



CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

(With Comparative Totals for June 30, 2020)

With Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Volunteers of America Northern New England, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of Volunteers of America Northern New England, Inc. and Subsidiaries (the Organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of operations and changes in net assets, functional expenses, and cash flows for the year 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 U.S. generally accepted accounting principles; 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 audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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 consolidated financial position of the Organization as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

**Other Matters**

*Report on Summarized Comparative Information*

We have previously audited the Organization's June 30, 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated statements in our report dated October 22, 2020. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2020 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Change in Accounting Principle*

As discussed in Note 1 to the consolidated financial statements, the Organization adopted new accounting guidance, Financial Accounting Standards Board Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), and related guidance during the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

*Berry Dunn McNeil & Parker, LLC*

Manchester, New Hampshire  
October 28, 2021

**VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES**

**Consolidated Statement of Financial Position**

**June 30, 2021**

**(With Comparative Totals for June 30, 2020)**

**ASSETS**

	<u>2021</u>	<u>2020</u>
Current assets		
Cash	\$ 1,607,682	\$ 1,478,238
Accounts receivable	612,748	528,592
Prepaid expenses	72,375	67,583
Other current assets	<u>81,922</u>	<u>71,727</u>
Total current assets	<u>2,374,727</u>	<u>2,146,140</u>
Designated and restricted assets		
Replacement reserves	1,558,606	1,926,825
Residual receipts reserve	256,584	120,831
Operating deficit escrow	249,973	249,884
Tenant security deposits	182,612	173,566
Endowment funds	<u>1,266,476</u>	<u>908,293</u>
Total designated and restricted assets	<u>3,514,251</u>	<u>3,379,399</u>
Property and equipment		
Land and improvements	3,016,242	2,928,342
Buildings and improvements	39,796,008	38,163,516
Furnishings and equipment	833,033	831,008
Vehicles	<u>207,809</u>	<u>176,545</u>
	43,853,092	42,099,411
Less accumulated depreciation	<u>(10,084,667)</u>	<u>(9,053,084)</u>
Property and equipment, net	<u>33,768,425</u>	<u>33,046,327</u>
Other assets	<u>1,160</u>	<u>4,195</u>
Total assets	<u>\$ 39,658,563</u>	<u>\$ 38,576,061</u>

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The accompanying notes are an integral part of these consolidated financial statements.

## LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
Current liabilities		
Line of credit	\$ 650,639	\$ 758,639
Current portion of long-term liabilities	202,458	183,631
Accounts payable	181,536	295,301
Accrued expenses	862,209	669,201
Refundable advances	476,851	369,215
CARES Act refundable advance	-	388,900
Other current liabilities	<u>342,770</u>	<u>232,469</u>
Total current liabilities	<u>2,716,463</u>	<u>2,897,356</u>
Long-term liabilities		
Notes and loans payable, less current portion	59,914	74,246
Mortgages payable, less current portion and unamortized fees	10,461,977	10,836,540
Other long-term liabilities	<u>221,920</u>	<u>208,239</u>
Total long-term liabilities	<u>10,743,811</u>	<u>11,119,025</u>
Total liabilities	<u>13,460,274</u>	<u>14,016,381</u>
Net assets		
Without donor restrictions - controlling interest	1,588,395	72,305
Without donor restrictions - noncontrolling interest	<u>3,301,037</u>	<u>3,341,943</u>
Total net assets without donor restrictions	4,889,432	3,414,248
With donor restrictions	<u>21,308,857</u>	<u>21,145,432</u>
Total net assets	<u>26,198,289</u>	<u>24,559,680</u>
Total liabilities and net assets	<u>\$ 39,658,563</u>	<u>\$ 38,576,061</u>

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**VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES**

**Consolidated Statement of Operations and Changes in Net Assets**

**Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)**

	2021				2020	
	Net Assets Without Donor Restrictions- Controlling Interest	Net Assets Without Donor Restrictions- Noncontrolling Interest	Total Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Total
Operating revenues						
Contributions	\$ 405,611	\$ -	\$ 405,611	\$ -	\$ 405,611	\$ 396,044
Contributions-in-kind	6,409	-	6,409	-	6,409	21,597
United Way	6,455	-	6,455	-	6,455	17,362
Volunteers of America, Inc. (VOA) grants	82,171	-	82,171	-	82,171	36,464
Revenues and grants from government agencies	11,184,019	-	11,184,019	-	11,184,019	11,257,550
Program service fees	2,251,830	-	2,251,830	-	2,251,830	2,085,131
Paycheck Protection Program (PPP) loan forgiveness	378,900	-	378,900	-	378,900	-
Other	823,172	-	823,172	-	823,172	1,021,252
Total operating revenues	<u>15,138,567</u>	<u>-</u>	<u>15,138,567</u>	<u>-</u>	<u>15,138,567</u>	<u>14,835,400</u>
Operating expenses						
Program services expenses						
Encouraging positive development	58,470	-	58,470	-	58,470	24,051
Fostering independence	11,643,323	-	11,643,323	-	11,643,323	11,353,494
Promoting self-sufficiency	1,702,093	-	1,702,093	-	1,702,093	1,949,218
Support services expenses						
Management and general	1,285,367	-	1,285,367	-	1,285,367	1,353,234
Fundraising	80,038	-	80,038	-	80,038	98,034
Total operating expenses	<u>14,769,291</u>	<u>-</u>	<u>14,769,291</u>	<u>-</u>	<u>14,769,291</u>	<u>14,778,031</u>
Change in net assets from operations	<u>369,276</u>	<u>-</u>	<u>369,276</u>	<u>-</u>	<u>369,276</u>	<u>57,369</u>
Non-operating activity						
Contributions for long-term purposes	736,590	-	736,590	-	736,590	-
Interest and dividend income	5,968	-	5,968	-	5,968	17,667
Gains on endowment funds	145,593	-	145,593	185,065	330,658	11,615
Net assets released from restriction	21,640	-	21,640	(21,640)	-	-
(Loss) gain on sale of equipment	(150)	-	(150)	-	(150)	175
Other	237,173	(40,906)	196,267	-	196,267	111,074
Total non-operating activity	<u>1,146,814</u>	<u>(40,906)</u>	<u>1,105,908</u>	<u>163,425</u>	<u>1,269,333</u>	<u>140,531</u>
Change in net assets	1,516,090	(40,906)	1,475,184	163,425	1,638,609	197,900
Net assets, beginning of year	<u>72,305</u>	<u>3,341,943</u>	<u>3,414,248</u>	<u>21,145,432</u>	<u>24,559,680</u>	<u>24,361,780</u>
Net assets, end of year	<u>\$ 1,588,395</u>	<u>\$ 3,301,037</u>	<u>\$ 4,889,432</u>	<u>\$ 21,308,857</u>	<u>\$ 26,198,289</u>	<u>\$ 24,559,680</u>

The accompanying notes are an integral part of these consolidated financial statements.

**VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES**

**Consolidated Statement of Functional Expenses**

**Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)**

	Program Services				Support Services			Total Program and Support Services	
	Encouraging Positive Development	Fostering Independence	Promoting Self-Sufficiency	Total	Management and General	Fundraising	Total	2021	2020
Salaries and wages	\$ 7,089	\$ 6,139,684	\$ 880,670	\$ 7,027,443	\$ 828,137	\$ 44,458	\$ 872,595	\$ 7,900,038	\$ 7,649,022
Payroll taxes and employee benefits	681	1,217,405	178,547	1,396,633	212,036	5,212	217,248	1,613,881	1,555,471
Professional services	6,822	596,060	150,108	752,990	120,870	10,814	131,684	884,674	1,155,814
Program supplies and expenses	13,795	358,616	111,990	484,401	-	3,132	3,132	487,533	412,890
Office supplies and expenses	839	98,463	21,282	120,584	15,206	4,802	20,008	140,592	162,453
Occupancy	17,393	1,157,331	160,160	1,334,884	72,157	645	72,802	1,407,686	1,229,170
Interest	-	368,269	49,705	417,974	-	-	-	417,974	430,682
Travel and transportation	8,816	30,281	10,898	49,995	3,215	69	3,284	53,279	94,115
Specific assistance to individuals	-	18,395	5,606	24,001	-	-	-	24,001	36,583
Other	-	756,836	12,284	769,120	3,730	10,906	14,636	783,756	801,695
Depreciation and amortization	<u>3,035</u>	<u>901,983</u>	<u>120,843</u>	<u>1,025,861</u>	<u>30,016</u>	<u>-</u>	<u>30,016</u>	<u>1,055,877</u>	<u>1,250,136</u>
Total operating expenses	<u>\$ 58,470</u>	<u>\$ 11,643,323</u>	<u>\$ 1,702,093</u>	<u>\$ 13,403,886</u>	<u>\$ 1,285,367</u>	<u>\$ 80,038</u>	<u>\$ 1,365,405</u>	<u>\$ 14,769,291</u>	<u>\$ 14,778,031</u>

The accompanying notes are an integral part of these consolidated financial statements.

**VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES**

**Consolidated Statement of Cash Flows**

**Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 1,638,609	\$ 197,900
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Gains on endowment funds	(330,658)	(11,615)
Loss (gain) on sale of equipment	150	(175)
Depreciation and amortization	1,055,877	1,250,136
Forgiveness of debt	(421,383)	(521,383)
Contribution revenue for long-term purposes	(736,590)	-
Changes in operating assets and liabilities		
Accounts receivable	(84,156)	216,073
Prepaid expenses	(4,792)	(5,025)
Other current assets	(10,195)	(67,278)
Accounts payable	(86,604)	(185,728)
Accrued expenses	193,008	53,193
Refundable advances	107,636	262,203
CARES Act refundable advance	(388,900)	388,900
Other current liabilities	101,255	43,175
Other long-term liabilities	13,681	29,520
Net cash provided by operating activities	<u>1,046,938</u>	<u>1,649,896</u>
Cash flows from investing activities		
Purchase of endowment funds	(27,525)	(70,749)
Proceeds from sale of equipment	572	175
Acquisition of property and equipment	(883,241)	(403,223)
Net cash used by investing activities	<u>(910,194)</u>	<u>(473,797)</u>
Cash flows from financing activities		
Proceeds from notes, loans and mortgages payable	72,251	625,624
Payments on notes, loans and mortgages payable	(203,928)	(194,963)
Net repayments on the line of credit	(108,000)	(88,000)
Net cash (used) provided by financing activities	<u>(239,677)</u>	<u>342,661</u>
Net (decrease) increase in cash and restricted cash	(102,933)	1,518,760
Cash and restricted cash, beginning of year	<u>3,775,778</u>	<u>2,257,018</u>
Cash and restricted cash, end of year	\$ <u>3,672,845</u>	\$ <u>3,775,778</u>
Composition of cash and restricted cash, end of year		
Cash	\$ 1,607,682	\$ 1,478,238
Replacement reserves	1,558,606	1,926,825
Residual receipts reserve	256,584	120,831
Operating deficit escrow	<u>249,973</u>	<u>249,884</u>
	\$ <u>3,672,845</u>	\$ <u>3,775,778</u>
Supplemental disclosure of cash flow information:		
Acquisition of property and equipment with issuance of long-term debt to seller's financing company	\$ <u>45,420</u>	\$ <u>22,993</u>
Acquisition of property and equipment included in accounts payable	\$ <u>-</u>	\$ <u>27,161</u>
Contribution of property, net of mortgage note payable assumed of \$135,035	\$ <u>736,590</u>	\$ <u>-</u>

The accompanying notes are an integral part of these consolidated financial statements.

# VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

June 30, 2021  
(With Comparative Totals for June 30, 2020)

### Nature of Organization

The consolidated financial statements for Volunteers of America Northern New England, Inc. and Subsidiaries include the following entities, which collectively are referred to as the Organization:

- Volunteers of America Northern New England, Inc. (VOANNE)
- Loudon VOANNE Senior Housing, Inc. (Loudon)
- Topsham VOANNE Senior Housing, Inc. (Topsham)
- Saco VOANNE Senior Housing, Inc. (Saco)
- VOANNE Bangor Senior Housing, L.P. (Bangor)
- Old Town VOA Affordable Housing, Inc. (Old Town)
- VOANNE Sawyer Street House, Inc. (Sawyer St.)
- VOANNE Beach Street House, Inc. (Beach St.)
- VOANNE Brackett Street House, Inc. (Brackett St.)
- GHF Residential Services (GHF)
- VOANNE Vincent Street House, Inc. (Vincent St.)
- VOANNE Property Corporation (Property Corp.)
- VOANNE Beach Street Apartment, Inc. (Beach St. Apt.)
- Veterans VOANNE Housing Corporation (Veterans Housing)
- VOANNE Retirement, Inc. (Country Villa)
- VOANNE High Street House, Inc. (High St.)
- Cabin in the Woods, L.P. (CITW)

VOANNE is a nonprofit spiritually-based human services organization, incorporated in Maine, that provides social services within the states of Maine and New Hampshire under a charter from Volunteers of America (VOA), a national nonprofit spiritually-based organization providing local human service programs and opportunities for individual and community involvement.

Program services provided by the Organization for the years ended June 30, 2021 and 2020 include:

### **Encouraging Positive Development**

The Organization 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. These 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.

*Children and Youth:* Programs include Camp POSTCARD.

# VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

June 30, 2021  
(With Comparative Totals for June 30, 2020)

### Fostering Independence

The Organization fosters the health and independence of the elderly and persons with disabilities and mental illness through quality affordable housing, healthcare services, and a wide range of community services.

*Disabled Housing and Elderly Housing:* The Organization manages, on behalf of VOA, U.S. Department of Housing and Urban Development (HUD) subsidized apartments housing elderly persons. The Organization operates 261 HUD subsidized apartments housing elderly and disabled persons.

*Mental Health:* The Organization operates 57 supportive housing units for persons with mental illness.

*In-Home Senior Support Services:* The Organization is a registered Personal Care Agency. It lends a helping hand to seniors living independently or allows respite for caregivers. This program allows seniors access to homemaker assistance, housekeeping, assistance with activities of daily living skills, transportation, medication assistance and more. It allows seniors to age in place regardless of their income, reduces isolation, increases access to community resources, and leads to a better quality of life. This program is set apart from other in-home support services because it is affordable and has no hourly minimum requirements for service.

### Promoting Self-Sufficiency

The Organization 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 Organization focuses on solution-oriented approaches, using a continuum of services from prevention to intervention to long-term support.

*Correctional Services:* Programs include adult correction and transitional and re-entry programs.

*Supportive Senior Services:* The Organization operates a 28-bed retirement inn that includes laundry, housekeeping, and three meals a day to seniors. In addition, an activities coordinator has been employed to set up activities and schedules regular outings for the seniors.

*Veterans Services:* The Organization operates 18 units of transitional housing for homeless veterans and provides case management services and programs for health and wellness and basic living skills. The Organization operates a 21 rental cabin units, which provide permanent housing for homeless veterans and their families, operated by CITW. CITW is owned .01% by the General Partner CIW VOANNE Housing, Inc., a wholly-owned subsidiary of VOANNE, and 99.99% by the Limited Partner 481 Maine and New Hampshire Fund III, LP, a wholly-owned subsidiary of an unrelated organization.

# VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

June 30, 2021

(With Comparative Totals for June 30, 2020)

### 1. Summary of Significant Accounting Policies

#### Basis of Accounting

The accounting policies of the Organization conform to U.S. generally accepted accounting principles (U.S. GAAP).

#### Principles of Consolidation

The consolidated financial statements include the accounts of VOANNE, Loudon, Topsham, Saco, Bangor, Old Town, Sawyer St., Beach St., Brackett St., GHF, Vincent St., Property Corp., Beach St. Apt., Veterans Housing, Country Villa, High St., and CITW. All material inter-organization transactions have been eliminated.

#### Basis of Presentation

The accompanying financial statements of the Organization have been prepared in accordance with U.S. GAAP, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of operations and changes in net assets as net assets released from restrictions.

The consolidated 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's June 30, 2020 consolidated financial statements, from which the summarized information was derived.

#### Cash

The Organization is subject to credit risk consist primarily through financial instruments held in cash, such as operating cash, security deposits, tax and insurance escrow, and residual receipt and replacement reserves.

# VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

June 30, 2021  
(With Comparative Totals for June 30, 2020)

The Organization maintains its cash balances at various banks. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank in the United States of America up to \$250,000. At times, the Organization maintains cash above the FDIC insured balance. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on operating cash, security deposits, tax and insurance escrow, and residual receipt and replacement reserves.

### **Accounts Receivable**

Accounts receivable consist primarily of revenue earned from various government grants, contracts, and programs. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances considered uncollectible after management has used reasonable collection efforts are written off to expense.

### **Property and Equipment**

Property and equipment are stated at cost, while donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Repairs and maintenance are expensed and betterments and renewals are capitalized as incurred. Buildings, improvements, and equipment are being depreciated using the straight-line method over their estimated useful lives based on the following:

Furnishings and equipment	3 to 10 years
Vehicles	5 years
Buildings and improvements	20 or 40 years

### **Designated and Restricted Assets**

Designated and restricted assets represent the total of all assets that are encumbered by donor restrictions, legal agreements, Board designation, or are otherwise unavailable for the general use of the Organization. This category generally includes client funds, custodial funds, funded escrow and reserve funds, and net assets with donor restrictions that are perpetual in nature.

### **Revenue Recognition**

During the year ended June 30, 2021, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09 (Topic 606), *Revenue from Contracts with Customers*, and related guidance, which provides guidance for revenue recognition that superseded the revenue recognition requirements that previously existed under U.S. GAAP. The Organization's adoption of Topic 606 did not have an impact on the Organization's revenue recognition policies or application thereof.

# **VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES**

## **Notes to Consolidated Financial Statements**

**June 30, 2021**

**(With Comparative Totals for June 30, 2020)**

Revenues and grants from government agencies include government contracts with the Maine Department of Health and Human Services (DHHS) to render MaineCare services to qualifying individuals under certain cost-based reimbursement programs, and contracts to provide various programs it offers to veterans. Under the Organization's contractual arrangements, the Organization provides services to clients for an agreed upon fee. The Organization recognizes revenue for client services in accordance with the provisions of ASU 2014-09 and related guidance. Client services billed to DHHS is subject to audit and retroactive adjustment. Estimated cost settlements have been recorded in the year that the services were provided.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual services rendered. Generally, performance obligations are satisfied over time when services are provided. The Organization measures the performance obligation from when the Organization begins to provide services to a client to the point when it is no longer required to provide services to that client, which is generally at the time of DHHS notification to the Organization.

Each performance obligation is separately identifiable from other promises in the contract with the client and DHHS. As the performance obligations are met (i.e., day services), revenue is recognized based upon allocated transaction price. The transaction price is allocated to separate performance obligations based upon the relative stand-alone selling price.

Because all of its performance obligations relate to short-term contracts, the Organization has elected to apply the optional exemption provided in FASB Accounting Standards Codification (ASC) Subtopic 606-10-50-14(a), and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Organization receives rental revenue from tenants and subsidy rental payments under Housing Assistance Payments (HAP) Contracts. Rental revenue is recognized pro rata over each tenant's period of occupancy. A contract is entered into with a tenant and covers a period of twelve months. All rents are collected at the beginning of each month and are nonrefundable. A tenant has an option to cancel a lease at any time with a minimum of 30 days notice, at which time the Organization prorates the final rent payment through a tenant's expected move-out date.

When a contract is entered into with a tenant, the Organization collects a security deposit. The security deposits are maintained in a separate cash account and a corresponding liability is recognized. Upon termination of a tenant's contract, the Organization assesses the condition of the unit being vacated. If it is determined a unit is vacated in condition equivalent to when the tenant occupied the unit, the security deposit is refunded to the tenant. If a unit is determined to be vacated in a condition less than equivalent to when the tenant occupied the unit, the security deposit is retained and recognized as revenue.

In general, program service is recognized as revenue when such services are rendered or as agreement milestones are achieved.

# VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

June 30, 2021

(With Comparative Totals for June 30, 2020)

### **Contributions**

The Organization reports contributions of cash or other assets, including unconditional promises to give, in the consolidated statement of operations and changes in net assets when the cash, unconditional promise, or other assets are received. Unconditional promises to give are reported at their net realizable value, with an allowance for uncollectible promises where appropriate. Conditional promises to give are reported in the consolidated statement of operations and changes in net assets when the conditions are met.

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of operations and changes in net assets as net assets released from restrictions. The Organization records donor-restricted contributions whose restrictions are met in the same reporting period as support without donor restrictions in the year of the gift.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

### **Endowment Funds**

Endowment funds restricted by donor or designated by the Organization's Board of Directors consist primarily of funds held with the Maine Community Foundation (MCF), a foundation, made up of several hundred pooled component funds. MCF has confirmed the fair market value of assets held in the Organization's component fund. MCF's pooled investment portfolio is comprised primarily of marketable equities, fixed income funds and real asset funds.

### **Change in Net Assets from Operations**

The consolidated statement of operations and changes in net assets includes a measure of change in net assets from operations. Changes in net assets which are excluded from the change in net assets from operations include contributions for long-term purposes, interest and dividend income, gains on endowment funds, (loss) gain on sale of equipment, net assets released from restriction and other activities.

### **Income Taxes**

The Organization consists primarily of organizations that are exempt from federal income taxes under Section 501(c)(3) of the Code. Accordingly, no provision for income taxes has been reflected in these consolidated financial statements.

# VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

June 30, 2021  
(With Comparative Totals for June 30, 2020)

Included in the consolidated financial statements are limited partnerships. No provision for taxes on income is made in the consolidated financial statements since all taxable income and losses are allocated to the partners for inclusion in their respective tax returns.

Low-income housing tax credit has been allocated to the limited partnerships. The credit will be allocated to the partners for inclusion in their respective tax returns. The projects associated with the limited partnerships must be maintained as low-income rental projects to realize the tax credit. If the project or any portion of it is not low income, adverse tax consequences will occur.

### **Allocation of Functional Expenses**

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Those expenses include salaries and wages and employee benefits of staff, office supplies and expenses, and other costs. Office supplies and expenses are allocated to programs based on actual or estimated usage of resources. Payroll and employee benefits expenses are allocated based on estimates of time and effort. Other expenses are allocated based on direct labor, physical usage of facilities or equipment or specific identification.

### **Use of Estimates**

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

### **Subsequent Events**

For purposes of the preparation of these consolidated financial statements in conformity with U.S. GAAP, management has considered transactions or events occurring through October 28, 2021, which is the date that the consolidated financial statements were available to be issued. Management has not evaluated subsequent events after that date for inclusion in the consolidated financial statements.

## **2. Leases**

The Organization leases office space under an operating lease. The office lease expires in June 2023. Rent expense for the years ended June 30, 2021 and 2020 totaled \$165,538 and \$123,107, respectively. The Organization also has various copier leases.

Future minimum lease expense under the terms of the leases is as follows:

2022	\$ 102,802
2023	<u>100,535</u>
	<u>\$ 203,337</u>

**VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**June 30, 2021**

**(With Comparative Totals for June 30, 2020)**

**3. Line of Credit**

The Organization has a line of credit with Bangor Savings Bank collateralized by substantially all business assets. The line of credit is renewable on an annual basis, and is expected to be renewed in December 2021. The maximum credit available is \$1,500,000 with interest at a variable rate equal to the Wall Street Journal Prime Rate (3.25% as of June 30, 2021). At June 30, 2021 and 2020, the outstanding balances on the line of credit were \$650,639 and \$758,639, respectively.

**4. Notes, Loans and Mortgages Payable**

Notes, loans and mortgages payable consist of the following:

	<u>2021</u>	<u>2020</u>
Promissory note payable to Saco and Biddeford Savings Institution in monthly principal and interest payments of \$1,397 through June 29, 2026, with a final balloon payment upon maturity. Variable interest rate adjusted annually to the Federal Home Loan Bank of Boston (FHLBB) Classic Advance rate (0.35% at June 30, 2021). The promissory note payable is collateralized by real estate held by Veterans Housing.	\$ 73,583	\$ 87,725
Under the Tax Credit Exchange Program authorized by the American Recovery and Reinvestment Act of 2009, Maine State Housing Authority (MSHA) advanced funds under a non-interest bearing mortgage note payable in the amount of \$4,807,078 in exchange for development of the project and in exchange for assignment of certain available tax credits and tax incentives. Repayment of the remaining funds is required in the event of noncompliance with the requirements of Section 42 of the Code at any time through March 31, 2026. The mortgage note payable is collateralized by real estate and personal property held by Bangor. Upon maintaining compliance, a portion of the mortgage note payable is forgiven annually over the 15 years of the agreement.	1,922,830	2,243,302
Noninterest bearing mortgage note payable to Bangor Savings Bank. Under the terms of the agreement, no principal payments are due as long as Bangor continues to operate and occupy the building as affordable rental housing for a period of fifteen years, through June 1, 2026, at which time the amount will be forgiven as part of the Affordable Housing Program of the FHLBB. The mortgage note payable is collateralized by real estate and personal property held by Bangor.	400,000	400,000

**VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**June 30, 2021**

**(With Comparative Totals for June 30, 2020)**

	<u><b>2021</b></u>	<u><b>2020</b></u>
Mortgage note payable to MSHA bearing a fixed interest rate of 3%. Payments of principal and interest payments are deferred until November 23, 2051 at which time all unpaid principal and interest is due. Deferred interest at June 30, 2021 and 2020 was \$39,308 and \$34,673, respectively. The mortgage note payable is collateralized by real estate and personal property held by Bangor.	<b>119,829</b>	119,829
Mortgage note payable to the City of Bangor, Maine bearing a fixed rate of 3%. The mortgage note payable is forgiven annually over the 20 years of the agreement, as long as Bangor rents all apartments to low/moderate-income households. The mortgage note payable is collateralized by real estate and personal property held by Bangor.	<b>9,117</b>	10,028
Noninterest bearing mortgage note payable to MSHA. On May 20, 2010, 20% of the original note was forgiven. On May 20, 2025, 40% of the original mortgage note payable will be forgiven and the remaining 40% will be forgiven on May 20, 2040 as long as the use restrictions on the property are maintained. The mortgage note payable is collateralized by real estate and personal property held by Veterans Housing.	<b>300,446</b>	300,446
Noninterest bearing mortgage note payable to MSHA. This mortgage was fully forgiven on May 17, 2021 and is reported in the consolidated statement of operations and changes in net assets included in other operating revenues.	-	100,000
Noninterest bearing mortgage note payable to MSHA. The mortgage note payable is not required to be repaid, as long as the Beach St. Apt. housing continues to operate and occupy the building as safe rental housing for low and very-low income persons through May 2025, at which time the mortgage note would be forgiven. The mortgage note payable is collateralized by real estate and personal property held by Beach St. Apt.	<b>87,867</b>	87,867
Noninterest bearing mortgage note payable to MSHA. On June 22, 2005, 20% of the original note was forgiven. On June 22, 2020, 40% of the original mortgage note payable was forgiven. The remaining 40% will be forgiven on June 22, 2035 as long as the use restrictions on the property are maintained. The mortgage note payable is collateralized by real estate and personal property held by Brackett St.	<b>100,000</b>	100,000

**VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**June 30, 2021  
(With Comparative Totals for June 30, 2020)**

	<u>2021</u>	<u>2020</u>
Mortgage note payable to MSHA payable bearing a fixed interest rate of 5.5%. Interest only payments of \$331 are due monthly until May 2051 at which date the balance is due in full; collateralized by the real estate and personal property held by Property Corp.	<b>72,251</b>	-
Noninterest bearing mortgage note payable to MSHA. The mortgage note payable will be forgiven thirty years from the date of issuance as long as the use restrictions on the property are maintained. The mortgage note payable is collateralized by real estate and personal property held by Property Corp.	<b>355,000</b>	355,000
Mortgage note payable to TD Bank in monthly principal and interest payments of \$1,137 through January 24, 2028 when all remaining principal and interest is due. Interest is fixed at 5% per annum for the first ten years (April 2024) at which time the interest rate will be adjusted to the FHLBB rate plus 2%. The mortgage note payable is collateralized by real estate and personal property held by Property Corp.	<b>178,126</b>	182,860
Mortgage note payable to MSHA in monthly principal and interest payments of \$3,153 through June 1, 2044. Interest is fixed at 8% per annum; collateralized by real estate and personal property held by Old Town.	<b>397,392</b>	403,183
Mortgage note payable to MSHA in monthly principal and interest payments of \$12,433 through June 1, 2044. Interest is fixed at 8% per annum; collateralized by the real estate and personal property held by Old Town.	<b>1,566,975</b>	1,589,815
Mortgage note payable to MSHA in monthly principal and interest payments of \$7,097 through July 1, 2044. Interest is fixed at 5.5% per annum; collateralized by the real estate and personal property held by Old Town.	<b>1,112,198</b>	1,135,496
Noninterest bearing note payable to Volunteers of America National Services, a related party of VOANNE, Old Town's sole incorporator through economic interest, to assist with the development of the Old Town property. Under the terms of the agreement, no principal payments are due as long as Old Town continues to operate and occupy the building as safe and affordable rental housing for seniors for a period of ten years, through June 1, 2024, at which time the amount will be forgiven; collateralized by the real estate and personal property held by Old Town.	<b>200,000</b>	200,000

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**Notes to Consolidated Financial Statements**

**June 30, 2021**

**(With Comparative Totals for June 30, 2020)**

	<u>2021</u>	<u>2020</u>
Mortgage note payable to Bangor Savings Bank in monthly principal and interest payments of \$2,512 through November 2023 at which time the remaining principal will be due. Interest is fixed at 3.9% per annum; collateralized by the real estate and personal property located in Biddeford, Maine.	<b>322,145</b>	339,180
Mortgage note payable to Bangor Savings Bank. Monthly principal and interest payments of \$4,061 through October 2026 at which time the remaining principal will be due. Interest at the FHLBB 5/5 Amortizing Advance Rate plus 2.50% (3.42% at June 30, 2021), through October 2021 and then for the remaining five years the interest rate will adjust to the FHLBB 3/3 Amortizing Advance Rate plus 2.50% for three years. The mortgage note payable is collateralized by the real estate and personal property.	<b>252,699</b>	278,349
Mortgage note payable to Bangor Savings Bank in monthly principal and interest payments of \$1,537 through March 2036 at which time the remaining principal will be due. Interest is fixed at 3.84% per annum; collateralized by the real estate and personal property held by Property Corp.	<b>206,733</b>	216,920
Mortgage note payable to MSHA payable in monthly interest-only payments of \$1,861 at a fixed rate of 6% for 30 years from origination date (March 2047) at which date the balance is due in full; collateralized by the real estate and personal property held by CITW.	<b>372,114</b>	372,114
Noninterest mortgage note payable to MSHA. Mortgage note payable is repayable 30 years from origination date (March 2047); collateralized by the real estate and personal property held by CITW.	<b>51,756</b>	51,756
Noninterest mortgage note payable to MSHA. Mortgage note payable is repayable 30 years from origination date (November 2046); collateralized by the real estate and personal property held by CITW.	<b>155,270</b>	155,270
Mortgage note payable to Bangor Savings Bank in monthly principal and interest payments of \$7,851 through October 2041 at which time the remaining principal will be due. Interest is fixed at 3.74% per annum; collateralized by the real estate and personal property held by Country Villa.	<b>1,333,687</b>	1,376,445

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**Notes to Consolidated Financial Statements**

**June 30, 2021**

**(With Comparative Totals for June 30, 2020)**

	<u>2021</u>	<u>2020</u>
Mortgage note payable to Genesis Community Loan Fund in monthly principal and interest payments of \$2,087 through November 2021 at which time the remaining principal will be due. Interest is fixed at 5.20% per annum; collateralized by the real estate and personal property held by Country Villa. While the loan matures in November 2021, this balance is excluded from the current portion of long-term debt because it is expected to be refinanced with similar terms to its current terms.	<b>352,183</b>	358,723
Various notes payable to Bodwell Chrysler Jeep Dodge Ram in monthly principal and interest payments of \$444 to \$456 with maturity dates through July 2025 at which time the remaining principal will be due. Interest is fixed at rates from 5.11% to 5.99% per annum; collateralized by vehicles.	<b>39,640</b>	19,622
Noninterest bearing mortgage note payable to MSHA. The mortgage note payable will be forgiven on May 1, 2050 as long as the use restrictions on the property are maintained. The mortgage note payable is collateralized by real estate and personal property held by High St.	<b>215,334</b>	215,334
Noninterest mortgage note payable to MSHA. Mortgage note payable is repayable 30 years from origination date (February 2036); collateralized by the real estate and personal property held by Property Corp.	<b>135,035</b>	-
Note payable to MSHA in monthly principal and interest payments of \$2,329 through May 2050 at which time the remaining principal will be due. Interest is fixed at 5.5% per annum; collateralized by real estate and personal property held by High St.	<u><b>404,188</b></u>	<u>409,739</u>
	<b>10,736,398</b>	11,109,003
Less unamortized fees	<b>12,049</b>	14,586
Less current portion	<u><b>202,458</b></u>	<u>183,631</u>
	<u><b>\$10,521,891</b></u>	<u>\$10,910,786</u>

Cash paid for interest approximates interest expense.

# VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

June 30, 2021  
(With Comparative Totals for June 30, 2020)

Annual principal maturities and annual expected forgiveness on notes, loans and mortgages payable, for fiscal years subsequent to June 30, 2021, are as follows:

	Annual Principal Payments	Annual Expected Forgiveness	Total
2022	\$ 202,458	\$ 321,383	\$ 523,841
2023	209,835	321,383	531,218
2024	688,044	321,383	1,009,427
2025	206,529	559,473	766,002
2026	205,979	721,383	927,362
Thereafter	<u>6,283,464</u>	<u>695,084</u>	<u>6,978,548</u>
Total	<u>\$ 7,796,309</u>	<u>\$ 2,940,089</u>	<u>\$ 10,736,398</u>

### 5. Capital Advances

In conjunction with construction of some properties, pursuant to Sections 202 and 811 of the National Housing Act, HUD issued capital advances in an aggregate amount of \$20,605,558 at June 30, 2021 and 2020, which are reflected in net assets with donor restrictions in the consolidated statement of financial position. The capital advances bear no interest and are not required to be repaid, so long as the use restrictions are maintained for a period of 40 years. The capital advances are collateralized by real estate and personal property. Failure to maintain the use restrictions would result in HUD's billing the owner for the entire capital advance outstanding plus interest since the date of the advance.

The Regulatory Agreement imposes restrictions on cash disbursements and distributions and prohibits the transfer or encumbrance of title to the rental property without HUD approval. In addition, a Use Agreement restricts use of the project to rental housing for eligible households as approved by HUD for a period of 40 years.

### 6. Pension Plans

The Organization can participate in a non-contributory defined benefit pension and retirement plan. The plan is administered through a commercial insurance company and covers the CEO. At June 30, 2021 and 2020, pension plan expense was \$46,035 and \$23,898, respectively. Because the plan is a multi-employer plan, the accumulated benefits and net assets available for benefits as they relate solely to the Organization are not readily available.

Employees of the Organization are covered by a Section 403(b) annuity pension plan. Employees may contribute up to 15% of their base wages to the plan.

# VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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(With Comparative Totals for June 30, 2020)

### 7. Related Party Transactions

VOA has organized separate nonprofit corporations to provide elderly housing. These corporations are related to the Organization by nature of property management agreements. These corporations owed the Organization \$35,422 and \$63,901 at June 30, 2021 and 2020, respectively.

The Organization is affiliated with VOA, which provides supporting services to the Organization for a fee. Charter services for the years ended June 30, 2021 and 2020 totaled \$252,097 and \$251,050, respectively. Charter services due at June 30, 2021 and 2020 were \$23,930 and \$17,444, respectively.

### 8. Commitments and Contingencies

The Organization receives a significant amount of its support from state and federal agencies. If these agencies significantly reduced their level of support, it may affect certain programs and activities of the Organization.

Grants received by the Organization are subject to audit by the grantors upon termination of the grant period. Generally, management makes provisions for potential refunds to grantors that may result from audit adjustments. However, the provisions are subject to change as the amounts, if any, are not determinable until the audits are completed.

### 9. Endowment

The Organization's endowment consists of funds held by MCF whose investment return is available for operations. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

### Interpretation of Relevant Law

The Board of Directors has interpreted the Maine Uniform Prudent Management of Institutional Funds Act for the implementation of FASB ASC Topic 958 as requiring preservation of the original value of the gifts, as of the gift date, to donor-restricted endowment funds, absent any explicit donor restrictions to the contrary in the gift instrument. As a result of this interpretation for accounting and financial statement purposes, the Organization classifies the original value of assets donated to the permanent endowment as net assets with donor restrictions (held in perpetuity), along with any investment earnings that are directed by the donor to be reinvested in perpetuity (i.e., historic book value). The Organization appropriates a fixed distribution each year as determined and approved by MCF.

**VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**June 30, 2021  
(With Comparative Totals for June 30, 2020)**

**Endowment Net Asset Composition by Type of Fund**

The endowment net asset composition by type of fund is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions - Subject to Use or Time</b>	<b>With Donor Restrictions - Held in Perpetuity</b>	<b>Total</b>
June 30, 2021				
Endowment funds	\$ <u>568,324</u>	\$ <u>411,879</u>	\$ <u>286,273</u>	\$ <u>1,266,476</u>
June 30, 2020				
Endowment funds	\$ <u>373,566</u>	\$ <u>248,454</u>	\$ <u>286,273</u>	\$ <u>908,293</u>

The Organization had the following endowment-related activities for the years ended June 30, 2021 and 2020, respectively:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions - Subject to Use or Time</b>	<b>With Donor Restrictions - Held in Perpetuity</b>	<b>Total</b>
Endowment net assets, June 30, 2020	\$ 373,566	\$ 248,454	\$ 286,273	\$ 908,293
Investment return, net of fees	145,593	185,065	-	330,658
Contributions	49,165	-	-	49,165
Appropriation of endowment assets for expenditures	-	<u>(21,640)</u>	-	<u>(21,640)</u>
Endowment net assets, June 30, 2021	\$ <u>568,324</u>	\$ <u>411,879</u>	\$ <u>286,273</u>	\$ <u>1,266,476</u>
Endowment net assets, June 30, 2019	\$ 273,905	\$ 265,751	\$ 286,273	\$ 825,929
Investment return, net of fees	7,622	3,993	-	11,615
Contributions	92,039	-	-	92,039
Appropriation of endowment assets for expenditures	-	<u>(21,290)</u>	-	<u>(21,290)</u>
Endowment net assets, June 30, 2020	\$ <u>373,566</u>	\$ <u>248,454</u>	\$ <u>286,273</u>	\$ <u>908,293</u>

# VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

June 30, 2021  
(With Comparative Totals for June 30, 2020)

### 10. Concentration of Revenues and Risk

For the years ended June 30, 2021 and 2020, approximately 56% and 57%, respectively, of the support and revenue of the Organization was derived from DHHS MaineCare program. Accounts receivable from DHHS MaineCare program totaled \$443,449 and \$374,156 at June 30, 2021 and 2020, respectively.

Charges for services to individuals were billed through the MaineCare intermediary. Settlements for differences between interim rates paid by MaineCare and the actual cost for rendering services, as defined by the "Principles of Reimbursement," which govern the respective programs, are based on annual cost reporting. Laws and regulations governing the programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The consolidated financial statements reflect estimated settlements due under these programs. Settlements do not become final until cost reports are audited and approved by DHHS. Differences between estimated and actual settlements are netted against the actual revenue sources in the year of final determination. The cost reports have been audited through 2019.

For the years ended June 30, 2021 and 2020, approximately 12% of the support and revenue of the Organization was derived from HAP received from HUD. Accounts receivable from HUD totaled \$4,524 and \$1,883 at June 30, 2021 and 2020, respectively.

Due to the large concentration of consumers who receive benefits from the DHHS MaineCare program and HUD, the Organization is highly dependent upon regulatory authorities establishing reimbursement rates that are adequate to sustain the Organization's operations.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of checking, savings, and time deposit accounts with banks. These balances fluctuate during the year and can exceed the limit of FDIC coverage. Management regularly monitors the financial institutions, together with their respective cash balances, and attempts to maintain the potential risk at a minimum. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

### Service Provider Tax

The Maine Legislature enacted legislation that imposes a 6% Service Provider Tax (SPT) on the "value" (i.e., sales price) of certain services provided in the State including Private Non-Medical Institutions services and certain clinical and outpatient services. Providers are taxed based on revenue, received for the purpose of providing food, shelter, and treatment. MaineCare is then reimbursing facilities for their portion of the tax by increasing their direct care per diem rate. The portion of the tax paid on revenue generated from private pay residents will not be funded by MaineCare.

Total SPT expense was \$489,083 and \$484,135 in 2021 and 2020, respectively.

**VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**June 30, 2021  
(With Comparative Totals for June 30, 2020)**

**11. Noncontrolling Interest**

Noncontrolling interest, as shown in the consolidated statements of financial position, represents investments by the limited partner in CITW as follows as of June 30:

<u>Limited Partner</u>	<u>2021</u>	<u>2020</u>
481 Maine and New Hampshire Fund III, LP	\$ <b>3,301,037</b>	\$ 3,341,943

**12. Availability and Liquidity of Financial Assets**

The goal for the Organization is to maintain a balanced budget while meeting the requirements of the various financing authorities.

Financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and capital acquisitions not funded through replacement reserves or financed with debt, were as follows:

	<u>2021</u>	<u>2020</u>
Cash less required residual receipt deposits	\$ <b>1,406,141</b>	\$ 1,337,775
Accounts receivable	<b>612,748</b>	528,592
Other current assets	<u><b>81,922</b></u>	<u>71,727</u>
Financial assets available at year end for current use	\$ <u><b>2,100,811</b></u>	\$ <u>1,938,094</u>

The Organization has certain restricted deposits and funded reserves which are for restricted use and subject to HUD approval. As a result, these restricted deposits and funded reserves are not considered available for general expenditure within the next year and are not reflected in the amount above. The Organization also has access to a line of credit as more fully described in Note 3. As of June 30, 2021, the Organization could draw \$849,361 in additional funds from the line of credit.

# VOLUNTEERS OF AMERICA NORTHERN NEW ENGLAND, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

June 30, 2021  
(With Comparative Totals for June 30, 2020)

### 13. Net Assets with Donor Restrictions

As of June 30, 2021 and 2020, net assets subject to time restrictions are as follows:

	<u>2021</u>	<u>2020</u>
HUD capital advance	\$ 20,605,558	\$ 20,605,558
Accumulated earnings on funds invested in perpetuity whose income is available for general operations	411,879	248,454
High St. renovations	<u>5,147</u>	<u>5,147</u>
	<u>\$ 21,022,584</u>	<u>\$ 20,859,159</u>

As of June 30, 2021 and 2020, net assets subject to Organization spending policy (invested in perpetuity) are as follows:

	<u>2021</u>	<u>2020</u>
Income available for general operations	<u>\$ 286,273</u>	<u>\$ 286,273</u>

### 14. Uncertainty

On March 11, 2020, the World Health Organization declared the coronavirus disease (COVID-19) a global pandemic. Local, U.S., and world governments encouraged self-isolation to curtail the spread of COVID-19, by mandating the temporary shut-down of business in many sectors and imposing limitations on travel and the size and duration of group meetings. Many sectors are experiencing disruption to business operations.

The U.S. government has responded with three phases of relief legislation as a response to the COVID-19 outbreak. The relief legislation, among other things, 1) authorized emergency loans to distressed businesses by establishing, and providing funding for, forgivable bridge loans; 2) provided additional funding for grants and technical assistance; 3) delayed due dates for employer payroll taxes and estimated tax payments for organizations; and 4) revised provisions of the Code, including those related to losses, charitable deductions, and business interest.

During 2020, the Organization obtained \$388,900 of Coronavirus Aid, Relief and Security Act Paycheck Protection Plan (PPP) funding. The PPP has specific criteria for eligibility and provides for forgiveness of the funds under this program if the Organization meets certain requirements. Any portion of the funds that are not forgiven are to be repaid within 5 years at a 1% interest rate. During 2021, the Organization received notification from the Small Business Administration that the PPP funds obtained were forgiven and included those funds in PPP loan forgiveness revenue in the consolidated statement of operations and changes in net assets.