doubtful account of \$88,689 in 2017 and \$136,331 in 2016	1,930,550	1,844,576
Pledges receivable, net of allowance for doubtful accounts of \$16,666 in 2017 and \$24,572 in 2016 (Note 3)	58,458	178,419
Prepaid expenses	45,154	8,538
Inventory	32,650	43,805
<b>Total current assets</b>	<b>2,948,566</b>	<b>2,919,365</b>
Property and equipment (Note 8):		
Land and buildings	12,180,420	12,093,088
Furnishings and equipment	1,545,148	1,527,014
Accumulated depreciation	(6,368,590)	(5,950,443)
<b>Total property and equipment</b>	<b>7,356,978</b>	<b>7,669,659</b>
Other assets:		
Long-term pledges receivable, net of allowance for doubtful accounts of \$2,251 in 2017 and \$5,818 in 2016 (Note 3)	20,861	52,479
Investments (Notes 4 and 7)	1,529,635	1,200,757
Beneficial interest in perpetual trust (Notes 5 and 7)	323,997	306,392
Other Assets, Pettigrew Heights, including property and equipment (Notes 8 and 9)	2,361,884	2,643,993
<b>Total other assets</b>	<b>4,236,377</b>	<b>4,203,621</b>
	<b>\$ 14,541,921</b>	<b>\$ 14,792,645</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 437,720	\$ 418,521
Current portion of long-term debt (Note 12)	206,419	259,414
Accrued expenses and other liabilities	793,408	1,105,889
<b>Total current liabilities</b>	<b>1,437,547</b>	<b>1,783,824</b>
Other liabilities:		
Long-term debt, less current portion (Note 12)	3,659,327	3,870,459
Other Liabilities, Pettigrew Heights, including debt (Note 12)	652,139	675,487
<b>Total other liabilities</b>	<b>4,311,466</b>	<b>4,545,946</b>
<b>Total liabilities</b>	<b>5,749,013</b>	<b>6,329,770</b>
Net assets (Notes 15, 16, 17 and 18):		
Unrestricted:		
Controlling interest	6,394,020	5,784,391
Non-controlling interest	1,546,200	1,790,585
Temporarily restricted	501,751	554,567
Permanently restricted	350,937	333,332
<b>Total net assets</b>	<b>8,792,908</b>	<b>8,462,875</b>
	<b>\$ 14,541,921</b>	<b>\$ 14,792,645</b>

See notes to consolidated financial statements.

**Volunteers of America, Dakotas and Affiliates**

**Consolidated Statements of Activities  
Years Ended June 30, 2017 and 2016**

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues from operations:								
Public support received directly								
Contributions	\$ 553,345	\$ 90,318	\$ -	\$ 643,663	\$ 624,675	\$ 114,324	\$ -	\$ 738,999
Contributions, in kind	540,837	-	-	540,837	653,218	-	-	653,218
Public support received - United Way	78,484	754,931	-	833,415	63,521	664,038	-	727,559
<b>Total public support</b>	<b>1,172,666</b>	<b>845,249</b>	<b>-</b>	<b>2,017,915</b>	<b>1,341,414</b>	<b>778,362</b>	<b>-</b>	<b>2,119,776</b>
Revenue from grants from governmental agencies	15,942,218	12,332	-	15,954,550	15,844,242	93,999	-	15,938,241
Other revenue								
Program service fees	1,220,192	-	-	1,220,192	1,164,544	-	-	1,164,544
Rental income	191,865	-	-	191,865	176,016	-	-	176,016
Other operating revenue	177,823	-	-	177,823	122,456	-	-	122,456
<b>Total other revenue</b>	<b>1,589,880</b>	<b>-</b>	<b>-</b>	<b>1,589,880</b>	<b>1,463,016</b>	<b>-</b>	<b>-</b>	<b>1,463,016</b>
<b>Total public support and revenue</b>	<b>18,704,764</b>	<b>857,581</b>	<b>-</b>	<b>19,562,345</b>	<b>18,648,672</b>	<b>872,361</b>	<b>-</b>	<b>19,521,033</b>
Net assets released from restrictions	910,397	(910,397)	-	-	1,659,497	(1,659,497)	-	-
<b>Total revenues from operations</b>	<b>19,615,161</b>	<b>(52,816)</b>	<b>-</b>	<b>19,562,345</b>	<b>20,308,169</b>	<b>(787,136)</b>	<b>-</b>	<b>19,521,033</b>
Operating expenses:								
Encouraging positive development	2,471,091	-	-	2,471,091	3,337,620	-	-	3,337,620
Fostering independence	10,386,623	-	-	10,386,623	10,028,659	-	-	10,028,659
Promoting self-sufficiency	3,827,255	-	-	3,827,255	4,046,899	-	-	4,046,899
<b>Total program services</b>	<b>16,684,969</b>	<b>-</b>	<b>-</b>	<b>16,684,969</b>	<b>17,413,178</b>	<b>-</b>	<b>-</b>	<b>17,413,178</b>
Management and general	2,107,046	-	-	2,107,046	1,984,589	-	-	1,984,589
Fund raising	229,565	-	-	229,565	334,429	-	-	334,429
Administrative fees paid to national organization	378,809	-	-	378,809	373,130	-	-	373,130
<b>Total supporting services</b>	<b>2,715,420</b>	<b>-</b>	<b>-</b>	<b>2,715,420</b>	<b>2,692,148</b>	<b>-</b>	<b>-</b>	<b>2,692,148</b>
<b>Total operating expenses</b>	<b>19,400,389</b>	<b>-</b>	<b>-</b>	<b>19,400,389</b>	<b>20,105,326</b>	<b>-</b>	<b>-</b>	<b>20,105,326</b>
<b>Excess (deficit) from operations</b>	<b>214,772</b>	<b>(52,816)</b>	<b>-</b>	<b>161,956</b>	<b>202,843</b>	<b>(787,136)</b>	<b>-</b>	<b>(584,293)</b>
Nonoperating activity and other change:								
Investment and interest income	18,489	-	-	18,489	33,957	-	-	33,957
Realized and unrealized gain (loss) on investments and perpetual trust	131,983	-	17,605	149,588	(24,691)	-	(17,185)	(41,876)
<b>Nonoperating activity and other</b>	<b>150,472</b>	<b>-</b>	<b>17,605</b>	<b>168,077</b>	<b>9,266</b>	<b>-</b>	<b>(17,185)</b>	<b>(7,919)</b>
<b>Change in net assets</b>	<b>365,244</b>	<b>(52,816)</b>	<b>17,605</b>	<b>330,033</b>	<b>212,109</b>	<b>(787,136)</b>	<b>(17,185)</b>	<b>(592,212)</b>
<b>Net assets, beginning</b>	<b>7,574,976</b>	<b>554,567</b>	<b>333,332</b>	<b>8,462,875</b>	<b>7,362,867</b>	<b>1,341,703</b>	<b>350,517</b>	<b>9,055,087</b>
<b>Net assets, ending</b>	<b>\$ 7,940,220</b>	<b>\$ 501,751</b>	<b>\$ 350,937</b>	<b>\$ 8,792,908</b>	<b>\$ 7,574,976</b>	<b>\$ 554,567</b>	<b>\$ 333,332</b>	<b>\$ 8,462,875</b>

See notes to consolidated financial statements.

## Volunteers of America, Dakotas and Affiliates

### Consolidated Statements of Functional Expenses Year Ended June 30, 2017

	Impact Areas				Supporting Activities			Total 2017
	Encouraging Positive Development	Fostering Independence	Promoting Self-Sufficiency	Total	Management and General	Fund Raising	Total	
Salaries	\$ 1,261,798	\$ 6,199,799	\$ 2,058,552	\$ 9,520,149	\$ 1,004,599	\$ 81,997	\$ 1,086,596	\$ 10,606,745
Pension expense	13,312	60,915	16,157	90,384	14,745	854	15,599	105,983
Other employee benefits	213,689	896,734	250,143	1,360,566	151,551	4,571	156,122	1,516,688
Payroll taxes	89,591	447,739	148,897	686,227	70,675	5,782	76,457	762,684
Legal fees	-	7,915	60	7,975	33,832	-	33,832	41,807
Accounting fees	6,606	27,980	10,152	44,738	9,951	591	10,542	55,280
Other professional fees	227,582	366,963	243,971	838,516	194,201	71,130	265,331	1,103,847
Supplies and expenses	93,072	285,593	163,532	542,197	44,015	24,716	68,731	610,928
Telecommunications	13,016	52,579	28,769	94,364	9,373	113	9,486	103,850
Postage	867	8,991	1,080	10,938	5,186	4,183	9,369	20,307
Occupancy	215,271	738,661	258,899	1,212,831	60,798	1,200	61,998	1,274,829
Interest	25,030	36,310	47,981	109,321	34,503	685	35,188	144,509
Insurance	27,582	72,941	24,291	124,814	25,129	417	25,546	150,360
Equipment rental and maintenance	16,673	41,192	27,995	85,860	30,639	808	31,447	117,307
Printing and publications	84,234	31,370	30,605	146,209	219,825	29,177	249,002	395,211
Travel and transportation	34,570	170,844	50,849	256,263	19,675	240	19,915	276,178
Conferences and meetings	2,516	14,479	4,972	21,967	14,039	125	14,164	36,131
Specific assistance to individuals and programs	55,962	672,493	341,418	1,069,873	5,221	1,645	6,866	1,076,739
Other	3,872	40,467	5,485	49,824	26,017	118	26,135	75,959
Depreciation	85,848	212,658	113,447	411,953	133,072	1,213	134,285	546,238
<b>Total functional expense</b>	<b>\$ 2,471,091</b>	<b>\$ 10,386,623</b>	<b>\$ 3,827,255</b>	<b>\$ 16,684,969</b>	<b>\$ 2,107,046</b>	<b>\$ 229,565</b>	<b>\$ 2,336,611</b>	<b>\$ 19,021,580</b>
Administrative fees paid to national organization								378,809
<b>Total expenses</b>								<b>\$ 19,400,389</b>

(Continued)

## Volunteers of America, Dakotas and Affiliates

### Consolidated Statements of Functional Expenses (Continued) Year Ended June 30, 2016

	Impact Areas				Supporting Activities			Total 2016
	Encouraging Positive Development	Fostering Independence	Promoting Self-Sufficiency	Total	Management and General	Fund Raising	Total	
Salaries	\$ 1,695,689	\$ 5,950,776	\$ 2,183,105	\$ 9,829,570	\$ 980,146	\$ 73,024	\$ 1,053,170	\$ 10,882,740
Pension expense	12,171	47,252	11,421	70,844	15,467	960	16,427	87,271
Other employee benefits	235,030	836,021	249,888	1,320,939	103,603	7,676	111,279	1,432,218
Payroll taxes	129,590	451,753	165,177	746,520	74,269	5,480	79,749	826,269
Legal fees	2,272	7,072	6,790	16,134	27,917	-	27,917	44,051
Accounting fees	8,746	24,470	11,222	44,438	7,422	413	7,835	52,273
Other professional fees	252,613	353,232	286,106	891,951	153,713	62,133	215,846	1,107,797
Supplies and expenses	132,108	268,256	150,404	550,768	43,212	11,152	54,364	605,132
Telecommunications	25,488	73,613	29,750	128,851	12,816	174	12,990	141,841
Postage	2,063	8,335	1,310	11,708	6,812	3,685	10,497	22,205
Occupancy	245,787	699,240	251,170	1,196,197	94,345	3,452	97,797	1,293,994
Interest	19,036	33,346	47,909	100,291	33,338	1,015	34,353	134,644
Insurance	27,694	65,675	25,454	118,823	20,572	1,854	22,426	141,249
Equipment rental and maintenance	12,229	74,916	19,514	106,659	20,208	974	21,182	127,841
Printing and publications	330,598	16,008	13,581	360,187	181,015	149,108	330,123	690,310
Travel and transportation	33,793	189,453	57,309	280,555	27,956	539	28,495	309,050
Conferences and meetings	3,160	8,612	5,481	17,253	15,622	-	15,622	32,875
Specific assistance to individuals and programs	97,629	682,076	367,371	1,147,076	12,721	4,679	17,400	1,164,476
Other	1,948	55,144	3,399	60,491	27,671	6,557	34,228	94,719
Depreciation	69,976	183,409	160,538	413,923	125,764	1,554	127,318	541,241
<b>Total functional expense</b>	<b>\$ 3,337,620</b>	<b>\$ 10,028,659</b>	<b>\$ 4,046,899</b>	<b>\$ 17,413,178</b>	<b>\$ 1,984,589</b>	<b>\$ 334,429</b>	<b>\$ 2,319,018</b>	<b>\$ 19,732,196</b>
Administrative fees paid to national organization								373,130
<b>Total expenses</b>								<b>\$ 20,105,326</b>

See notes to consolidated financial statements.



## Volunteers of America, Dakotas and Affiliates

### Consolidated Statements of Cash Flows Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 330,033	\$ (592,212)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation, other than Pettigrew Heights	459,234	487,425
Depreciation, Pettigrew Heights	84,168	50,980
Impairment loss, Pettigrew Heights	200,816	179,764
Amortization, Pettigrew Heights	2,836	2,836
Contributions restricted for long-term purposes	4,508	(30,735)
(Gain) loss on investments	(105,717)	24,542
Change in beneficial interest in perpetual trust	(17,605)	17,185
(Gain) loss on sale of property and equipment	(9,543)	30,854
Other changes in assets and liabilities:		
Receivables	(22,203)	39,996
Prepaid expenses	(36,616)	21,291
Inventory	11,155	13,443
Other assets, including property and equipment - Pettigrew Heights	(5,711)	(49,727)
Accounts payable	19,199	(47,615)
Accrued expenses and other liabilities	(312,481)	(71,473)
Other liabilities, including debt - Pettigrew Heights	(23,348)	45,068
<b>Net cash provided by operating activities</b>	<b>578,725</b>	<b>121,622</b>
Cash flows from investing activities:		
Purchase of investments	(516,462)	(321,731)
Proceeds from sale of investments	293,301	389,352
Proceeds from sale of property and equipment	14,110	4,159
Purchase of property and equipment	(151,120)	(1,363,581)
<b>Net cash used in investing activities</b>	<b>(360,171)</b>	<b>(1,291,801)</b>
Cash flows from financing activities:		
Contributions received restricted for long-term purposes	83,300	118,109
Proceeds from long-term debt	-	1,186,045
Payments on long-term debt	(264,127)	(265,210)
<b>Net cash provided by (used in) financing activities</b>	<b>(180,827)</b>	<b>1,038,944</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>37,727</b>	<b>(131,235)</b>
Cash and cash equivalents, beginning	844,027	975,262
Cash and cash equivalents, ending	\$ 881,754	\$ 844,027
Supplemental information:		
Disclosure of cash flow information:		
Cash paid during the year - interest	\$ 141,207	\$ 137,312

See notes to consolidated financial statements.

## Volunteers of America, Dakotas and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 1. Organization

The consolidated financial statements include the accounts of Volunteers of America, Dakotas; Volunteers of America, Dakotas Foundation, Inc.; and Volunteers of America, Dakotas-Pettigrew Heights Apartments Limited Partnership, which collectively are referred to as the Organization. All material inter-organization transactions have been eliminated. Volunteers of America, Dakotas is a nonprofit spiritually based human services organization, incorporated in South Dakota, which provides social services within South Dakota and North Dakota under a charter from Volunteers of America, Inc., a national nonprofit spiritually based organization providing local human service programs, and opportunities for individual and community involvement. Volunteers of America, Dakotas Foundation, Inc. is a nonprofit organization that encourages and assists Volunteers of America, Dakotas and its associated exempt organizations in the maintenance of their activities.

Volunteers of America-Dakotas Pettigrew Heights Apartment Limited Partnership (the Partnership) was formed for purpose of constructing, operating and managing a 37 unit low-income housing tax credit project in Sioux Falls to benefit low income families. Volunteers of America, Dakotas is a .01 percent managing general partner of the Partnership. The Partnership's assets and liabilities are presented in the statements of financial position as Other Assets, Pettigrew Heights, including property and equipment and Other Liabilities, Pettigrew Heights, including debt. The Partnership's activities, functional expenses and cash flows are included in the applicable lines in each of those respective statements.

A summary of the programs offered by the Organization is as follows:

**Encouraging Positive Development:** Volunteers of America provides services to encourage positive development for troubled and at-risk children and youth, while also promoting the healthy development of all children, adolescents, and their families. The programs provide a continuum of care and support for young people ages birth to 21 through prevention, early intervention, crisis intervention, and long-term services.

Look Up and Hope program empowers participants with skills, relationships and resiliency they need to transcend the devastating effects of poverty and incarceration.

The Childcare and Family Literacy Centers offers children of teen and adult parents, early childhood education programs, child care services, preschool programs, and a school-age program, along with support and guidance for parents pursuing education and employment goals including development of parenting skills.

The Independent Living Preparation Program provides shelter and case management for homeless and at risk youth, and assists them toward independent living. Group Care provides short-term residential programs that serve high-risk youth.

Kidz Count is a licensed after school program that serves at-risk children ages five to 12 enrolled at Terry Redlin Elementary School. The program includes academic support services as well as recreational and social activities.

Promotion of health wellness is provided through Tobacco Prevention and Office of Highway Safety programs which include impaired driving prevention and through engaging parents of teens focusing on communication of health related matters.

The Bowden Youth Center offers recreation, education and creative opportunities to all youth, and serves as a drop-in center for runaway and homeless youth or youth at risk of becoming homeless. Youth Link, included under Bowden Youth Center, is a multi-faceted after-school and summer program designed to intervene early with at-risk young people and guide them toward making healthy choices.

## Volunteers of America, Dakotas and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 1. Organization (Continued)

**Fostering Independence:** Volunteers of America foster the health and independence of the elderly and persons with disabilities and mental illness through quality affordable housing, health care services, and a wide range of community services.

Disabilities Services – West Oak offers residential, educational, therapeutic, and employment training services for adolescent adults who have developmental disabilities and emotional/behavioral disorders. Family Support Coordinators provide assistance to individuals with disabilities to help them achieve their independence goals.

Mental Health – LifeMarks offers outpatient counseling service for individuals, couples, and families and provides employee assistance programs.

Family Services – The healthy marriage and relationship education program is designed to help families/individuals improve their relationships, marriages, parenting, and financial security, with the ultimate goals of improving family functioning, adult and child well-being, reducing poverty, and assisting the successful transition of youth to adulthood.

Senior Services – Retired Senior Volunteer Program (RSVP) and the Foster Grandparent Program supports service and volunteering programs to improve lives, strengthen communities and foster civic engagement.

Pettigrew Heights is a separate corporation that offers low-income housing to qualified families.

**Promoting Self-Sufficiency:** Volunteers of America promotes self-sufficiency for individuals and families who have experienced homelessness, or other personal crisis, including chemical dependency, involvement with the corrections system and unemployment. The focus is on solution-oriented approaches, using a continuum of services from prevention to intervention to long-term support.

Community Enhancement – Dakota Spirituality is faith based culturally sensitive ministry services provided to participants and community. The Prevention Resource Center provides a resource library and information clearinghouse for alcohol, tobacco and other drug, and other violence prevention materials and provides training and technical assistance for students, parents, and professionals.

Substance Abuse – The Heisler Treatment Program provides inpatient and outpatient therapeutic treatment and aftercare services for youth and adults with chemical abuse/addiction issues and their families. New Start is a 24-hour residential chemical dependency treatment program for pregnant and parenting young girls and adults and their children.

Homeless and Housing Services – Transitional Housing for Veterans provides transitional housing and supportive services to homeless Veterans in a safe, secure, and respectful environment. Veteran's Services Center is for veterans and their families who are homeless or at risk of homelessness. Outreach services and other runaway and homeless programs provide education and prevention services to runaway or homeless youth, along with shelter, personal needs, case management, counseling, and transportation assistance to return home or to another safe place.

## Volunteers of America, Dakotas and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 2. Significant Accounting Policies

**Basis of accounting:** The accounting policies of the Organization conform to generally accepted accounting principles as applicable to voluntary health and welfare organizations. The more significant accounting policies of the agency are described below:

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

	<u>Years</u>
Buildings and improvements	5-40
Office equipment and furnishings	3-20
Vehicles	4-5

**Cash equivalents:** Cash equivalents are highly liquid investments with a maturity of three months or less when purchased, unless held for reinvestment as part of the investment portfolio, pledged to secure loan agreements or otherwise restricted or designated.

**Contributions:** Contributions are recorded upon receipt, unless evidence of an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

**Contributed services:** The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Volunteers contribute a significant amount of time to the Organization's activities without compensation. The financial statements generally do not reflect the value of those contributed services since they do not meet the criteria for recognition.

**Exchange transactions:** Revenue from exchange transactions, including grants and program service fees, are recognized when earned, which is generally when the service is provided.

**Net assets:** The Organization classifies net assets into three categories: unrestricted, temporarily restricted and permanently restricted. All net assets are classified as unrestricted unless specifically restricted by the donor. Temporarily restricted net assets include contributions with temporary, donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted and are reported in the statement of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose. Permanently restricted net assets include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all or part of the investment income earned on the contributions.

**Operations:** The Organization defines operations as all program and supporting service activities undertaken (see Note 1). Revenues that result from these activities, and their related expenses, are reported as operations. Revenues and expenses that result from disposing of property and equipment or other assets are also reported as operating. Revenues, expenses, and gains and losses that result from investing activities are reported as non-operating.

## Volunteers of America, Dakotas and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 2. Significant Accounting Policies (Continued)

**Income taxes:** Under provision of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the State of South Dakota, Volunteers of America, Dakotas and Volunteers of America, Dakotas Foundation, Inc. are exempt from income taxes, except for net income from unrelated business income, as subordinate units of Volunteers of America, Inc. Volunteers of America, Inc. and Volunteers of America, Dakotas Foundation, Inc. are exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code as religious organizations described in Section 501(c)(3). There were no unrelated business activities in 2017 and 2016. Accordingly, no income tax expense was incurred during the years ended June 30, 2017 and 2016.

Volunteers of America, Dakotas – Pettigrew Heights Apartments Limited Partnership (Partnership) is treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense, if incurred.

**Investments and beneficial interest in perpetual trust:** Investments and beneficial interest in perpetual trust are recorded at fair value. Realized and unrealized gains and losses are included in the change in unrestricted net assets, unless their use is temporarily or permanently restricted by donor stipulations or law. Unrealized gains and losses are reported for the change in fair value between reporting periods. Interest and dividend income is reported when earned.

**Allocation of functional expenses:** The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various functions.

**Use of estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Significant estimates include the allowance for doubtful accounts and pledges.

**Advertising costs:** Advertising costs are expensed as incurred. The Organization incurred advertising expenses of \$175,231 and \$165,935 for years ended June 30, 2017 and 2016, respectively.

**Receivables and credit policies:** Pledges receivable are stated net of an allowance for doubtful accounts. The allowance for uncollectible pledges is recorded based upon a review by management of the outstanding pledges, including pledges that are past due, and other judgmental factors. Pledges written off, net of changes in the allowance for uncollectible pledges, are reported as provision for uncollectible pledges as a reduction in revenue.

Trade receivables are uncollateralized non-interest bearing obligations due under normal trade terms requiring payment within 30 days from the invoice date. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

## Volunteers of America, Dakotas and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 2. Significant Accounting Policies (Continued)

The carrying amount of trade receivables is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management continuously reviews all trade receivable balances and estimates the portion, if any, of the balance that will not be collected. It is the Organization's policy to charge off receivables when they are considered worthless.

**Leave policies:** Eligible employees accrue vacation leave based on exempt or non-exempt status and years of service. The accrual does not exceed the amount earned in one year, the maximum financial remuneration paid for unused vacation upon separation from the Organization.

Sick leave is earned by eligible employees and is accumulated to a maximum amount. Accumulated sick leave is not paid out upon termination of employment. Accordingly, sick pay is charged to expenditures when taken, and no accrual is made for unused sick leave.

**Risks and uncertainties:** The Organization invests in various mutual funds that are invested in securities including government securities, corporate debt instruments, and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility.

The Organization maintains cash and cash equivalents balances in certain financial institutions. The accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year, the Organization's bank balances may exceed this limit.

The Organization receives a substantial amount of its support from federal, state, and local governments. A reduction in the level of this support, if this were to occur, may have a significant effect on the Organization's programs and activities.

Receivables are primarily due from various federal and state grant programs or pledges from various groups. Management anticipates collecting the receivables from the various grant programs. Receivables for child care services, outpatient services and private pay residential and group home services are also included in this amount. The allowance for doubtful accounts is estimated based on these amounts. At June 30, 2017 and 2016, 10 percent or more of the Organization's receivables were derived from the following agencies (numbers are approximate):

	2017	2016
Agency 1	\$ 384,000	\$ 329,000
Agency 2	735,000	773,000
	<u>\$ 1,119,000</u>	<u>\$ 1,102,000</u>

**Fair value measurements:** The Organization has determined the fair value of certain assets and liabilities in accordance with the provisions of FASB ASC Topic 820, Fair Value Measurements and Disclosures, which provides a framework for measuring fair value under generally accepted accounting principles.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

## Volunteers of America, Dakotas and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 2. Significant Accounting Policies (Continued)

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

**Non-controlling interest:** The non-controlling interest in net assets represents the limited partners' interest in the net assets of the Partnership.

**Recent accounting pronouncement:** In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers: Topic 606*, to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. ASU 2014-09 is effective for the Organization on July 1, 2019. The Organization has not yet evaluated the impact of the pending adoption of ASU 2014-09 on their financial statements.

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810), Amendments to the Consolidation Analysis*, which amends the guidance that reporting entities apply when evaluating whether certain legal entities should be consolidated. The new standard is effective for the Organization for the fiscal year beginning on July 1, 2017. The adoption of this guidance is not expected to have a material impact on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The new standard is effective for the Organization for the fiscal year beginning on July 1, 2020. Earlier adoption is permitted. The Organization has not yet evaluated the impact of the adoption of this standard on its financial statements.

In August 2016, the FASB issued ASU 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU changes the presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. Among other things, this ASU includes qualitative and quantitative requirements in the following areas:

- Net asset classifications are being reduced from three to two categories: with donor restrictions and without donor restrictions and includes expanded disclosures about the nature and amount of any donor restrictions or any board designations of net assets without donor restrictions.

## Volunteers of America, Dakotas and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 2. Significant Accounting Policies (Continued)

- Underwater donor-restricted endowments will be included in “with donor restrictions”. There will be enhanced required disclosures for underwater endowments, including disclosure of policies for reducing or ceasing spending from such endowments, the aggregate fair value, the aggregate original gift amount or level required to be maintained by donor or law, and the aggregate amount of any deficiencies.
- The placed-in-service approach will be required for determining when restrictions are met for all capital gifts, eliminating the over-time option for expirations of capital restrictions.
- Additional disclosures, both qualitative and quantitative, will be required to communicate information useful in assessing liquidity within one year of the balance sheet date.
- Disclosure of expenses by both nature and function (excluding investment expenses that have been netted with investment return), disclosure of expenses netted with investment return, and enhanced disclosures regarding cost allocations.
- ASU 2016-14 eliminates the requirement to disclose the unrealized gains and losses for the period related to equity securities held at the report date as previously required by ASU 2016-01, Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.

The new standard is effective for the Organization for the fiscal year beginning on July 1, 2018, however, earlier adoption is permitted. The Organization has not yet evaluated the impact of the adoption of this standard on its financial statements.

In January 2017, the FASB issued ASU 2017-02 *Not-for-Profit Entities – Consolidation (Subtopic 958-810): Clarifying When a Not-for-Profit Entity that is a General Partner or a Limited Partner Should Consolidate a For-Profit Limited Partnership or Similar Entity*. This ASU amends the consolidation guidance in Subtopic 958-810 to maintain that a not-for-profit entity that is a general partner continues to be presumed to control a for-profit limited partnership, regardless of the extent of its ownership interest, unless that presumption is overcome. The presumption is overcome if the limited partners have either substantive kick-out rights or participating rights. The new standard is effective for the Organization for the fiscal year beginning on July 1, 2017. The adoption of this guidance is not expected to have a material impact on the consolidated financial statements.

**Reclassifications:** Certain items in the 2016 financial statements have been reclassified to conform to the current year’s presentation format. There was no effect on the change in net assets for 2017 as a result of these reclassifications.

**Subsequent events:** The Organization has evaluated subsequent events through November 22, 2017, the date which the financial statements were available to be issued.



## Volunteers of America, Dakotas and Affiliates

### Notes to Consolidated Financial Statements

#### Note 3. Pledges Receivable

Pledges receivable at June 30, 2017 and 2016, are as follows:

	2017	2016
Within one year	\$ 75,124	\$ 202,991
One to five years	23,112	58,297
	<u>98,236</u>	<u>261,288</u>
Less, allowance for uncollectible pledges	(18,917)	(30,390)
Less, current portion, net	(58,458)	(178,419)
Long-term pledges receivable, net	<u>\$ 20,861</u>	<u>\$ 52,479</u>

Discounts for the time value of money were determined to be immaterial.

#### Note 4. Investments

Investments are stated at fair value. As of June 30, 2017 and 2016, investments consisted of the following:

	2017		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Certificates of deposit (2021 maturities)	\$ 50,000	\$ 49,924	\$ (76)
Corporate bonds	344,531	342,055	(2,476)
Money market funds	21,082	21,082	-
Mutual funds - equity	771,343	927,455	156,112
Mutual funds - bonds	188,417	189,119	702
	<u>\$ 1,375,373</u>	<u>\$ 1,529,635</u>	<u>\$ 154,262</u>
	2016		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Certificates of deposit (2021 maturities)	\$ 50,000	\$ 49,651	\$ (349)
Corporate bonds	205,894	207,625	1,731
Money market funds	18,939	18,939	-
Mutual funds - equity	677,337	727,965	50,628
Mutual funds - bonds	169,470	171,134	1,664
Municipal bonds	25,000	25,443	443
	<u>\$ 1,146,640</u>	<u>\$ 1,200,757</u>	<u>\$ 54,117</u>

## Volunteers of America, Dakotas and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 4. Investments (Continued)

The Organization's investment objective is to maintain the purchasing power of the principal of the Fund. Accordingly, net of spending, the objective is to grow the aggregate portfolio value at a rate greater than the rate of inflation over a five-year time horizon.

Investment return for the years ended June 30, 2017 and 2016, is summarized as follows:

	2017	2016
Investment and interest income	\$ 18,489	\$ 33,957
Net realized gain	31,878	22,171
Net unrealized gain (loss)	117,710	(64,047)
Total investment return	<u>\$ 168,077</u>	<u>\$ (7,919)</u>

Investment fees of \$8,764 and \$8,278 are netted against investment income above for the years ended June 30, 2017 and 2016, respectively.

#### Note 5. Beneficial Interest in Perpetual Trust

The Organization is a beneficiary under the William Alexander & Lida Alice Beach Memorial Trust. The trust is a donor established perpetual trust held and administered by a third party. Under the terms of the trust, the Organization has the irrevocable right to receive the income earned on the trust in perpetuity, but never receives the assets held in the trust. Distributions are received annually from the trust which are restricted for buildings and grounds maintenance. Beneficial interest in the perpetual trust is \$323,997 and \$306,392 at June 30, 2017 and 2016, respectively.

#### Note 6. Sioux Falls Area Community Foundation

The Organization has endowment funds held by the Sioux Falls Area Community Foundation (Foundation). Outside donors have contributed to funds with the Foundation for the benefit of the Organization. Distributions to the Organization are in accordance with distribution policies for permanent funds adopted by the Foundation. As of June 30, 2017 and 2016, the balance of funds with the Foundation totaled \$560,988 and \$525,534, respectively. Since distributions are subject to the Foundation's variance power, the Organization recognizes revenue from the endowments as distributions are received. Distributions received totaled \$21,232 and \$20,994 for the years ended June 30, 2017 and 2016, respectively.

## Volunteers of America, Dakotas and Affiliates

### Notes to Consolidated Financial Statements

#### Note 7. Fair Value of Assets

Assets measured at fair value on recurring basis at June 30, 2017 and 2016, respectively, are as follows:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
June 30, 2017			
Certificates of deposit	\$ -	\$ 49,924	\$ -
Corporate bonds	-	342,055	-
Money market funds	21,082	-	-
Mutual funds - equity	927,455	-	-
Mutual funds - bonds	189,119	-	-
Beneficial interest in perpetual trust	-	-	323,997
Total assets	<u>\$ 1,137,656</u>	<u>\$ 391,979</u>	<u>\$ 323,997</u>
June 30, 2016			
Certificates of deposit	\$ -	\$ 49,651	\$ -
Corporate bonds	-	207,625	-
Money market funds	18,939	-	-
Mutual funds - equity	727,965	-	-
Mutual funds - bonds	171,134	-	-
Municipal bonds	-	25,443	-
Beneficial interest in perpetual trust	-	-	306,392
Total assets	<u>\$ 918,038</u>	<u>\$ 282,719</u>	<u>\$ 306,392</u>

The fair value of money market and mutual funds is determined by reference to quoted market prices in an active market (Level 1). The fair value of certificates of deposit, municipal bonds, and corporate bonds, are determined by reference to similar assets that are directly or indirectly observable in the marketplace (Level 2). The beneficial interest in perpetual trust is valued based upon the Organization's beneficial interest percentage in the underlying investments of the trust. Since the assets are intended to be held perpetually, the fair value measurement has been classified within Level 3 of the fair value hierarchy.

## Volunteers of America, Dakotas and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 7. Fair Value of Assets (Continued)

Below is a reconciliation of the beginning and ending balance of the beneficial interest in perpetual trust measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2017 and 2016:

	2017	2016
Balance, beginning of year	\$ 306,392	\$ 323,577
Adjustments to fair value	33,796	(882)
Program support received	(16,191)	(16,303)
Balance, end of year	<u>\$ 323,997</u>	<u>\$ 306,392</u>

#### Note 8. Property and Equipment

Property and equipment for Volunteers of America, Dakotas and Volunteers of America, Foundation consists of the following:

	2017	2016
Land	\$ 1,205,279	\$ 1,205,279
Buildings and improvements	10,975,141	10,887,809
Office equipment	422,250	406,843
Furnishings	179,760	179,760
Vehicles	943,138	940,411
	<u>13,725,568</u>	<u>13,620,102</u>
Less accumulated depreciation	<u>(6,368,590)</u>	<u>(5,950,443)</u>
	<u>\$ 7,356,978</u>	<u>\$ 7,669,659</u>

Property and equipment for Pettigrew Heights consist of the following:

	2017	2016
Land	\$ 179,658	\$ 179,658
Building and improvements	3,079,135	3,079,135
Furnishings	336,931	336,931
	<u>3,595,724</u>	<u>3,595,724</u>
Less accumulated depreciation	<u>(1,307,426)</u>	<u>(1,022,442)</u>
	<u>\$ 2,288,298</u>	<u>\$ 2,573,282</u>

Accumulated impairment of \$380,580 and \$179,764 has been recognized as of June 30, 2017 and 2016, respectively, and is included in accumulated depreciation for Pettigrew Heights above.

## Volunteers of America, Dakotas and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 9. Intangible Assets

During the year ended June 30, 2011, the Organization entered into a partnership to acquire and construct a residential real estate property financed with tax credits. Costs incurred totaling \$42,536 as part of the tax credit allocation have been capitalized and are being amortized using the straight-line method over the 15 year compliance period. Amortization expense for each of the years ended June 30, 2017 and 2016, was \$2,836, with a net carrying amount of \$22,449 and \$25,284, respectively, and are included in Other Assets, Pettigrew Heights on the statements of financial position.

#### Note 10. Leases

The Organization leases property and equipment under operating leases that expire through 2023. Lease expense for operating leases for the years ended June 30, 2017 and 2016, was \$421,204 and \$466,941, respectively.

Minimum lease payments for operating leases in future years are as follows:

Years ending June 30:	
2018	\$ 269,574
2019	157,755
2020	98,298
2021	98,862
2022	100,564
Thereafter	67,809
	<u>\$ 792,862</u>

#### Note 11. Line of Credit

As of June 30, 2017 and 2016, the Organization has a \$1,000,000 line-of-credit in place at Wells Fargo Bank which matures on March 15, 2018. The line-of-credit incurs interest at a rate of prime (4.25 percent at June 30, 2017) plus 1.0 percent, but not less than 5.0 percent. No amount is outstanding as of June 30, 2017 or 2016. The line of credit is secured by substantially all assets of the Organization, excluding real estate.

## Volunteers of America, Dakotas and Affiliates

### Notes to Consolidated Financial Statements

#### Note 12. Long-Term Debt

Long-term debt consists of:

	2017	2016
Volunteers of America, Dakotas:		
3.95% mortgage note payable to Wells Fargo Bank, due in monthly installments of \$9,403, including interest, with a balloon payment due June 21, 2021, secured by 1309 West 51st Street (1)	\$ 1,073,565	\$ 1,141,911
3.95% mortgage note payable to Wells Fargo Bank, due in monthly installments of \$6,075, including interest, with a balloon payment due November 15, 2021, secured by 1309 West 51st Street	912,702	948,267
3.95% mortgage note payable to Wells Fargo Bank, due in monthly installments of \$4,572, including interest, with a balloon payment due July 15, 2021, secured by 600 and 624 West 12th Street	525,394	558,514
3.40% note payable to Wells Fargo Bank, due in varying semi-annual installments, including interest, due December 31, 2017, secured by 1309 West 51st Street	13,300	89,600
4.09% mortgage note payable to Wells Fargo Bank, due in monthly installments of \$4,244, including interest, with a balloon payment due June 15, 2022, secured by 1310 West 51st Street	632,431	656,587
4.65% mortgage note payable to Wells Fargo Bank, due in monthly installments of \$3,074, including interest, due December 10, 2025, secured by 1309 West 51st Street (1)	257,778	283,574
0% note payable to National Industries for the Severely Handicapped (NISH), due in quarterly installments of \$844, including interest, with the last payment scheduled for October 31, 2016 secured by inventory	-	844
0% mortgage notes payable to City of Sioux Falls Department of Community Development, due upon noncompliance with the intended purpose of grants received, or upon sale of the property	416,923	416,923
Volunteers of America, Foundation:		
0% mortgage note payable to City of Sioux Falls Department of Community Development, due upon noncompliance with the intended purpose of grants received, or upon sale of the property	33,653	33,653
	3,865,746	4,129,873
Less current maturities	(206,419)	(259,414)
	<u>\$ 3,659,327</u>	<u>\$ 3,870,459</u>
Pettigrew Heights:		
0% mortgage note payable to South Dakota Housing Development Authority, due in irregular monthly principal payments, due December 1, 2024, secured by all land, building, and equipment at Pettigrew Heights	\$ 191,600	\$ 221,600
0% mortgage note payable to South Dakota Housing Development Authority, due in annual installments based on available cash flow in excess of a 1.15 debt service coverage beginning July 1, 2012, due July 1, 2042, secured by all land, building, and equipment at Pettigrew Heights	423,423	423,423
	615,023	645,023
Less current maturities	(29,250)	(30,000)
	<u>\$ 585,773</u>	<u>\$ 615,023</u>

(1) Includes a covenant to maintain an annual debt service coverage ratio (as defined) of 1.15 to 1.0. The Organization was in violation of this covenant as of June 30, 2016, but received a waiver from the Bank. The interest rate may change in June 2019.

## Volunteers of America, Dakotas and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 12. Long-Term Debt (Continued)

Minimum annual principal payments for Volunteers of America, Dakotas and Volunteers of America, Foundation are estimated as follows:

Years ending June 30:	
2018	\$ 206,419
2019	201,176
2020	209,293
2021	989,621
2022	1,690,020
Thereafter	569,217
	<u>\$ 3,865,746</u>

Minimum annual principal payments for Pettigrew Heights are estimated as follows:

Years ending June 30:	
2018	\$ 29,250
2019	28,500
2020	27,450
2021	26,400
2020	25,200
Thereafter	478,223
	<u>\$ 615,023</u>

#### Note 13. Employee Benefit Plans

The Organization participates in a non-contributory defined benefit pension and retirement plan. The plan is administered through a commercial insurance company and covers all ministers commissioned through December 31, 1999. Pension plan expense was \$41,163 and \$41,459 for the years ended June 30, 2017 and 2016, respectively. Because the plan is a multi-employer plan, the accumulated benefits and net assets available for benefits, as they relate to the Organization, are not readily available.

The Organization has a 401(k) retirement plan that covers all employees who meet eligibility requirements. The Organization may provide a discretionary match of employee contributions as specified by the plan, subject to Internal Revenue Code restrictions. The Organization made contributions of \$105,983 and \$88,054 for the years ended June 30, 2017 and 2016, respectively.

#### Note 14. Related Party Transactions

The Organization is affiliated with Volunteers of America, Inc., which provides supporting services to the agency for a fee. Affiliate fees for the fiscal years ended June 30, 2017 and 2016, totaled \$378,809 and \$373,130, respectively. Amounts due to Volunteers of America, Inc. at June 30, 2017 and 2016, included in accounts payable, were \$33,904 and \$29,779, respectively, for affiliate fees.

The Organization received \$0 and \$37,536 in endowment awards from Volunteers of America, Inc. for the years ended June 30, 2017 and 2016, respectively.

Pledges receivable as of June 30, 2017 and 2016, include approximately \$29,000 and \$99,000, respectively, from employees and directors of the Organization.

## Volunteers of America, Dakotas and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 15. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2017 and 2016, consisted of the following:

	2017	2016
Program services with time restrictions - United Way	\$ 377,466	\$ 329,103
Restricted for the acquisition of property and equipment	-	106,664
Other program service restrictions	124,285	118,800
	<u>\$ 501,751</u>	<u>\$ 554,567</u>

Net assets of \$706,568 and \$646,619 were released for time restrictions during the years ended June 30, 2017 and 2016, respectively. Net assets of \$106,664 and \$432,306 were released based upon acquisition of property and equipment. Net assets of \$97,165 and \$580,572 were released based upon program service restrictions during the year ended June 30, 2017 and 2016, respectively.

#### Note 16. Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2017 and 2016, consisted of the following:

	2017	2016
Judy Dahmke Estate	\$ 26,940	\$ 26,940
William Alexander & Lida Alice Beach Memorial Trust	323,997	306,392
	<u>\$ 350,937</u>	<u>\$ 333,332</u>

#### Note 17. Changes in Consolidated Unrestricted Net Assets

Changes in consolidated unrestricted net assets attributable to the Organization and the noncontrolling interest in the Pettigrew Heights Apartment Limited Partnership are as follows:

	Total	Interest	Interest
Balance, June 30, 2015	\$ 7,362,867	\$ 5,421,112	\$ 1,941,755
Excess (deficit) from operations	202,843	354,013	(151,170)
Nonoperating activity	9,266	9,266	-
Balance, June 30, 2016	<u>7,574,976</u>	<u>5,784,391</u>	<u>1,790,585</u>
Excess (deficit) from operations	214,772	459,157	(244,385)
Nonoperating activity	150,472	150,472	-
Balance, June 30, 2017	<u>\$ 7,940,220</u>	<u>\$ 6,394,020</u>	<u>\$ 1,546,200</u>



## Volunteers of America, Dakotas and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 18. Endowment Funds

The Organization's endowment funds consist of various donor restricted endowment funds and funds designated as endowment by the Organization's Board of Directors. Net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. Endowment funds with donor-imposed restrictions are primarily held in a perpetual trust administered by a third party.

The Organization's management has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the 2007 South Dakota legislature as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets the fair value of the perpetual trust, as well as (a) the original value of other gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund (historic dollar value). The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the state of South Dakota in its enacted version of UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the endowment fund; (2) the purposes of the Organization and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the Organization; and (7) the investment policies of the Organization.

The Organization has adopted investment and spending policies for its endowment fund. The objective of these policies is to provide the Organization a predictable funding stream for its programs while protecting the purchasing power of the endowment fund. The Organization, through its investment policy, has established a target rate of return over the long-term, net of spending, to grow the portfolio at a rate greater than inflation. The total return during any single measurement period may deviate from the long-term return objective. To satisfy its long-term rate-of-return objective, the Organization expects to maintain appropriate diversification among equity and fixed income allocations. The purpose is to moderate the overall investment risk of the endowment fund.

The Board of Directors of the Organization may appropriate for expenditure or accumulate so much of the endowment fund as the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. The amount appropriated, the spending policy, is a Board approved percentage applied to the average fair value of the endowment fund assets during the prior twelve quarters. In cases where the fair value of endowment fund assets fall below the original value of the gifts donated to the permanent endowment, appropriation of gifts will not be made if such appropriation would reduce any gift below its historic-dollar value threshold. However, appropriations may be made from unrestricted quasi-endowment funds in an amount equivalent to an appropriation that would otherwise be allowable, but for the below historic-dollar-value condition. The Board approved spending percentage was to not exceed 5 percent for the fiscal year ended June 30, 2017.

## Volunteers of America, Dakotas and Affiliates

### Notes to Consolidated Financial Statements

#### Note 18. Endowment Funds (Continued)

Endowment net assets as of June 30, 2017, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds:				
Beneficial interest in perpetual trust for buildings and grounds maintenance	\$ -	\$ -	\$ 323,997	\$ 323,997
Other	-	-	26,940	26,940
Board designated endowment funds	1,502,695	-	-	1,502,695
	<u>\$ 1,502,695</u>	<u>\$ -</u>	<u>\$ 350,937</u>	<u>\$ 1,853,632</u>

Endowment net assets as of June 30, 2016, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds:				
Beneficial interest in perpetual trust for buildings and grounds maintenance	\$ -	\$ -	\$ 306,392	\$ 306,392
Other	-	-	26,940	26,940
Board designated endowment funds	1,173,817	-	-	1,173,817
	<u>\$ 1,173,817</u>	<u>\$ -</u>	<u>\$ 333,332</u>	<u>\$ 1,507,149</u>

The following summarizes the change in endowment net assets for the year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	<u>\$ 1,173,817</u>	<u>\$ -</u>	<u>\$ 333,332</u>	<u>\$ 1,507,149</u>
Investment return:				
Investment income	19,432	-	-	19,432
Realized and unrealized gain (loss) on investments, net	326,736	-	-	326,736
Adjustments to fair value of perpetual trust	-	-	17,605	17,605
Total investment return	<u>346,168</u>	<u>-</u>	<u>17,605</u>	<u>363,773</u>
Additions to endowment funds	37,189	-	-	37,189
Appropriation of endowment funds for expenditure	(54,479)	-	-	(54,479)
Endowment net assets, end of year	<u>\$ 1,502,695</u>	<u>\$ -</u>	<u>\$ 350,937</u>	<u>\$ 1,853,632</u>

## Volunteers of America, Dakotas and Affiliates

### Notes to Consolidated Financial Statements

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#### Note 18. Endowment Funds (Continued)

The following summarizes the change in endowment net assets for the year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 1,099,551	\$ -	\$ 350,517	\$ 1,450,068
Investment return:				
Investment income	3,098	-	-	3,098
Realized and unrealized gain (loss) on investments, net	65,638	-	-	65,638
Adjustments to fair value of perpetual trust	-	-	(17,185)	(17,185)
Total investment return	68,736	-	(17,185)	51,551
Additions to endowment funds	5,530	-	-	5,530
Endowment net assets, end of year	\$ 1,173,817	\$ -	\$ 333,332	\$ 1,507,149

## Volunteers of America, Dakotas and Affiliates

### Consolidating Statement of Financial Position June 30, 2017

	Volunteers of America, Dakotas	Volunteers of America, Dakotas Foundation, Inc.	Pettigrew Heights	Elimination Entries	Total
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 824,974	\$ 56,780	\$ -	\$ -	\$ 881,754
Accounts and grants receivable, net	2,443,598	-	-	(513,048)	1,930,550
Pledges receivable, net	52,919	5,539	-	-	58,458
Prepaid expenses	45,154	-	-	-	45,154
Inventory	32,650	-	-	-	32,650
<b>Total current assets</b>	<b>3,399,295</b>	<b>62,319</b>	<b>-</b>	<b>(513,048)</b>	<b>2,948,566</b>
Property and equipment:					
Land and buildings	11,575,079	630,062	-	(24,721)	12,180,420
Furnishings and equipment	1,518,682	26,466	-	-	1,545,148
Accumulated depreciation	(5,877,710)	(490,880)	-	-	(6,368,590)
<b>Total property and equipment</b>	<b>7,216,051</b>	<b>165,648</b>	<b>-</b>	<b>(24,721)</b>	<b>7,356,978</b>
Other assets:					
Long-term pledges receivable, net	13,121	7,740	-	-	20,861
Investments	66,077	1,529,635	-	(66,077)	1,529,635
Beneficial interest in perpetual trust	-	323,997	-	-	323,997
Other assets, Pettigrew Heights including property and equipment	(380,580)	-	2,742,464	-	2,361,884
<b>Total other assets</b>	<b>(301,382)</b>	<b>1,861,372</b>	<b>2,742,464</b>	<b>(66,077)</b>	<b>4,236,377</b>
	<b>\$ 10,313,964</b>	<b>\$ 2,089,339</b>	<b>\$ 2,742,464</b>	<b>\$ (603,846)</b>	<b>\$ 14,541,921</b>
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Accounts payable	\$ 437,720	\$ 35,000	\$ -	\$ (35,000)	\$ 437,720
Current portion of long-term debt	206,419	-	-	-	206,419
Accrued expenses and other liabilities	793,408	-	-	-	793,408
<b>Total current liabilities</b>	<b>1,437,547</b>	<b>35,000</b>	<b>-</b>	<b>(35,000)</b>	<b>1,437,547</b>
Other liabilities:					
Long-term debt, less current portion	3,625,674	33,653	-	-	3,659,327
Other liabilities, Pettigrew Heights including debt	-	-	1,130,187	(478,048)	652,139
<b>Total other liabilities</b>	<b>3,625,674</b>	<b>33,653</b>	<b>1,130,187</b>	<b>(478,048)</b>	<b>4,311,466</b>
<b>Total liabilities</b>	<b>5,063,221</b>	<b>68,653</b>	<b>1,130,187</b>	<b>(513,048)</b>	<b>5,749,013</b>
Net assets:					
Unrestricted:					
Controlling interest	4,748,992	1,669,749	66,077	(90,798)	6,394,020
Non-controlling interest	-	-	1,546,200	-	1,546,200
Temporarily restricted	501,751	-	-	-	501,751
Permanently restricted	-	350,937	-	-	350,937
<b>Total net assets</b>	<b>5,250,743</b>	<b>2,020,686</b>	<b>1,612,277</b>	<b>(90,798)</b>	<b>8,792,908</b>
	<b>\$ 10,313,964</b>	<b>\$ 2,089,339</b>	<b>\$ 2,742,464</b>	<b>\$ (603,846)</b>	<b>\$ 14,541,921</b>

## Volunteers of America, Dakotas and Affiliates

### Consolidating Statement of Activities Year Ended June 30, 2017

	Volunteer's of America, Dakotas	Volunteers of America, Dakotas Foundation, Inc.	Pettigrew Heights	Elimination Entries	Total
<b>Revenues from operations:</b>					
Contributions	\$ 494,264	\$ 238,878	\$ -	\$ (89,479)	\$ 643,663
Contributions, in kind	540,837	-	-	-	540,837
United Way	833,415	-	-	-	833,415
<b>Total public support</b>	<b>1,868,516</b>	<b>238,878</b>	<b>-</b>	<b>(89,479)</b>	<b>2,017,915</b>
Revenue and grants from governmental agencies	15,954,550	-	-	-	15,954,550
<b>Other revenue:</b>					
Program service fees	1,220,192	-	-	-	1,220,192
Rental income	4,820	35,000	187,045	(35,000)	191,865
Other operating revenue	326,082	-	(16,074)	(132,185)	177,823
<b>Total other revenue</b>	<b>1,551,094</b>	<b>35,000</b>	<b>170,971</b>	<b>(167,185)</b>	<b>1,589,880</b>
<b>Total revenues from operations</b>	<b>19,374,160</b>	<b>273,878</b>	<b>170,971</b>	<b>(256,664)</b>	<b>19,562,345</b>
<b>Operating expenses:</b>					
Encouraging Positive Development	2,471,091	-	-	-	2,471,091
Fostering Independence	9,971,245	-	415,378	-	10,386,623
Promoting Self-Sufficiency	3,959,440	-	-	(132,185)	3,827,255
<b>Total program services</b>	<b>16,401,776</b>	<b>-</b>	<b>415,378</b>	<b>(132,185)</b>	<b>16,684,969</b>
Management and general	2,131,741	99,784	-	(124,479)	2,107,046
Fund raising	229,565	-	-	-	229,565
Administrative fees paid to national organization	378,809	-	-	-	378,809
<b>Total supporting services</b>	<b>2,740,115</b>	<b>99,784</b>	<b>-</b>	<b>(124,479)</b>	<b>2,715,420</b>
<b>Total operating expenses</b>	<b>19,141,891</b>	<b>99,784</b>	<b>415,378</b>	<b>(256,664)</b>	<b>19,400,389</b>
<b>Excess (deficit) from operations</b>	<b>232,269</b>	<b>174,094</b>	<b>(244,407)</b>	<b>-</b>	<b>161,956</b>
<b>Nonoperating activity:</b>					
Investment and interest income	-	18,489	-	-	18,489
Realized and unrealized gain (loss) on investments	(22)	149,588	-	22	149,588
<b>Nonoperating activity</b>	<b>(22)</b>	<b>168,077</b>	<b>-</b>	<b>22</b>	<b>168,077</b>
<b>Change in net assets</b>	<b>232,247</b>	<b>342,171</b>	<b>(244,407)</b>	<b>22</b>	<b>330,033</b>
Net assets, beginning of year	5,018,496	1,678,515	1,856,684	(90,820)	8,462,875
Net assets, end of year	\$ 5,250,743	\$ 2,020,686	\$ 1,612,277	\$ (90,798)	\$ 8,792,908

**Volunteers of America, Dakotas and Affiliates**

**Consolidating Statement of Functional Expenses  
Year Ended June 30, 2017 with Summary Totals for 2016**

Encouraging Positive Development:

Program Category	Children and Youth							Total
	Look Up and Hope	Child Care and Family Literacy	Independent Living Preparation Program	Kidz Count	Tobacco Prevention	Bowden Youth Center	Office of Highway Safety	
Salaries	\$ 20,590	\$ 744,973	\$ 118,417	\$ 36,459	\$ 37,806	\$ 260,827	\$ 42,726	\$ 1,261,798
Pension expense	284	7,285	1,698	129	177	2,780	959	13,312
Other employee benefits	2,916	141,164	17,402	8,751	4,010	39,161	285	213,689
Payroll taxes	1,513	52,368	8,522	2,490	2,879	18,615	3,204	89,591
Accounting fees	34	2,507	407	155	425	1,843	1,235	6,606
Other professional fees	10	17,066	7,444	1,801	139,078	21,242	40,941	227,582
Supplies and expenses	404	55,963	2,857	1,252	3,073	28,857	666	93,072
Telecommunications	411	5,436	3,318	-	-	3,851	-	13,016
Postage	22	115	171	-	50	2	507	867
Occupancy	-	103,648	32,682	17,104	7,848	52,789	1,200	215,271
Interest	-	19,662	-	-	-	5,368	-	25,030
Insurance	78	13,024	2,122	133	137	11,929	159	27,582
Equipment rental and maintenance	11	5,714	1,872	3,431	103	5,517	25	16,673
Printing and publications	-	646	170	87	-	200	83,131	84,234
Travel and transportation	713	2,339	3,768	211	4,262	17,844	5,433	34,570
Conferences and meetings	189	65	557	-	735	970	-	2,516
Specific assistance to individuals	800	2,929	11,319	10,184	24,600	6,130	-	55,962
Other	-	1,122	318	669	30	1,698	35	3,872
Depreciation	-	50,344	949	-	-	33,589	966	85,848
<b>Total for 2017</b>	<b>\$ 27,975</b>	<b>\$ 1,226,370</b>	<b>\$ 213,993</b>	<b>\$ 82,856</b>	<b>\$ 225,213</b>	<b>\$ 513,212</b>	<b>\$ 181,472</b>	<b>\$ 2,471,091</b>
 Total for 2016	 \$ 22,799	 \$ 1,120,261	 \$ 192,683	 \$ 54,252	 \$ 262,556	 \$ 489,592	 \$ 429,553	 \$ 2,571,696

Discontinued programs:	
Juvenile Delinquency Accountability	\$ 113,241
Group Care	652,683
<b>Total for 2016</b>	<b>\$ 3,337,620</b>

**Volunteers of America, Dakotas and Affiliates**

**Consolidating Statement of Functional Expenses  
Year Ended June 30, 2017 with Summary Totals for 2016**

Fostering Independence:

Program Category	Disabilities Services		Mental Health	Family Services	Senior Services			Total
	West Oak	Family Support	LifeMarks	Healthy Marriage	Retired Senior	Foster	Pettigrew Heights	
		Coordinators			Volunteer Program	Grandparent Program		
Salaries	\$ 5,134,462	\$ 262,144	\$ 217,076	\$ 271,261	\$ 142,783	\$ 89,718	\$ 82,355	\$ 6,199,799
Pension expense	48,920	4,604	2,933	1,652	1,365	1,441	-	60,915
Other employee benefits	739,388	37,627	21,234	34,106	26,403	20,657	17,319	896,734
Payroll taxes	372,797	17,618	15,006	19,721	10,045	6,003	6,549	447,739
Legal fees	402	-	-	-	-	-	7,513	7,915
Accounting fees	14,958	1,215	977	1,270	1,246	1,604	6,710	27,980
Other professional fees	182,147	5,822	101,046	66,257	4,556	3,988	3,147	366,963
Supplies and expenses	234,954	730	6,589	32,987	2,329	2,899	5,105	285,593
Telecommunications	37,190	602	2,684	1,257	7,429	1,747	1,670	52,579
Postage	711	2,362	532	1,769	1,854	1,653	110	8,991
Occupancy	529,399	10,420	12,273	12,624	14,283	8,833	150,829	738,661
Interest	22,608	-	6,993	6,709	-	-	-	36,310
Insurance	53,099	985	2,142	3,553	2,552	827	9,783	72,941
Equipment rental and maintenance	29,785	444	2,641	4,090	3,742	454	36	41,192
Printing and publications	3,445	-	676	19,489	4,754	2,043	963	31,370
Travel and transportation	97,501	9,300	3,154	7,858	30,311	22,163	557	170,844
Conferences and meetings	8,106	53	404	758	1,480	-	3,678	14,479
Specific assistance to individuals	16,685	400,954	280	12,298	29,280	207,816	5,180	672,493
Other	11,180	175	939	282	119	902	26,870	40,467
Depreciation	93,860	-	14,429	17,185	90	90	87,004	212,658
<b>Total for 2017</b>	<b>\$ 7,631,597</b>	<b>\$ 755,055</b>	<b>\$ 412,008</b>	<b>\$ 515,126</b>	<b>\$ 284,621</b>	<b>\$ 372,838</b>	<b>\$ 415,378</b>	<b>\$ 10,386,623</b>
Total for 2016	\$ 7,483,251	\$ 747,375	\$ 502,498	\$ 255,650	\$ 324,703	\$ 385,606	\$ 329,576	\$ 10,028,659

Volunteers of America, Dakotas and Affiliates

Consolidating Statement of Functional Expenses  
Year Ended June 30, 2017 with Summary Totals for 2016

Promoting Self-Sufficiency:

Program Category	Community Enhancement			Substance Abuse				Homeless and Housing Services						Total
	Dakota Spirituality	Prevention Resource Center	Community Enhancement	Heisler Outpatient Services	Heisler Adolescent Residential	New Start	Criminal Justice Initiative	Transitional Housing for Veterans	HUD* & Summit Housing Development	Veteran's Services Center	Sioux Falls Outreach Services	Regional Outreach Services	VA Contracted Supportive Services	
Salaries	\$ 83,033	\$ 75,376	\$ 30,797	\$ 148,532	\$ 424,811	\$ 539,591	\$ 164,675	\$ 54,743	\$ 72,734	\$ 73,893	\$ 128,279	\$ 110,726	\$ 151,362	\$ 2,058,552
Pension expense	842	1,721	1	889	3,746	1,978	1,736	1,022	537	350	1,368	227	1,740	16,157
Other employee benefits	2,690	2,350	835	22,678	51,020	79,593	28,527	10,855	7,128	4,113	20,314	7,458	12,582	250,143
Payroll taxes	5,999	5,597	2,320	10,323	31,169	38,796	11,245	3,862	5,580	5,526	9,323	7,881	11,276	148,897
Legal fees	-	-	-	-	-	-	-	-	60	-	-	-	-	60
Accounting fees	204	285	73	433	1,628	3,139	333	1,220	199	52	1,153	809	624	10,152
Other professional fees	6,333	16,073	12,802	4,635	51,251	93,045	7,587	2,154	4,665	3,586	29,784	5,931	6,125	243,971
Supplies and expenses	3,378	10,621	2,661	1,515	39,849	75,771	8,866	4,747	395	1,015	1,721	3,595	9,398	163,532
Telecommunications	658	94	184	180	4,435	6,326	577	1,990	643	2,509	3,979	4,272	2,922	28,769
Postage	33	176	-	49	568	160	47	-	10	-	13	24	-	1,080
Occupancy	397	842	-	1,368	37,157	30,059	7,460	9,213	1,851	21,104	2,494	45,596	101,358	258,899
Interest	-	434	-	1,456	24,393	17,951	1,566	-	2,181	-	-	-	-	47,981
Insurance	413	373	65	776	7,122	9,072	864	2,505	294	855	543	567	842	24,291
Equipment rental and maintenance	371	258	23	3,025	5,536	8,768	300	1,422	414	2,673	2,766	636	1,803	27,995
Printing and publications	26,799	194	752	103	217	754	29	-	-	33	596	910	218	30,605
Travel and transportation	10,368	5,768	-	169	3,623	14,373	2,956	3,147	1,182	162	6,213	2,694	194	50,849
Conferences and meetings	1,730	50	-	65	-	799	250	165	350	115	938	510	-	4,972
Specific assistance to individuals	-	-	3,393	515	4,745	6,235	1,847	172,247	3,116	107,271	4,258	5,883	31,908	341,418
Other	72	35	-	763	2,091	1,682	60	65	117	63	163	82	292	5,485
Depreciation	-	5,281	-	2,883	46,068	45,786	2,950	-	-	-	-	705	9,774	113,447
<b>Total for 2017</b>	<b>\$ 143,320</b>	<b>\$ 125,528</b>	<b>\$ 53,906</b>	<b>\$ 200,357</b>	<b>\$ 739,429</b>	<b>\$ 973,878</b>	<b>\$ 241,875</b>	<b>\$ 269,357</b>	<b>\$ 101,456</b>	<b>\$ 223,320</b>	<b>\$ 213,905</b>	<b>\$ 198,506</b>	<b>\$ 342,418</b>	<b>\$ 3,827,255</b>
Total for 2016	\$ 115,752	\$ 134,102	\$ 54,898	\$ 229,674	\$ 722,212	\$ 1,000,664	\$ 201,185	\$ 274,518	\$ 128,296	\$ 227,877	\$ 206,217	\$ 221,130	\$ 278,388	\$ 3,794,913

\*: Department of Housing and Urban Development

Discontinued programs:  
New Start Adolescent \$ 251,986  
Total for 2016 \$ 4,046,899



Volunteers of America, Dakotas and Affiliates

Department of Human Services, Schedule A - Expenses  
Year Ended June 30, 2017

Account Number and Title	Support Services				DHS Programs - Division of Developmental Disabilities (DDD)						
	Total	Adjustments	Admin and Support	Fund Raising	Production	Service Coordination	Residential	Day Habilitation	Pre-Vocational	Supported Employment	Nursing
<b>1000 PERSONNEL SERVICES:</b>											
1010 Administrative	759,664		326,288	40,998		49,619	13,748	13,786			
1020 Professional/Program Staff	8,444,956				132,679	159,962	2,071,698	339,639	445,840	194,055	73,278
1040 Support Staff	1,508,177		761,340	40,998		5,234	54,259	11,010	12,722	1,712	
1050 Client Wages	0										
1060 Temporary Staff	0										
<b>TOTAL PERSONNEL SERVICES</b>	<b>10,712,798</b>	<b>0</b>	<b>1,087,628</b>	<b>81,996</b>	<b>132,679</b>	<b>214,815</b>	<b>2,139,705</b>	<b>364,435</b>	<b>458,562</b>	<b>195,767</b>	<b>73,278</b>
<b>1100 PERSONNEL BENEFITS AND TAXES:</b>	<b>0</b>										
1110 Retirement Plans	107,369		15,587	854		2,317	23,085	3,932	4,947	2,112	790
1120 Insurance Benefits	1,270,937		112,689	4,289		23,876	237,821	40,506	50,968	21,759	8,144
1130 Other Benefits	55,268		29,525	45		457	4,550	775	975	416	156
1140 FICA Taxes	771,631		76,675	5,781	10,150	15,744	156,818	26,709	33,608	14,347	5,370
1150 Unemployment Insurance	122										
1160 Worker's Comp. Insurance	168,550		7,653	182	4	4,286	42,688	7,270	9,148	3,906	1,462
1170 Prof. Liability Insurance	46,906		12,759	280	534	734	7,315	1,246	1,568	669	251
1190 Other	26,270		4,372			1,016	10,117	1,723	2,168	926	347
<b>TOTAL PERSONNEL BENEFITS AND TAXES</b>	<b>2,446,809</b>	<b>0</b>	<b>259,260</b>	<b>11,431</b>	<b>10,688</b>	<b>48,430</b>	<b>482,394</b>	<b>82,161</b>	<b>103,382</b>	<b>44,135</b>	<b>16,520</b>
<b>1200 PROF FEES &amp; CONTRACT SVCS:</b>	<b>0</b>										
1210 Administrative/Financial	1,213,559	143,118	255,555	71,846	15,135	6,523	64,969	11,066	13,924	5,844	2,225
1220 Habilitation/Rehabilitation	77,900					1,288	12,832	2,186	2,750	1,174	440
1230 Medical=	0										
1231 Other Medical (Dental, Dietary, OT, PT, Optometric, Pharmacy, Speech Pathology and Audiology)	0										
1237 Physician/Nursing Services	0										
1238 Psychiatric Services	107,636										
1290 Other	0										
<b>TOTAL PROF FEES &amp; CONTRACT SVCS</b>	<b>1,399,095</b>	<b>143,118</b>	<b>255,555</b>	<b>71,846</b>	<b>15,135</b>	<b>7,811</b>	<b>77,801</b>	<b>13,252</b>	<b>16,674</b>	<b>7,118</b>	<b>2,665</b>
<b>1300 TRAVEL/TRANSPORTATION:</b>	<b>0</b>										
1390 Other	311,004		27,952	239		6,120	60,959	10,382	13,064	5,577	2,088
<b>TOTAL TRAVEL/TRANSPORTATION</b>	<b>311,004</b>	<b>0</b>	<b>27,952</b>	<b>239</b>	<b>0</b>	<b>6,120</b>	<b>60,959</b>	<b>10,382</b>	<b>13,064</b>	<b>5,577</b>	<b>2,088</b>
<b>1400 SUPPLIES:</b>	<b>0</b>										
1440 Food	354,167	47,936									
1490 Other	302,854		46,493	27,925		3,823	38,077	6,485	8,160	3,484	1,304
<b>TOTAL SUPPLIES</b>	<b>657,021</b>	<b>47,936</b>	<b>46,493</b>	<b>27,925</b>	<b>0</b>	<b>3,823</b>	<b>38,077</b>	<b>6,485</b>	<b>8,160</b>	<b>3,484</b>	<b>1,304</b>
<b>1500 OCCUPANCY:</b>	<b>0</b>										
1510 Rent of Space	466,722		2,295			4,819	47,997	75,752	13,549	6,023	1,644
1520 Utilities & Telephone	417,997		52,159	705		2,383	23,740	18,770	5,863	2,560	813
1590 Other	518,312		103,676	1,460		1,681	16,747	8,387	4,983	2,229	574
<b>TOTAL OCCUPANCY:</b>	<b>1,403,031</b>	<b>0</b>	<b>158,130</b>	<b>2,165</b>	<b>0</b>	<b>8,883</b>	<b>88,484</b>	<b>102,909</b>	<b>24,395</b>	<b>10,812</b>	<b>3,031</b>
<b>1600 EQUIPMENT:</b>	<b>81,401</b>		<b>21,576</b>			<b>1,264</b>	<b>12,588</b>	<b>2,144</b>	<b>2,698</b>	<b>1,152</b>	<b>431</b>
<b>1700 DEPRECIATION:</b>	<b>0</b>										
1710 Building	367,380		90,057	1,005		652	6,496	1,106	1,392	594	222
1720 Equipment	81,628		32,790	208		1,186	11,810	2,012	2,531	1,081	404
<b>TOTAL DEPRECIATION</b>	<b>449,008</b>	<b>0</b>	<b>122,847</b>	<b>1,213</b>	<b>0</b>	<b>1,838</b>	<b>18,306</b>	<b>3,118</b>	<b>3,923</b>	<b>1,675</b>	<b>626</b>
<b>1800 MISCELLANEOUS:</b>	<b>0</b>										
1810 Clothing	461										
1860 Bad Debt	0										
1890 Other	1,821,499	570,905	391,358	25		684	6,816	1,161	1,461	624	233
<b>TOTAL MISCELLANEOUS</b>	<b>1,821,960</b>	<b>570,905</b>	<b>391,358</b>	<b>25</b>	<b>0</b>	<b>684</b>	<b>6,816</b>	<b>1,161</b>	<b>1,461</b>	<b>624</b>	<b>233</b>
Expenditure Subtotal	19,282,177	761,959	2,370,799	196,840	158,502	293,668	2,925,130	586,047	632,319	270,344	100,176
Admin. and Support Allocation	0	N/A	-2,370,799	18,751	28,774	52,833	526,252	89,631	112,782	48,148	18,022
<b>TOTAL EXPENDITURES</b>	<b>19,282,177</b>	<b>761,959</b>	<b>0</b>	<b>215,591</b>	<b>187,276</b>	<b>346,501</b>	<b>3,451,382</b>	<b>675,678</b>	<b>745,101</b>	<b>318,492</b>	<b>118,198</b>

Volunteers of America, Dakotas and Affiliates

Department of Human Services, Schedule A – Expenses (Continued)  
Year Ended June 30, 2017

SCHEDULE A - EXPENSES	Other										
	Speech Hearing & Language	Other Medical Serv	Housing Services	Food Services	ITS1	ITS2	ITS3	Duluth	Other	Family Suport & AWC	Other
Account Number and Title											
1000 PERSONNEL SERVICES:											
1010 Administrative					5,655	4,506	6,778	6,778	291,508		
1020 Professional/Program Staff					348,534	332,597	446,089	398,607	3,240,605	261,373	
1040 Support Staff				21,704	5,283	5,104	4,748	4,555	578,737	772	
1050 Client Wages											
1060 Temporary Staff											
TOTAL PERSONNEL SERVICES	0	0	0	21,704	359,472	342,207	457,615	409,940	4,110,850	262,145	0
1100 PERSONNEL BENEFITS AND TAXES:											
1110 Retirement Plans				234	4,067	771	3,911	2,765	37,394	4,603	
1120 Insurance Benefits				2,412	51,730	45,120	64,355	57,836	512,826	36,606	
1130 Other Benefits				461	637	401	1,990	680	14,479	136	
1140 FICA Taxes				1,591	27,124	24,042	32,971	27,510	295,572	17,619	
1150 Unemployment Insurance									-122		
1160 Worker's Comp. Insurance				433	8,176	7,898	13,374	8,898	52,284	888	
1170 Prof. Liability Insurance				74	1,238	1,150	1,442	1,337	15,325	984	
1190 Other				103					5,498		
TOTAL PERSONNEL BENEFITS AND TAXES	0	0	0	4,893	92,972	79,382	118,043	99,026	933,256	60,836	0
1200 PROF FEES & CONTRACT SVCS:											
1210 Administrative/Financial				659	5,734	3,966	8,110	7,104	590,591	7,090	
1220 Habilitation/Rehabilitation				130	7,800	7,800	10,400	13,000	18,100		
1230 Medical=											
1231 Other Medical (Dental, Dietary, OT, PT, Optometric, Pharmacy, Speech Pathology and Audiology)											
1237 Physician/Nursing Services											
1238 Psychiatric Services							1,835	1,835	103,966		
1290 Other											
TOTAL PROF FEES & CONTRACT SVCS	0	0	0	789	13,534	11,766	20,345	21,939	712,657	7,090	0
1300 TRAVEL/TRANSPORTATION:											
1390 Other				618	4,614	6,668	7,874	6,016	149,533	9,300	
TOTAL TRAVEL/TRANSPORTATION	0	0	0	618	4,614	6,668	7,874	6,016	149,533	9,300	0
1400 SUPPLIES:											
1440 Food				149,046					157,008	177	
1490 Other				386	2,374	2,070	2,856	2,368	153,976	3,073	
TOTAL SUPPLIES	0	0	0	149,432	2,374	2,070	2,856	2,368	310,984	3,250	0
1500 OCCUPANCY:											
1510 Rent of Space			134,559	487	13,608	10,744	10,265	9,195	125,419	10,416	
1520 Utilities & Telephone			81,564	241	6,827	5,257	8,641	8,199	199,673	602	
1590 Other			69,262	170	4,100	3,238	10,426	9,323	282,027	29	
TOTAL OCCUPANCY:	0	0	285,385	898	24,535	19,239	29,332	26,717	607,119	11,047	0
1600 EQUIPMENT:				128	509	921	7	744	36,974	265	
1700 DEPRECIATION:											
1710 Building			36,004	66	1,138	1,038	6,557	6,591	214,361		
1720 Equipment				120	4,821	4,821	1,111	2,004	16,729		
TOTAL DEPRECIATION	0	0	36,004	186	5,959	5,860	7,768	8,595	231,090	0	0
1800 MISCELLANEOUS:											
1810 Clothing									461		
1860 Bad Debt											
1890 Other				69	123	151	971	1,367	444,597	400,954	
TOTAL MISCELLANEOUS	0	0	0	69	123	151	971	1,367	445,058	400,954	0
Expenditure Subtotal	0	0	321,389	178,717	504,092	468,264	644,811	576,712	7,537,521	754,887	0
Admin. and Support Allocation	0	0	0	5,338	90,805	84,612	115,534	102,149	1,012,346	64,822	0
TOTAL EXPENDITURES	0	0	321,389	184,055	594,897	552,876	760,345	678,861	8,549,867	819,709	0

Volunteers of America, Dakotas and Affiliates

Department of Human Services, Notes to Schedule A  
Year Ended June 30, 2017

**NOTES TO SCHEDULE A - EXPENSES**  
**COST REPORT FOR FY17**

**Name of Provider: Volunteers of America, Dakotas**

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**Adjustments:**

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1210 Marketing advertising expenses

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1440- Food for meetings or Fund Raising events

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1890-Donated Goods and Services, Staff and Board recognition

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Volunteers of America, Dakotas and Affiliates

Department of Human Services, Schedule B - Revenue  
Year Ended June 30, 2017

SCHEDULE B - REVENUES

Account Number and Title	Total	Adjustments	Admin and Support	Fund Raising	DHS Services															
					DDD				Other/Non DHS											
					Program Services	Housing Services	Food Services	Production Services	Family Support & AWC	Other	Other	Other	Other	Other						
<b>2000 FEES:</b>																				
2020 Title XIX	9,268,351				7,574,627					573,265										1,120,459
2025 Title VII, Ch 1 Part B	73,623																			73,623
2030 Title VII, Ch 1 Part C	0																			
2045 SD Department of Education	301,477				301,477															
2050 Dept of Corrections	84,536																			84,536
2055 Client Pay (Fee for Service)	824,783		-39,901		61,796				152,440											650,448
2060 Insurance	0																			
2065 Other States	0																			
2070 Room and Board	426,851						321,389	83,894												21,568
2075 Bureau of Indian Affairs	45,295				45,295															
2080 Department of Human Services	571,937		32,336		300,032					239,569										
2085 Department of Social Services	1,825,939																			1,825,939
2090 Other-Specify on Notes to Schedule B: (eg Other Federal Funds, County Funds, Unified Judicial System)	904,211				32,377				29,520											842,314
<b>TOTAL FEES</b>	<b>14,327,003</b>	<b>0</b>	<b>-7,565</b>	<b>0</b>	<b>8,315,604</b>	<b>321,389</b>	<b>83,894</b>	<b>181,960</b>	<b>812,834</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,618,887</b>	
<b>2100 GRANTS (Foundations, corporations or Trusts)</b>																				
2110 Grants (Used for Capital Expenditures)	0																			
2120 Grants (Used for Non-Capital Expenditures)	2,807,774				30,302			-53												2,777,525
<b>2100 TOTAL GRANTS</b>	<b>2,807,774</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,302</b>	<b>0</b>	<b>0</b>	<b>-53</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,777,525</b>	
<b>2200 Contributions (Donation, In Kind, Fund Raising )</b>																				
2210 Contributions (Used for Capital Expenditures)	-4,008			-4,008																
2220 Contributions (Used for Non-Capital Expenditures)	1,872,520	540,837	2,189	349,616	4,890															974,988
<b>2200 TOTAL CONTRIBUTIONS</b>	<b>1,868,512</b>	<b>540,837</b>	<b>2,189</b>	<b>345,608</b>	<b>4,890</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>974,988</b>	
<b>2300 OTHER INCOME:</b>																				
2310 Commodities, Food Stamps, National School Lunch	281,784							99,240												182,544
2340 FMHA Rent Subsidy	0																			
2341 Section 8 Rental Assistance	0																			
2350 Transportation	0																			
2360 Production/Farm Revenue	0																			
2370 Investment Income/Interest	-22																			-22
2380 County Per Capita	0																			
2390 Other-Specify:	229,373		70,146		19,559															139,668
<b>TOTAL OTHER INCOME</b>	<b>511,135</b>	<b>0</b>	<b>70,146</b>	<b>0</b>	<b>19,559</b>	<b>0</b>	<b>99,240</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>322,190</b>	
<b>TOTAL REVENUES</b>	<b>19,514,424</b>	<b>540,837</b>	<b>64,770</b>	<b>345,608</b>	<b>8,370,355</b>	<b>321,389</b>	<b>183,134</b>	<b>181,907</b>	<b>812,834</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,693,590</b>	

Volunteers of America, Dakotas and Affiliates

Department of Human Services, Notes to Schedule B  
Year Ended June 30, 2017

**NOTES TO SCHEDULE B - REVENUES  
COST REPORT FOR FY17**

**Name of Provider: Volunteers of America, Dakotas**

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**Adjustment Column-**

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2220 - Donated Goods and Services

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Volunteers of America, Dakotas and Affiliates

Department of Social Services, Schedule A – Expenses  
Year Ended June 30, 2017

Account Number and Title	DSS Services											
	Support Services				Division of Alcohol and Drug Abuse (DADA)							
	Total	Adjustments	Admin and Support	Fund Raising	Other	Residential Intensive Inpatient	Group/OP	Early Intervention/Individual	Criminal Justice Initiative	Criminal Justice Initiative	Criminal Justice Initiative	Residential Intensive Inpatient
								CBISA	MRT	Rural	NS Adult-32%	
<b>1100 PERSONNEL SERVICES:</b>												
1101 Administrative	759,664		326,288	40,998	22,079	10,164	4,707	4,707	7,770		11,718	2,526
1102 Professional/Program Staff	8,444,956				198,376	370,976	76,352	35,723	64,704	60,988	18,393	83,270
1104 Support Staff	1,508,177		761,340	40,998	6,124	98,106	26,575	13,762	329	13	11	6,257
1105 Client Wages	0											
1106 Temporary Staff	0											
<b>TOTAL PERSONNEL SERVICES</b>	<b>10,712,798</b>	<b>0</b>	<b>1,087,628</b>	<b>81,996</b>	<b>228,579</b>	<b>419,246</b>	<b>107,634</b>	<b>54,192</b>	<b>72,803</b>	<b>61,001</b>	<b>30,122</b>	<b>92,033</b>
<b>1110 PERSONNEL BENEFITS AND TAXES:</b>												
1111 Retirement Plans	107,369		15,587	854	1,925	3,748	818	355	752	385	599	396
1120 Insurance Benefits	1,270,937		112,688	4,289	19,744	37,764	13,030	10,046	13,771	9,034	4,387	10,025
1130 Other Benefits	55,268		28,525	49	527	3,176	930		325	14		1,165
1140 FICA Taxes	771,631		76,675	5,781	16,524	31,169	7,578	3,729	4,918	4,292	2,034	3,836
1150 Unemployment Insurance	122				122							
1160 Worker's Comp. Insurance	168,550		7,653	182	3,343	9,630	1,131	280	1,052	4,110	135	2,185
1170 Prof. Liability Insurance	46,906		12,756	280	870	1,544	399	207	273	234	116	344
1190 Other	26,270		4,372		1,247	449						
<b>TOTAL PERSONNEL BENEFITS AND TAXES</b>	<b>2,446,809</b>	<b>0</b>	<b>259,260</b>	<b>11,431</b>	<b>44,058</b>	<b>87,478</b>	<b>23,886</b>	<b>14,617</b>	<b>20,491</b>	<b>14,369</b>	<b>7,271</b>	<b>17,951</b>
<b>1200 PROF FEES &amp; CONTRACT SVCS:</b>												
1210 Administrative/Financial	1,213,559	143,118	255,555	71,846	10,164	30,467	3,868	843	1,667	6,049	483	4,911
1220 Habilitation/Rehabilitation	77,900				5,825	6,400	1,200					798
1230 Medical	0											
1231 Other Medical (Dental, Dietary, OT, PT, Optometric, Pharmacy, Speech Pathology and Audiology)	0											
1237 Physician/Nursing Services	0											
1238 Psychiatric Services	107,636					16,230						
1290 Other	0											
<b>TOTAL PROF FEES &amp; CONTRACT SVCS</b>	<b>1,399,095</b>	<b>143,118</b>	<b>255,555</b>	<b>71,846</b>	<b>15,989</b>	<b>53,097</b>	<b>5,068</b>	<b>843</b>	<b>1,667</b>	<b>6,049</b>	<b>483</b>	<b>5,679</b>
<b>1300 TRAVEL/TRANSPORTATION:</b>												
1390 Other	311,004		27,952	239	6,463	4,993	352	1	388	2,319	248	3,527
<b>TOTAL TRAVEL/TRANSPORTATION</b>	<b>311,004</b>	<b>0</b>	<b>27,952</b>	<b>239</b>	<b>6,463</b>	<b>4,993</b>	<b>352</b>	<b>1</b>	<b>388</b>	<b>2,319</b>	<b>248</b>	<b>3,527</b>
<b>1400 SUPPLIES:</b>												
1440 Food	354,167	47,936			1,971	25,741	1	25	232			14,198
1490 Other	302,854		46,493	27,925	4,146	11,347	3,183	11	1,978	6,658	56	4,531
<b>TOTAL SUPPLIES</b>	<b>657,021</b>	<b>47,936</b>	<b>46,493</b>	<b>27,925</b>	<b>6,117</b>	<b>37,088</b>	<b>3,184</b>	<b>36</b>	<b>2,210</b>	<b>6,658</b>	<b>56</b>	<b>18,729</b>
<b>1500 OCCUPANCY:</b>												
1510 Rent of Space	466,772		2,295		35,405							
1520 Utilities & Telephone	417,997		52,159	705	21,067	23,500	1,153	374	698	719	294	5,476
1590 Other	518,312		103,676	1,460	15,002	51,659	1,637	587	1,106	564	467	11,218
<b>TOTAL OCCUPANCY</b>	<b>1,403,081</b>	<b>0</b>	<b>158,130</b>	<b>2,165</b>	<b>71,474</b>	<b>75,159</b>	<b>2,790</b>	<b>961</b>	<b>1,804</b>	<b>1,283</b>	<b>761</b>	<b>16,694</b>
<b>1600 EQUIPMENT:</b>												
1700 DEPRECIATION:	81,401		21,576		179	3,900	2,172		160	125		416
1710 Building	367,380		90,057	1,005	875	41,517	1,886	834	1,552	744	654	10,627
1720 Equipment	81,628		32,790	208	778	4,551	163					146
<b>TOTAL DEPRECIATION</b>	<b>449,008</b>	<b>0</b>	<b>122,847</b>	<b>1,213</b>	<b>1,653</b>	<b>46,068</b>	<b>2,049</b>	<b>834</b>	<b>1,552</b>	<b>744</b>	<b>654</b>	<b>10,773</b>
<b>1800 MISCELLANEOUS:</b>												
1810 Clothing	461				109	162						18
1860 Bad Debt	0											
1890 Other	1,821,499	570,905	391,358	25	11,291	2,843	1,224		1,016	820	10	295
<b>TOTAL MISCELLANEOUS</b>	<b>1,821,960</b>	<b>570,905</b>	<b>391,358</b>	<b>25</b>	<b>11,400</b>	<b>3,005</b>	<b>1,224</b>	<b>0</b>	<b>1,016</b>	<b>820</b>	<b>10</b>	<b>313</b>
Expenditure Subtotal	19,282,177	761,959	2,370,799	196,840	383,912	730,034	148,359	71,484	102,091	93,368	39,605	166,135
Admin. and Support Allocation		N/A	2,370,799	18,751	54,317	101,699	26,396	13,810	18,724	15,127	7,505	22,078
<b>TOTAL EXPENDITURES</b>	<b>19,282,177</b>	<b>761,959</b>	<b>0</b>	<b>215,591</b>	<b>438,229</b>	<b>831,733</b>	<b>174,755</b>	<b>85,294</b>	<b>120,815</b>	<b>108,495</b>	<b>47,110</b>	<b>188,213</b>

THE SECTION BELOW IS FOR MENTAL HEALTH AND ALCOHOL & DRUG ABUSE PROVIDERS ONLY

UNITS BY PAYOR SOURCE												
Private pay						266	2,172	1,224		157		
Other Insurance							5,172	976				
Title 19						2,598	2,486	654				625
Contract					2,188		10,496	1,830	5,024	2,899	758	564
Other grants					1,791							
Other					314		146	2	194	141		
<b>Total Units by Program</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,293</b>	<b>2,864</b>	<b>20,474</b>	<b>4,686</b>	<b>5,218</b>	<b>3,197</b>	<b>758</b>	<b>1,189</b>
<b>CALCULATED COST PER UNIT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>102.08</b>	<b>290.41</b>	<b>8.54</b>	<b>18.20</b>	<b>23.15</b>	<b>33.94</b>	<b>62.15</b>	<b>158.29</b>

Volunteers of America, Dakotas and Affiliates

Department of Social Services, Schedule A – Expenses (Continued)  
Year Ended June 30, 2017

Account Number and Title									Other
	Clinically Managed Low Int. Residential	Education	Information Dissemination	Community Based	Environmental	Highway Safety	Resource Dev	Mental Health	Other
1000 PERSONNEL SERVICES:									
1010 Administrative	5,367	917	803	917	38	497	153	497	319,518
1020 Professional/Program Staff	176,949	16,922	14,806	16,922	705	9,166	2,820	9,166	7,288,718
1040 Support Staff	13,297	251	220	251	11	136	42	136	600,319
1050 Client Wages									
1060 Temporary Staff									
<b>TOTAL PERSONNEL SERVICES</b>	<b>195,613</b>	<b>18,090</b>	<b>15,829</b>	<b>18,090</b>	<b>754</b>	<b>9,799</b>	<b>3,015</b>	<b>9,799</b>	<b>8,208,555</b>
1100 PERSONNEL BENEFITS AND TAXES:									
1110 Retirement Plans	841	413	361	413	17	224	69	224	79,390
1120 Insurance Benefits	21,303	411	359	411	17	222	68	222	1,013,745
1130 Other Benefits	2,475	97	85	97	4	53	16	53	16,681
1140 FICA Taxes	17,526	1,343	1,175	1,343	56	728	224	728	591,972
1150 Unemployment Insurance									0
1160 Worker's Comp. Insurance	4,642	44	39	44	2	24	7	24	137,723
1170 Prof. Liability Insurance	731	69	60	69	3	37	12	37	28,862
1190 Other		12	11	12		6	2	6	20,153
<b>TOTAL PERSONNEL BENEFITS AND TAXES</b>	<b>47,518</b>	<b>2,389</b>	<b>2,090</b>	<b>2,389</b>	<b>99</b>	<b>1,294</b>	<b>398</b>	<b>1,294</b>	<b>1,888,526</b>
1200 PROF FEES & CONTRACT SVCS:									
1210 Administrative/Financial	10,435	429	374	382	18	1,885	569	12,796	657,700
1220 Habilitation/Rehabilitation	1,632								62,075
1230 Medical=									
1231 Other Medical (Dental, Dietary, OT, PT, Optometric, Pharmacy, Speech Pathology and Audiology)									
1237 Physician/Nursing Services									
1238 Psychiatric Services									91,406
1290 Other									
<b>TOTAL PROF FEES &amp; CONTRACT SVCS</b>	<b>12,067</b>	<b>429</b>	<b>374</b>	<b>382</b>	<b>18</b>	<b>1,885</b>	<b>569</b>	<b>12,796</b>	<b>811,181</b>
1300 TRAVEL/TRANSPORTATION:									
1390 Other	7,496	931	815	948	39	1,605	155	1,275	251,258
<b>TOTAL TRAVEL/TRANSPORTATION</b>	<b>7,496</b>	<b>931</b>	<b>815</b>	<b>948</b>	<b>39</b>	<b>1,605</b>	<b>155</b>	<b>1,275</b>	<b>251,258</b>
1400 SUPPLIES:									
1440 Food	30,171	417	71	122	3	475	14	246	232,544
1490 Other	9,629	673	1,404	616	26	472	2,640	3,701	177,365
<b>TOTAL SUPPLIES</b>	<b>39,800</b>	<b>1,090</b>	<b>1,475</b>	<b>738</b>	<b>29</b>	<b>947</b>	<b>2,654</b>	<b>3,947</b>	<b>409,909</b>
1500 OCCUPANCY:									
1510 Rent of Space		54	47	54	2	29	9	29	428,848
1520 Utilities & Telephone	11,636	739	647	739	31	401	123	400	297,136
1590 Other	23,838	1,507	1,319	1,507	63	816	251	816	300,819
<b>TOTAL OCCUPANCY:</b>	<b>35,474</b>	<b>2,300</b>	<b>2,013</b>	<b>2,300</b>	<b>96</b>	<b>1,246</b>	<b>383</b>	<b>1,245</b>	<b>1,026,803</b>
1600 EQUIPMENT:	884	11	10	11		6	2	6	51,943
1700 DEPRECIATION:									
1710 Building	22,582	1,053	922	1,053	44	570	176	570	190,659
1720 Equipment	311	214	187	214	9	116	36	116	41,789
<b>TOTAL DEPRECIATION</b>	<b>22,893</b>	<b>1,267</b>	<b>1,109</b>	<b>1,267</b>	<b>53</b>	<b>686</b>	<b>212</b>	<b>686</b>	<b>232,448</b>
1800 MISCELLANEOUS:									
1810 Clothing	38								134
1860 Bad Debt									
1890 Other	626								841,086
<b>TOTAL MISCELLANEOUS</b>	<b>664</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>841,220</b>
<b>Expenditure Subtotal</b>	<b>362,409</b>	<b>26,507</b>	<b>23,715</b>	<b>26,125</b>	<b>1,088</b>	<b>17,468</b>	<b>7,388</b>	<b>31,048</b>	<b>13,721,843</b>
Admin. and Support Allocation	48,796	4,110	3,596	4,110	171	2,226	685	2,226	2,026,472
<b>TOTAL EXPENDITURES</b>	<b>411,205</b>	<b>30,617</b>	<b>27,311</b>	<b>30,235</b>	<b>1,259</b>	<b>19,694</b>	<b>8,073</b>	<b>33,274</b>	<b>15,748,315</b>

THE SECTION BELOW IS FOR MENTAL HEALTH AND ALCOHOL & DRUG ABUSE PROVIDERS ONLY

UNITS BY PAYOR SOURCE								
Private pay								
Other Insurance								
Title 19								
Contract	3,389							
Other grants								
Other								
<b>Total Units by Program</b>	<b>3,389</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CALCULATED COST PER UNIT</b>	<b>121.34</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Volunteers of America, Dakotas and Affiliates

Department of Social Services, Notes to Schedule A  
Year Ended June 30, 2017

**NOTES TO SCHEDULE A - EXPENSES**  
**COST REPORT FOR FY17**

**Name of Provider:**

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**Volunteers of America, Dakotas**

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1210 Marketing advertising expenses

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1440- Food for meetings or fund raising events

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1890-Donated goods and services, staff and board recognition

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Volunteers of America, Dakotas and Affiliates

Department of Social Services, Schedule B – Revenue  
Year Ended June 30, 2017

SCHEDULE B - REVENUES

Account Number and Title	Total	Adjustments	Admin and Support	Fund Raising	DSS Services			
					Division of	DADA	Other DSS	Non DSS
					Other	Program Services	Program Services	Program Services
2000 FEES:								
2020 Title XIX	9,268,351					935,726		8,332,625
2025 Title VII, Ch 1 Part B	73,623							73,623
2030 Title VII, Ch 1 Part C	0							
2045 SD Department of Education	301,477							301,477
2050 Dept of Corrections	84,536				84,536			0
2055 Client Pay (Fee for Service )	824,783		-39,901			292,087		572,597
2060 Insurance	0							
2065 Other States	0							
2070 Room and Board	426,851					20,648		406,203
2075 Bureau of Indian Affairs	45,295							45,295
2080 Department of Human Services	571,937		32,336					539,601
2085 Department of Social Services	1,825,939				125,705	1,311,238		388,996
2090 Other-Specify on Notes to Schedule B: (eg Other Federal Funds, County Funds, Unified Judicial System)	904,211				2,000	16,459		885,752
TOTAL FEES	14,327,003	0	-7,565	0	212,241	2,576,158	0	11,546,169
2100 GRANTS (Foundations, corporations or Trusts)								
2110 Grants (Used for Capital Expenditures)	0							
2120 Grants (Used for Non-Capital Expenditures)	2,807,774				163,123			2,644,651
2100 TOTAL GRANTS	2,807,774	0	0	0	163,123	0	0	2,644,651
2200 Contributions (Donation, In Kind, Fund Raising )								
2210 Contributions (Used for Capital Expenditures)	-4,008			-4,008				0
2220 Contributions (Used for Non-Capital Expenditures)	1,872,520	540,837	2,189	349,616	47,765	3,634		928,479
2200 TOTAL CONTRIBUTIONS	1,868,512	540,837	2,189	345,608	47,765	3,634	0	928,479
2300 OTHER INCOME:								
2310 Commodities, Food Stamps, National School Lunch	281,784					54,015		227,769
2340 FMHA Rent Subsidy	0							
2341 Section 8 Rental Assistance	0							
2350 Transportation	0							
2360 Production/Farm Revenue	0							
2370 Investment Income/Interest	-22							-22
2380 County Per Capita	0							
2390 Other-Specify:	229,373		70,146		3,827	790		154,610
TOTAL OTHER INCOME	511,135	0	70,146	0	3,827	54,805	0	382,357
TOTAL REVENUES	19,514,424	540,837	64,770	345,608	426,956	2,634,597	0	15,501,656

Volunteers of America, Dakotas and Affiliates

Department of Social Services, Notes to Schedule B  
Year Ended June 30, 2017

**NOTES TO SCHEDULE B - REVENUES  
COST REPORT FOR FY17**

**Name of Provider:**

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**Volunteers of America, Dakotas**

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2220 - Donated Goods and Services

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## Volunteers of America, Dakotas and Affiliates

### Schedule of Expenditures of Federal Awards Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Agriculture				
Direct:				
ARRA - Supplemental and Nutrition Assistance Program	10.551			\$ 43,030
Passed through the South Dakota Department of Education:				
Child and Adult Care Food Program	10.558	4933600		120,358
Team Nutrition Grants	10.574	10.574		417
Child Care Nutrition Cluster:				
School Breakfast Program	10.553	4933600		36,902
National School Lunch Program	10.555	4933600		73,324
Summer Food Service Program for Children	10.559	4933600		8,171
				<u>282,202</u>
Department of Housing and Urban Development				
Passed through the South Dakota Housing Authority:				
Emergency Solutions Grant Program	14.231	E-16-DC-46-0001-24		<u>13,945</u>
Department of Labor				
Direct:				
Veteran's Employment and Training Service—Homeless Veterans' Reintegration Program	17.805			<u>99,507</u>
Department of Transportation				
Passed through the SD Department of Public Safety - Office of Highway Safety:				
National Priority Safety Programs (Note 3)	20.616	2016-02-22 & 2017-02-29	8,881	51,586
Highway Safety Cluster:				
State and Community Highway Safety (Note 3)	20.600	2016-00-04 & 2017-02-26 & 2017-02-31	9,011	72,664
				<u>124,250</u>
Department of Veterans Affairs				
Direct:				
VA Homeless Providers Grant and Per Diem Program	64.024			<u>321,001</u>
Department of Education				
Passed through the South Dakota Department of Education:				
Twenty-First Century Community Learning Centers	84.287	16-21-136		281,952
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	16SC195138 & 17SC195166		30,249
				<u>312,201</u>
Department of Health and Human Services				
Direct:				
Substance Abuse and Mental Health Services_Projects of Regional and National Significance (SAMHSA Program)	93.243			400,327
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086			585,442
Transitional Living for Homeless Youth	93.550			163,123
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth (Street Outreach Progra Basic Center Grant (Note 3)				
	93.557			107,408
	93.623			101,137
Passed through South Dakota Department of Health/SDSU Extension:				
Assistance Programs for Chronic Disease Prevention and Control	93.945	93.945		21
				<u>1,357,458</u>
Corporation for National and Community Service				
Direct:				
Retired and Senior Volunteer program	94.002			228,339
Foster Grandparent/Senior Companion Cluster:				
Foster Grandparent program	94.011			350,677
				<u>579,016</u>
<b>Total federal financial assistance</b>				<u>\$ 3,089,580</u>

**Volunteers of America, Dakotas and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the organization under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operation of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**Note 2. Significant Accounting Principles**

The schedule of expenditures of federal awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The schedule does not include payments received under vendor reimbursement programs, such as Medicare and Medicaid. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The Organization has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

**Note 3. Reporting**

Certain federal reimbursements are not based on specific expenditures. Therefore, the amounts reported represent revenue rather than expenditures.

**Volunteers of America, Dakotas and Affiliates**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2017**

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The prior year single audit disclosed no findings in the *Schedule of Findings and Questioned Costs*, and no uncorrected or unresolved findings exist from the prior year's *Summary of Prior Audit Findings*.

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

The Board of Directors  
Volunteers of America, Dakotas and Affiliates

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Volunteers of America, Dakotas and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 22, 2017.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*RSM US LLP*

Sioux Falls, South Dakota  
November 22, 2017

## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required By The Uniform Guidance**

The Board of Directors  
Volunteers of America, Dakotas and Affiliates

### **Report on Compliance for Each Major Federal Program**

We have audited Volunteers of America, Dakotas and Affiliates' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Volunteers of America, Dakotas and Affiliates' major federal programs for the year ended June 30, 2017. Volunteers of America, Dakotas and Affiliates' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Volunteers of America, Dakotas and Affiliates' compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Volunteers of America, Dakotas and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.



### **Report on Internal Control Over Compliance**

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

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

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

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

*RSM US LLP*

Sioux Falls, South Dakota  
November 22, 2017

**Volunteers of America, Dakotas and Affiliates  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017**

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**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting: Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA number</u>
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243
Foster Grandparent Program	94.011
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

**Volunteers of America, Dakotas and Affiliates  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017**

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**Section II – Financial Statement Findings**

No matters were reported.

**Section III – Findings and Questioned Costs for Federal Awards**

No matters were reported.

**Volunteers of America, Dakotas and Affiliates  
Corrective Action Plan  
Year Ended June 30, 2017**

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Not Applicable.