

**Volunteers of America of North Louisiana  
Shreveport, Louisiana**

**June 30, 2013**

**Volunteers of America of North Louisiana  
Shreveport, Louisiana**

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**Volunteers of America of North Louisiana**  
**Shreveport, Louisiana**

Statement of Financial Position  
June 30, 2013  
(with Comparative Totals for 2012)

	2013	2012
<b>ASSETS</b>		
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	\$ 862,225	\$ 235,216
ACCOUNTS RECEIVABLE, NET	1,191,342	1,383,010
PLEDGES RECEIVABLE	571,224	537,910
PREPAID EXPENSES	64,479	60,485
OTHER CURRENT ASSETS	93,135	223,019
TOTAL CURRENT ASSETS	2,782,405	2,439,640
FIXED ASSETS		
LAND AND BUILDINGS	3,988,616	4,667,072
FURNISHINGS AND EQUIPMENT	1,957,553	1,972,077
ACCUMULATED DEPRECIATION	(2,848,892)	(2,909,066)
TOTAL FIXED ASSETS	3,097,277	3,730,083
OTHER ASSETS		
DESIGNATED AND RESTRICTED ASSETS	2,768,136	2,544,253
OTHER ASSETS	1,380,902	1,237,366
TOTAL OTHER ASSETS	4,149,039	3,781,619
 TOTAL ASSETS	 \$ 10,028,721	 \$ 9,951,342
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 321,403	\$ 159,306
LINE OF CREDIT	-	204,799
CURRENT PORTION OF LONG TERM DEBT	167,835	160,256
ACCRUED EXPENSES	335,473	420,924
OTHER CURRENT LIABILITIES	65,588	(1,302)
TOTAL CURRENT LIABILITIES	890,299	943,983
OTHER LIABILITIES		
MORTGAGES PAYABLE, NON CURRENT	640,000	640,000
OTHER LONG TERM LIABILITIES	331,158	451,217
TOTAL OTHER LIABILITIES	971,158	1,091,217
TOTAL LIABILITIES	1,861,457	2,035,200
NET ASSETS		
UNRESTRICTED	3,095,398	3,502,409
UNRESTRICTED - DESIGNATED	1,120,524	1,000,691
TEMPORARILY RESTRICTED	2,396,902	1,920,802
PERMANENTLY RESTRICTED	1,554,440	1,492,240
TOTAL NET ASSETS	8,167,264	7,916,142
TOTAL LIABILITIES AND NET ASSETS	\$ 10,028,721	\$ 9,951,342

The accompanying Notes are an integral part of these statements.

**Volunteers of America of North Louisiana**  
Shreveport, Louisiana

Statement of Activities  
for the Year Ended June 30, 2013  
(with Comparative Totals for 2012)

	UNRESTRICTED	DESIGNATED UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2013 TOTAL	2012
<b>REVENUE FROM OPERATIONS</b>						
<i>PUBLIC SUPPORT RECEIVED DIRECTLY</i>						
Contributions	\$ 1,130,825	\$ 2,014	\$ 1,163,567	\$ 62,200	\$ 2,358,606	\$ 1,867,147
Contributions, In-Kind	258,379	-	-	-	258,379	375,808
<i>PUBLIC SUPPORT RECEIVED INDIRECTLY</i>						
United Way	318,788	-	-	-	318,788	380,468
Combined Federal Campaign	37	-	-	-	37	1,875
<b>TOTAL PUBLIC SUPPORT</b>	<b>1,708,029</b>	<b>2,014</b>	<b>1,163,567</b>	<b>62,200</b>	<b>2,935,810</b>	<b>2,625,298</b>
<i>REVENUE &amp; GRANTS FROM GOVERNMENTAL AGENCIES</i>	9,352,501	-	-	-	9,352,501	10,186,151
<i>OTHER REVENUE</i>						
Program Service Fees	638,314	-	-	-	638,314	500,092
Rental Income	57,411	-	-	-	57,411	68,123
Other Operating Income	4,173	-	-	-	4,173	7,436
<b>TOTAL OTHER REVENUE</b>	<b>699,898</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>699,898</b>	<b>575,651</b>
<i>NET ASSETS RELEASED FROM RESTRICTION</i>	737,835	(50,368)	(687,467)	-	-	-
<b>TOTAL REVENUE FROM OPERATIONS</b>	<b>12,498,263</b>	<b>(48,354)</b>	<b>476,100</b>	<b>62,200</b>	<b>12,988,209</b>	<b>13,387,100</b>
<b>OPERATING EXPENSES</b>						
Encouraging Positive Development	2,374,613	-	-	-	2,374,613	3,201,440
Fostering Independence	6,039,556	-	-	-	6,039,556	5,805,129
Promoting Self-Sufficiency	1,522,924	-	-	-	1,522,924	1,790,014
<b>TOTAL PROGRAM SERVICES</b>	<b>9,937,093</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,937,093</b>	<b>10,796,583</b>
Management and General	1,950,013	-	-	-	1,950,013	1,981,685
Fund Raising	526,136	-	-	-	526,136	633,093
<b>TOTAL SUPPORTING SERVICES</b>	<b>2,476,149</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,476,149</b>	<b>2,614,778</b>
Affiliate Fees	280,366	-	-	-	280,366	298,113
<b>TOTAL OPERATING EXPENSES</b>	<b>12,693,608</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,693,608</b>	<b>13,709,474</b>
<b>EXCESS (DEFICIT) FROM OPERATIONS</b>	<b>(195,345)</b>	<b>(48,354)</b>	<b>476,100</b>	<b>62,200</b>	<b>294,601</b>	<b>(322,374)</b>
<i>NON-OPERATING ACTIVITY</i>						
Interest and Dividend Income	48,568	78,892	-	-	127,460	102,145
Gains (Losses) on Disposition of Assets	(260,234)	-	-	-	(260,234)	14,002
Gains (Losses) on Investments	-	107,312	-	-	107,312	(66,877)
Other Non-operating Losses	-	(18,017)	-	-	(18,017)	(19,973)
<b>SURPLUS (DEFICIT) FROM NON-OPERATING ACTIVITY</b>	<b>(211,666)</b>	<b>168,187</b>	<b>-</b>	<b>-</b>	<b>(43,479)</b>	<b>29,297</b>
<b>CHANGE IN NET ASSETS</b>	<b>(407,011)</b>	<b>119,833</b>	<b>476,100</b>	<b>62,200</b>	<b>251,122</b>	<b>(293,077)</b>
<b>NET ASSETS AT BEGINNING OF PERIOD</b>	<b>3,502,409</b>	<b>1,000,691</b>	<b>1,920,802</b>	<b>1,492,240</b>	<b>7,916,142</b>	<b>8,209,219</b>
<b>NET ASSETS AT END OF PERIOD</b>	<b>\$ 3,095,398</b>	<b>\$ 1,120,524</b>	<b>\$ 2,396,902</b>	<b>\$ 1,554,440</b>	<b>\$ 8,167,264</b>	<b>\$ 7,916,142</b>

The accompanying Notes are an integral part of these statements.

**Volunteers of America of North Louisiana**  
**Shreveport, Louisiana**

Statement of Functional Expenses  
for the Year Ended June 30, 2013  
(with Comparative Totals for 2012)

	Program Services				Support Services			2013 Totals	2012
	Encouraging Positive Development	Fostering Independence	Promoting Self- Sufficiency	Total	Management and General	Fund Raising	Total		
Salaries	\$ 1,258,137	4,080,510	731,248	\$ 6,069,895	\$ 1,050,797	190,653	\$ 1,241,450	\$ 7,311,345	\$ 7,872,305
Pension Expense	31,645	54,042	17,857	103,544	73,264	1,878	75,142	178,686	186,132
Other Employee Benefits	76,799	165,015	45,808	287,622	81,220	5,124	86,344	373,966	463,023
Payroll Taxes	84,571	293,721	52,308	430,600	92,134	10,981	103,115	533,715	536,164
Legal Fees	-	-	-	-	4,080	-	4,080	4,080	12,205
Accounting Fees	-	-	-	-	22,175	-	22,175	22,175	21,770
Other Professional Fees	44,207	129,531	15,717	189,455	201,035	226,480	427,515	616,970	704,334
Supplies and Expenses	127,121	159,261	161,075	447,457	70,350	13,582	83,932	531,389	447,429
Telecommunications	36,725	48,243	25,089	110,057	43,103	3,713	46,816	156,873	165,810
Postage	2,062	841	566	3,469	4,089	12,631	16,720	20,189	27,143
Occupancy	103,202	226,879	41,593	371,674	172,796	9,146	181,942	553,616	643,213
Interest	-	-	-	-	47,281	-	47,281	47,281	21,699
Insurance	41,504	108,379	53,724	203,607	45,791	7,307	53,098	256,705	263,430
Equipment Rental and Maintenance	25,851	40,351	17,547	83,749	26,634	6,035	32,669	116,418	134,250
Printing and Publications	168	177	95	440	54	4,692	4,746	5,186	6,508
Travel and Transportation	41,335	94,926	7,703	143,964	4,212	5,296	9,508	153,472	172,232
Conferences and Meetings	25,311	1,615	5,967	32,893	14,967	5,065	20,032	52,925	44,287
Specific Assistance to Individuals	393,830	517,585	233,416	1,144,831	( 57,138)	4,439	( 52,699)	1,092,132	1,251,574
Other	35	8,858	-	8,893	( 12,335)	10,726	( 1,609)	7,284	104,808
National Supervisory Fees	-	-	-	-	280,366	-	280,366	280,366	298,113
<b>Total Expenses Before Depreciation</b>	<b>2,292,503</b>	<b>5,929,934</b>	<b>1,409,713</b>	<b>9,632,150</b>	<b>2,164,875</b>	<b>517,748</b>	<b>2,682,623</b>	<b>12,314,773</b>	<b>13,376,429</b>
Depreciation	82,110	109,622	113,211	304,943	65,504	8,388	73,892	378,835	333,045
<b>Total Functional Expenses</b>	<b>\$ 2,374,613</b>	<b>\$ 6,039,556</b>	<b>\$ 1,522,924</b>	<b>\$ 9,937,093</b>	<b>\$ 2,230,379</b>	<b>\$ 526,136</b>	<b>\$ 2,756,515</b>	<b>\$ 12,693,608</b>	<b>\$ 13,709,474</b>

The accompanying Notes are an integral part of these statements.

# Volunteers of America of North Louisiana

Shreveport, Louisiana

## Statement of Cash Flows for the Year Ended June 30, 2013 (with Comparative Totals for 2012)

	2013	2012
Change in Net Assets	\$ 251,122	\$ ( 293,077)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities		
Depreciation	378,835	333,045
Contributions Restricted to Long-term	( 66,913)	( 134,940)
Restricted Interest & Dividends	( 78,892)	( 84,945)
Proceeds from Property & Equipment Insurance Recovery	-	( 26,785)
(Gain) Loss on Disposition of Fixed Assets	260,234	4,909
(Gain) Loss on Investment Transactions	( 107,312)	66,877
(Increase) Decrease in:		
Accounts Receivable	191,668	( 235,030)
Pledges Receivable	( 33,314)	14,183
Prepaid Expenses	( 3,994)	1,725
Other Current Assets	-	1,608
Other Assets	( 136,579)	71,202
Increase (Decrease) in:		
Accounts Payable	162,097	( 10,011)
Accrued Expenses	( 85,451)	( 357,370)
Other Liabilities	65,708	( 427)
Net Cash Provided by (Used in) Operating Activities	797,209	( 649,036)
Cash Flows from Investing Activities		
Proceeds from Property & Equipment Insurance Recovery	-	26,785
Proceeds from (Loans to) Related Parties	130,065	151,076
Proceeds from Sale of Investments	100,793	139,651
Purchase of Investments	( 168,405)	( 236,566)
Purchase of Fixed Assets	( 13,402)	( 629,713)
Net Cash Provided by (Used in) Investing Activities	49,051	( 548,767)
Cash Flows from Financing Activities		
Contributions Restricted to Long-term	66,913	134,940
Restricted Interest & Dividends	78,892	84,945
Payments on Notes Payable	( 587,912)	( 5,703,137)
Proceeds from Issuance of Notes Payable	222,857	6,381,939
Net Cash Provided by (Used in) Financing Activities	(219,250)	898,687
Net Increase (Decrease) in Cash and Cash Equivalents	627,010	( 299,116)
Cash and Cash Equivalents - Beginning	235,216	534,331
Cash and Cash Equivalents - Ending	\$ 862,226	\$ 235,216
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest During the Year	\$ 36,080	\$ 21,699

The accompanying Notes are an integral part of these statements.

# Volunteers of America of North Louisiana Shreveport, Louisiana

Notes to the Financial Statements  
June 30, 2013

## **Note 1 Organization**

The consolidated financial statements for Volunteers of America of North Louisiana include Volunteers of America of North Louisiana, Housing Development Corporation and McAdoo Services Corporation, which collectively are referred to as “the Organization”, “VOA” or “the VOA”. Volunteers of America of North Louisiana is a nonprofit spiritually based human services organization, incorporated in the State of Louisiana, that provides social services within North and Central Louisiana as a subsidiary corporation of Volunteers of America, Inc., a national nonprofit spiritually based organization providing local human service programs, and opportunities for individual and community involvement.

The VOA’s programs are grouped into three major impact areas:

### **Encouraging Positive Development**

Within the impact area of encouraging positive development, VOA 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. VOA’s programs provide a continuum of care and support for young people ages birth to 21 through prevention, early intervention, crisis intervention and long-term services.

This impact area includes the following categories:

- **Children and Youth**
  - Whatever It Takes – child and family supportive services
  - Twin Cities Early Head Start – early childhood and family support
  - 21st Century Community Learning Centers – school-based afterschool care
  - LightHouse – community-based afterschool care
  - Scholastic Books – scholastic toys and comfort kits
  - Highland Haven – services for youth aging out of foster care
  
- **Community Enhancement**
  - Parents as Teachers – parent education and family support
  - Family Resource Center – family preservation
  - Intensive Home Based Services – family preservation
  - Pregnancy Services – counseling
  - Neighbors for Neighbors – family support
  - Teen Pregnancy Prevention – community-based teen outreach program

### **Fostering Independence**

Within the impact area of fostering independence, VOA fosters the health and independence of the elderly and persons with disabilities, mental illness and HIV/AIDS through quality affordable housing, health care services and a wide range of community services.

This impact area includes the following categories:

- **Disabilities Services**
  - Eligibility Assistance Region 6 – disability services related to health benefits
  - Eligibility Assistance Region 7 – disability services related to health benefits
  - Eligibility Assistance Region 8 – disability services related to health benefits
  - Personal Care – in-home supports for developmentally disabled person

- Supported Independent Living – assisted independence for developmentally disabled persons
- Adult Day Health Care – community-based center providing services for medical, nursing, social, and personal care needs to adults who have physical, mental or functional impairments.
- **Elderly Services**
  - Senior Lunch – meal in social setting for senior citizens
- **Mental Health**
  - Supervised Independent Living – supportive housing for mentally ill
  - GAPS #1 – supportive housing for mentally ill persons
  - GAPS #2 – supportive housing for mentally ill persons
  - Housing Opportunity for Permanent Solutions – supportive housing for mentally ill persons
  - HUD Minden – housing with supportive services for chronically mentally ill
  - Assertive Community Outreach Services – outpatient services for seriously mentally ill clients
  - Vision of Hope – community-based comprehensive care system for mental health
  - Intensive Sheltering Program – respite care for chronically mentally ill adults
  - HUD Central LA – housing with supportive services for mentally ill adults
  - Rural Mental Health Housing – housing with supportive services for mentally ill adults
  - Mental Health Rehab – outpatient services for adults with serious mental illness
- **Housing – Disabled Housing and Elderly Housing**
  - Housing First – supportive housing for persons with disabilities
  - HUD Management – 100 units at 6 properties housing persons with disabilities
  - McAdoo Property Management – 45 units housing persons with disabilities

### **Promoting Self-Sufficiency**

Within the impact area of promoting self-sufficiency, VOA 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. VOA focuses on solution-oriented approaches, using a continuum of services from prevention to intervention to long-term support.

This impact area includes the following categories:

- **Community Enhancement**
  - Partners in Literacy – adult literacy
  - Credit Counseling – one-on-one counseling for home ownership
  - First Time Home Buyers Class – HUD-approved course for home ownership
- **Employment and Training Services**
  - Dress for Success – professional attire, career development and support network
- **Homeless Services**
  - Supportive Services – eviction prevention, employment, and other services for veterans and their families to prevent future homelessness
- **Housing**
  - McAdoo – supported living for homeless adults with major mental illness
  - Magnolia Place – supported living for homeless adults with major mental illness
  - VA Housing – transitional housing for homeless veterans



The continued existence of new funds for the preceding programs, which are primarily funded through grants and contracts, will be dependent upon contractual renewals with VOA's various funding sources.

## **Note 2 Summary of Significant Accounting Policies**

Basis of Accounting - The accounting policies of VOA conform to generally accepted accounting principles as applicable to voluntary health and welfare organizations. VOA prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred. The more significant accounting policies of the VOA are described below:

Accounts Receivable - The VOA predominantly extends credit through billing for reimbursement of allowed costs in connection with providing services under contract with various federal and state agencies. The VOA also extends credit to select individuals in the course of other services for fees in Central and North Louisiana. All extensions of credit are on an unsecured basis. Grant receivables are recorded at the amount billed and are deemed delinquent based on contractual terms.

Allowance for Doubtful Accounts - The allowance for doubtful accounts is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the receivables in light of historical experience, the nature and type of account, adverse situations that may affect the payor's ability to repay and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. Receivables deemed uncollectible are charged off against the allowance when management believes the uncollectibility is confirmed.

Property and Equipment - Land, buildings and equipment purchased by the VOA are recorded at cost. VOA capitalizes all expenditures for land, buildings and equipment in excess of \$5,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed on the straight-line method based upon the following estimated useful lives of the assets: furniture and equipment – five to ten years; transportation vehicles – five years and buildings and improvements – thirty years. Certain property and equipment purchased with grant funds may revert back to the funding agency if the program is closed or abandoned and proceeds from the sale of certain property could be returned to the granting agency.

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

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

Contributed Services - The VOA 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.

Restricted and Designated Assets - Restricted and designated assets, if any, represent the total of all assets that are encumbered by donor restrictions, legal agreements or otherwise unavailable for the general use of the VOA. This category generally includes client/custodial funds, escrow/reserve funds, temporarily and permanently restricted assets and securities that are pledged and held by the lender as collateral for financing.

Net Assets - The VOA classifies net assets into three categories: unrestricted, including board designated, temporarily restricted and permanently restricted. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. 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 VOA 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. Gains, losses and other revenue that result from ancillary activities, such as investing liquid assets and disposing of fixed or other assets, are reported as non-operating.

Income Taxes - Under provisions of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the State of Louisiana, Volunteers of America of North Louisiana is exempt from income taxes, except for net income from unrelated business income, as a subordinate unit of Volunteers of America, Inc. Volunteers of America, Inc. is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as a religious organization described in Section 501(c)(3). There were no unrelated business activities in 2013. Accordingly, no tax expense was incurred for the year ended June 30, 2013.

VOA has adopted the provisions of FASB ASC 740-10-25 (formerly FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*). Under FASB ASC 740-10-25, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of this standard had no impact on the organization's financial statements. VOA does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. No interest or penalties were accrued as of June 30, 2013, as a result of the adoption of FASB ASC 740-10-25. For the year ended June 30, 2013, there were no interest or penalties recorded or included in its financial statements.

Investments - Investments consist primarily of bond and corporate mutual funds, stocks and cash reserve funds. They are recorded at fair value based on quoted market prices. All other investments are reported at historical cost, if purchased, or, if contributed, at fair value on the date contributed.

Summary Financial Information for 2012 - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the VOA's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

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.

Concentrations of Credit Risk - The VOA maintains its cash balances at several different financial institutions and investment companies in its service delivery area. The balances with the financial institutions are insured by the FDIC up to \$250,000 for each bank. The VOA can have exposure from time to time due to cash balances held in excess of the FDIC coverage. At June 30, 2013, VOA's cash balances had exposure of \$195,061.

VOA has the following mix of grant receivables and grant revenue at June 30, 2013:

	Receivable	Revenue
Medicaid waiver program	15 %	43 %
U.S. Department of Health and Human Services	24 %	14 %
U.S. Department of Education	7 %	4 %
U.S. Department of Housing and Urban Development	17 %	10 %
U.S. Department of Veterans Affairs	12 %	12 %
State	11 %	15 %
Other Sources	14 %	2 %
Total	100 %	100 %

Fair Value Measurements – The carrying values of the organization’s financial instruments, including current assets and current liabilities, approximate fair value.

In 2009, the VOA adopted the provisions of FASB ASC 820.10 and subsections (formerly known as SFAS No. 157, Fair Value Measurements). Under FASB ASC 820.10, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FASB ASC 820.10 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on adjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

Level 3 – Valuations based on inputs are unobservable and include situations where there is little, if any, market activity of the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The VOA’s measurements of fair value are made on a recurring basis and their valuation techniques for assets and liabilities recorded at fair value are as follows:

Assets measured at fair value on a recurring basis consist of the following:

	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs
Available-for-sale securities	\$ 3,040,429	\$ -	\$ -

Subsequent Events – The VOA has evaluated subsequent events through October 31, 2013, the date which financial statements were issued, concluding there were no events requiring disclosure.

**Note 3 Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, 2013 were composed of various donor restricted purposes, uncollected pledges and certain program surpluses as of June 30, 2013. Temporarily restricted net assets of \$2,396,902 include Pledges Receivable Current/Long Term in the statement of financial position.

**Note 4 Permanently Restricted Net Assets**

Permanently restricted net assets at June 30, 2013 were composed of contributions restricted by donors. The VOA can annually distribute a percentage of the fund as determined by the Planned Giving and Endowment Advisory Committee. The VOA adopted the total return concept method in 2011 to determine the amount of future distributions of the fund. This concept takes into consideration income, net of expenses and the change of asset value. A distribution in the amount of \$82,769 was made in 2013. Permanently restricted net assets of \$1,554,440 are comprised of Designated & Restricted Assets and Promises to Give in the statement of financial position.

**Note 5 Investments**

Investments at June 30, 2013, are summarized as follows:

	Cost	Fair Value
Money Market	\$ 499,946	\$ 499,946
Mutual Funds	1,107,999	1,263,929
Fixed Income	793,654	814,169
Equities	108,204	163,389
Other Assets	239,178	298,996
	<u>2,748,981</u>	<u>3,040,429</u>
Less Current Investments	408,566	408,566
Long-Term Investments	<u>\$ 2,340,415</u>	<u>\$ 2,631,863</u>

Investment income at June 30, 2013 is composed of interest and dividends of \$127,460. Gain (loss) on investment transactions at June 30, 2013 is composed of net realized losses of \$3,463 and unrealized gains of \$110,775.

**Note 6 Accounts Receivable**

At June 30, 2013, accounts receivable consisted of the following:

Grants and Contracts Receivable	\$ 1,188,253
Other Accounts Receivable	8,789
Less Allowance for Uncollectible Receivables	( 5,700 )
Total	<u>\$ 1,191,342</u>

**Note 7 Notes Payable**

Line of credit payable to a financial institution, with a maximum credit of \$650,000 with interest based on JPMorgan Chase prime plus .5%, maturing September 30, 2013, secured by certain receivables, deposits, real estate and land.

\$ -

Direct subsidy conditional grant in the amount of \$390,000, governed by an Affordable Housing Program Agreement for Rental Project with the Federal Home Loan Bank of Dallas with 0% interest, secured by real estate. Grant has fifteen year retention period and will not have to be repaid as long as VOA complies with the agreement.

390,000  
(Continued)

Promissory note payable to the Louisiana Housing Finance Agency in the original amount of \$250,000 with 0% interest rate, payable in annual installments of \$25,000 but not in excess of an amount equal to fifty percent of surplus cash, due on first day of April, commencing April 2010; provided however, that all payments due hereunder shall be payable only out of and to the extent of the surplus cash to be determined by the Agency and after a cash distribution to the VOA of not more than \$10,000. This note matures April 1, 2020, and shall be forgiven on that date if the housing project has been maintained in accordance with the Agency's Affordable Rental Housing Program Regulatory Agreement. Note is secured by a continuing security interest in all rights, title and interest acquired or arising out of this note.

250,000

Lease payable to JPMorgan Chase Bank in the amount of \$500,000 for server equipment, with a term of 36 months and the total amount financed bearing interest at the rate of 4.63% per annum. Interest shall be calculated on the basis of a 360 day year and twelve 30 day months. There will be a total of 36 payments of \$14,902.53. Volunteers of America North Louisiana has granted to JPMorgan a first priority security interest in the equipment and all proceeds and at all times shall be free and clear of any Liens other than JPMorgan's security interest therein.

Total

313,747

953,747

Less Current Portion

( 167,835 )

Long-Term Portion

\$ 785,912

The following is a schedule of the debt maturing in subsequent fiscal years ending June 30:

2014	\$	167,835
2015		145,912
2016		0
2017		0
Thereafter		640,000
Total	\$	<u>953,747</u>

Interest expense for the year ended June 30, 2013 on notes and capital leases payable was \$36,080.

The gross carrying value of assets subject to the capital lease total \$523,009 with accumulated amortization totaling \$217,920 at June 30, 2013.

#### Note 8 Leases

The VOA leases certain facilities and equipment from unrelated parties under operating leases, which expire at various dates. The minimum future lease obligations under such leases are as follows for the fiscal years ending June 30:

2014	\$	241,240
2015		38,500
	\$	<u>279,740</u>

Total rent expense under all leases amounted to \$531,725 for the year ended June 30, 2013, and is included in occupancy and equipment rental and maintenance expenses.

#### Note 9 Pledges Receivable

Pledges receivable are recorded as receivables and revenue when received. Pledges receivable are recorded as temporarily restricted net assets. When payment is received, they are subsequently designated to the appropriate net asset category in accordance with donor-imposed restrictions. Pledges are recorded after being discounted to the anticipated net present value of the future cash flows. The

VOA conducts various annual fund raising campaigns and receives multi-year donations from various contributors.

Following is a recap of the VOA's pledges receivable at June 30, 2013.

Total pledges receivable	\$ 2,321,510
Less: Allowance for uncollectible pledges	( 46,225 )
Less: Discount, @ 6%	( 369,370 )
Net pledges receivable	1,905,915
Less: Current portion	( 554,290 )
Long-term portion	<u>\$ 1,351,625</u>

**Note 10 Promises to Give**

Promises to give are recorded as receivables and revenue when received. Promises to give are recorded as permanently restricted net assets. When payment is received, they are subsequently designated to the appropriate net asset category in accordance with donor-imposed restrictions. Promises to give are recorded after being discounted to the anticipated net present value of the future cash flows. The VOA conducts various annual fund raising campaigns and receives multi-year donations from various contributors.

Following is a recap of the VOA's promises to give at June 30, 2013.

Total promises to give	\$ 37,000
Less: Discount, @ 6%	( 4,024 )
Net promises to give	32,976
Less: Current portion	( 16,934 )
Long-term portion	<u>\$ 16,042</u>

Amounts due in:	
< 1 year	\$ 17,950
1-2 years	6,550
2-3 years	6,550
3-4 years	5,950
4-5 years	-
Total	<u>\$ 37,000</u>

**Note 11 Pension Plan for Ministers**

The VOA participates in a non-contributory defined benefit pension and retirement plan. The plan is administered through a commercial insurance company and covers all commissioned ministers. Pension plan expense was \$25,712 for the year ended June 30, 2013. Because the plan is a multi-employer plan, the accumulated benefits and net assets available for benefits as they relate solely to the VOA are not readily available.

**Note 12 Retirement Plans**

The VOA joined the national retirement savings plan of Volunteers of America, Inc., which is organized under Internal Revenue Code Section 403(b). The plan allows all employees with one year of service to participate. Employees are able to contribute annually up to the statutory limitations, currently \$17,500. Employer discretionary contributions are up to one (1%) percent of the employee's salary, limited to fifty (50%) percent of the employee's contribution. In addition, Volunteers of America, Inc., the plan sponsor, contributes four (4%) of the employee's salary. Contributions made to the plan are at the discretion of the Board of Directors. Retirement plan expense was \$152,973 for the year ended June 30, 2013, under this plan.

**Note 13 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 year ended June 30, 2013, totaled \$280,366. The amount due to Volunteers of America, Inc. for administrative fees as of June 30, 2013, was \$39,838.

VOA manages six HUD projects that are part of the national affiliation of Volunteers of America, Inc. Management and bookkeeping fees charged by VOA to the HUD projects totaled \$42,398 for the year ended June 30, 2013. In addition, VOA paid certain expenses, including salaries, on behalf of the projects; these expenses totaled \$356,091. At June 30, 2013, the projects owed VOA \$91,809, which is included in other current assets.

**Note 14 Compensated Absences - Accrued Leave**

Employees may accrue up to 160 hours of vacation leave each year. Upon an employee's separation of employment, earned and/or accrued leave will be paid up to a maximum of 160 hours. Employees can also accrue sick leave, but accumulated sick leave is forfeited upon separation of employment.

At June 30, 2013 the approximate amount of accumulated and vested employee leave benefits was \$154,893, which is included in accrued expenses.

**Note 15 Accrued Expenses**

At June 30, 2013, accrued expenses consisted of the following:

Accrued payroll	\$	180,580
Accrued annual leave payable		154,893
Total	\$	<u>335,473</u>

**Note 16 Contingencies**

As noted in Note 7, VOA has a conditional grant for \$390,000 and a promissory note outstanding for \$250,000 that will not have to be repaid as long as VOA complies with the stipulated terms of these two agreements. In the event VOA does not comply, they will be contingently liable to repay these amounts.

**Note 17 Transfer of Assets**

Volunteers of America of North LA relinquished fiscal and operational responsibility of its Early Head Start Program in Monroe, LA to the Community Development Institute as of November 1, 2012, in compliance with regulations of the Department of Health and Human Services. This included the transfer of all assets purchased with federal funding for that program. A loss for the disposal of assets in the amount of \$259,027 is presented on the statement of activities.

**Note 18 Endowments**

The Organization has both unrestricted-board designated funds and permanently restricted funds established for a variety of purposes.

*Interpretation of Relevant Law*

The Organization accounts for donor-restricted funds consistent with the provisions of Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as adopted by the State of Louisiana. The Organization seeks to preserve 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. Accordingly, the Organization classifies as permanently restricted net assets (a) the original value of 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 agreement at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as unrestricted – board designated net assets until appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by 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 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
- 7) The investment policies of the Organization

*Return Objectives, Risk Parameters and Spending Policy*

The Organization invests its funds in companies and opportunities whose operational philosophy and management activities are consistent with the overall mission and objectives of the Organization. The primary objective is the long-term growth of the fund's assets. It is recognized that short-term fluctuations may result in the loss of capital earned on occasion. However, in the absence of contributions and withdrawals, the asset value of the funds should grow in the long run and earn rates of return greater than those of an appropriate market index, while avoiding excess risk. The next objective is the preservation of purchasing power. Asset growth, exclusive of contributions and withdrawals, should exceed the rate of inflation. The final objective is to preserve the value of the assets by earning a positive return over the investment time horizon. The Organization has adopted the Total Return Concept to determine dollars available for distribution. This concept is based on a three year rolling semi-annual average of asset values. An annual distribution of 3% to 5% is to be determined.

*Strategies Employed for Achieving Objectives*

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that is balance between equity-based investments and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

*Funds with Deficits*

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or UPMIFA requires the Organization to maintain as a fund of perpetual duration. Deficiencies of this nature are required to be reported in unrestricted net assets. There were no such deficiencies at June 30, 2013.

*Composition*

Endowment net assets composition by type of fund as of June 30, 2013 is as follows:

	Unrestricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	\$ -	\$1,517,440	\$1,517,440
Board Designated Endowment Funds	1,120,524	-	1,120,524
Total Endowment Funds	\$1,120,524	\$1,517,440	\$2,637,964



A summary of changes in the Organization's endowment net assets for the year ended June 30, 2013 is as follows:

	Unrestricted	Permanently Restricted	Total
Endowment Funds at June 30, 2012	\$1,000,691	\$1,457,440	\$2,458,131
Contributions	2,014	60,000	64,214
Transfers from Temporarily Restricted Funds	32,408	-	32,408
Interest and Dividend Income	78,892	-	78,892
Gain on Investments	107,312	-	107,312
Appropriated for Current Operations	(82,776)	-	(82,776)
Expenses of Endowment Funds	(18,017)	-	(18,017)
Total Endowment Funds	<u>\$1,120,524</u>	<u>\$1,517,440</u>	<u>\$2,674,964</u>

Additional Information

# Volunteers of America of North Louisiana

Shreveport, Louisiana

## Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Total Federal Expenditures
<u>Department of Health and Human Services</u>			
Highland Haven Transitional Living Program	93.550	06CX0767/05	\$ 143,378
Head Start - Early Head Start	93.600	06CH7024/10	322,452
Passed through the State of Louisiana Department of Health and Hospitals			
Block Grants for Eligibility Assistance - Peer Drop-In Center	93.958	712235	84,250
Block Grants for Community MH Services - Elig Assist Reg VI	93.958	701002	49,656
Block Grants for Eligibility Assistance - Region VIII	93.958	712119	80,628
Block Grants for Community MH Services - Whatever it Takes	93.958	714059	18,356
Block Grants for Community MH Services - ACOS	93.958	714439	80,694
Teenage Pregnancy Prevention Program	93.297	705367	221,760
Teen Outreach Program	93.297	719601	35,058
Pathways Homeless Outreach Program	93.150	714197	72,626
Passed through the State of Louisiana Department of Social Services			
Promoting Safe & Stable Families - Alex. Child Welfare	93.556	707754	229,834
Passed through LA Alliance for Life			
Temporary Assistance for Needy Families - Pregnancy Services	93.558	unknown	12,344
<u>Department of Veteran Affairs</u>			
VA Homeless Providers Grant and Per Diem Program	64.024	08-853-LA	688,647
Veterans State Adult Day Health Care	64.026	unknown	44,034
Passed through the Volunteers of America of Greater New Orleans			
VA Supportive Services for Veteran Families Program	64.033	11-LA-76	127,406
VA Supportive Services for Veteran Families Program	64.033	11-LA-76	254,238
<u>Department of Agriculture Food and Nutrition Service</u>			
Passed through Louisiana Department of Education-CACFP			
Child and Adult Care Food Program - Early Head Start	10.558	25-091	12,113
Passed through Louisiana Department of Education			
21st Century Community Learning Centers	84.287	687038	407,502
<u>Department of Labor</u>			
Passed through City of Shreveport, Louisiana			
WIA Youth Activities - Project Hope	17.259	K1203	125,271
<u>Department of Homeland Security</u>			
Passed through the United Way of Northwest Louisiana			
Emergency Food and Shelter Program	97.024	356400-022	12,167

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Total Federal Expenditures
<u>Department of Housing and Urban Development</u>			
Supportive Housing Program - Mental Health SIL	14.235	LA0033B6H021001	109,816
Supportive Housing Program - Mental Health SIL	14.235	LA0033B6H021102	181,880
Supportive Housing Program - Minden Housing	14.235	LA0046B6H021104	78,647
Supportive Housing Program - Minden Housing	14.235	LA0046L6H021205	6,682
Supportive Housing Program - Shreveport Housing	14.235	LA0039B6H021104	94,145
Supportive Housing Program - Shreveport Housing	14.235	LA0039L6H021205	45,203
Supportive Housing Program - GAPS	14.235	LA0037B6H021003	73,825
Supportive Housing Program - GAPS	14.235	LA0037B6H021104	148,799
Supportive Housing Program - Housing First	14.235	LA0153B6H021103	98,540
Supportive Housing Program - Housing First	14.235	LA0153L6H021204	8,878
Supportive Housing Program - Supportive Permanent Housing	14.235	LA0141B6H071003	12,094
Supportive Housing Program - Supportive Permanent Housing	14.235	LA0141B6H071104	51,569
Supportive Housing Program - Supportive Permanent Housing	14.235	LA0142B6H071003	18,916
Supportive Housing Program - Supportive Permanent Housing	14.235	LA0142B6H071104	33,668
Supportive Housing Program - Alexandria Housing	14.235	LA0188B6H07110	13,433
Passed through City of Bossier City, Louisiana			
Community Development Block Grant - Lighthouse Bossier City	14.218	B-12-MC-22-0009	10,000
			\$4,008,509

NOTE 1 - BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the VOA's financial statements. The VOA uses the accrual basis of accounting. Expenditures represent only the federally funded portions of the programs. VOA records should be consulted to determine the amounts expended or matched from non-federal sources.

## Independent Auditor's Report

To the Board of Directors  
Volunteers of America of North Louisiana  
Shreveport, Louisiana

### Report on the Financial Statements

I have audited the accompanying financial statements of Volunteers of America of North Louisiana (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from Volunteers of America of North Louisiana's financial statements for the year ended June 30, 2012 and, in my report dated October 31, 2012, I expressed an unqualified opinion on those financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit 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 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Volunteers of America of North Louisiana as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated October 31, 2013 on my consideration of Volunteers of America of North Louisiana's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Volunteers of America of North internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "James D. McElland, CPA LLC". The signature is written in a cursive style.

Certified Public Accountant

Shreveport, Louisiana  
October 31, 2013

**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 of North Louisiana  
Shreveport, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Volunteers of America of North Louisiana (the "Organization") as of and for the year ended June 30, 2013, and the related notes to the financial statements and have issued my report thereon dated October 31, 2013.

***Compliance***

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

***Internal Control Over Financial Reporting***

In planning and performing my audit, I considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fair's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 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.

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

***Purpose Of Report***

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

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

A handwritten signature in blue ink that reads "James D. McElland, CPA LLC". The signature is written in a cursive style.

Certified Public Accountant

Shreveport, Louisiana  
October 31, 2013



**Independent Auditor's Report on Compliance  
For Each Major Program; Report on Internal Control Over  
Compliance and Report on Schedule of Expenditures of  
Federal Awards Required by OMB Circular A-133**

To the Board of Directors of  
Volunteers of America of North Louisiana  
Shreveport, Louisiana

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

I have audited Volunteers of America of North Louisiana's (VOA) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2013. VOA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibilities**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibilities**

My responsibility is to express an opinion on VOA's compliance for each of the Organization's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In my opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

**Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing my audit of compliance, I considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an

opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A.133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 charge with governance.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

I have audited the financial statements of the Organization as of and for the year ended June 30, 2013, and have issued my report thereon dated October 31, 2013 which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

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



Certified Public Accountant

Shreveport, Louisiana  
October 31, 2013

**Volunteers of America of North Louisiana  
Shreveport, Louisiana  
Schedule of Findings and Questioned Costs  
June 30, 2013**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: **Unqualified**

Compliance and internal control over financial reporting:

    Significant deficiency identified? **No**

    Material weakness identified? **No**

    Noncompliance material to financial statements noted? **No**

**Federal Awards**

Internal Control over major programs:

    Significant deficiency identified? **No**

    Material weakness identified? **No**

Type of auditor’s report issued on compliance for major programs. **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? **No**

<b>CFDA Number</b>	<b>Name of Program or Cluster</b>
--------------------	-----------------------------------

14.235	Supportive Housing Program
64.024	VA Homeless Providers Grant and Per Diem Program
64.033	VA Supportive Services for Veteran Families
84.287	21 <sup>st</sup> Century Community Learning Centers
93.600	Early Head Start
93.958	Community Mental Health Serices

Dollar threshold used to distinguish Type A and Type B programs: **\$300,000**  
Auditee qualified as low-risk auditee? **Yes**

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questions Cost**

None

**Prior Year Findings**

None

**Management Letter**

A separate management letter was not issued.