

Volunteers of America Chesapeake, Inc. And Subsidiaries

Consolidated Financial Statements

For The Years Ended
June 30, 2015 And 2014 (As Restated)



HERTZBACH
certified public accountants · consultants

**Volunteers of America Chesapeake, Inc.
And Subsidiaries**

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For The Years Ended June 30, 2015 And 2014 (As Restated)

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Independent Auditor's Report

**To The Officers And Board Of Directors
Volunteers of America Chesapeake, Inc.
And Subsidiaries**

7901 Annapolis Road
Lanham, MD 20706

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Volunteers of America Chesapeake, Inc. (a nonprofit organization) And Subsidiaries (collectively, the Organization) which comprise the consolidated statements of financial position as of June 30, 2015 and 2014 (as restated), and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 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 organization'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 organization'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, based on our audit, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Volunteers of America Chesapeake, Inc. And Subsidiaries as of June 30, 2015 and 2014 (as restated), and the changes in their net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change In Reporting Entity

As discussed in Note 23 to the financial statements, Volunteers of America – Virginia Beach M/R (Baker House) is no longer considered as a controlled organization and is not consolidated as part of Volunteers of America Chesapeake, Inc.'s Subsidiaries. We did not audit the financial statements of Baker House, which the statements reflected having total assets of \$383,699 as of June 30, 2014 and total support and revenues of \$104,804 for the year then ended. Those statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to Baker House was solely on the report of the other auditors. Our opinion is not modified with respect to that matter.

Emphasis of Matter – Fraud

As discussed in Note 24 to the financial statements, an investigation is in progress. Our opinion is not modified with respect to that matter.

Report On Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplementary information shown on pages 38 to 43 is presented for purposes of additional analysis, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Hertzbach & Company, P.A.

Rockville, Maryland
October 30, 2015

Volunteers Of America Chesapeake, Inc. And Subsidiaries
Consolidated Statements Of Financial Position

June 30,	2015	2014 (As Restated)
CURRENT ASSETS		
Cash And Cash Equivalents	\$ 1,813,078	\$ 3,379,517
Accounts Receivable (Net Of Allowance)	3,614,420	3,298,450
Prepaid Expenses	222,376	231,031
Reimbursement Receivable	158,519	310,014
Interest Receivable	81,608	11,309
Other Receivables	<u>158,658</u>	<u>218,593</u>
Total Current Assets	<u>6,048,659</u>	<u>7,448,914</u>
PROPERTY AND EQUIPMENT, NET	<u>27,252,665</u>	<u>27,792,960</u>
OTHER ASSETS		
Designated And Restricted Cash	1,715,331	1,742,793
Long-Term Investments	1,502,936	1,726,806
Unamortized Mortgage Costs, Net	530,524	548,011
Deposits	40,893	40,893
Beneficial Interest In Perpetual Trust	57,984	59,014
Contribution Receivable From Charitable Remainder Trust	671,385	662,976
Notes Receivable	<u>8,143,016</u>	<u>8,143,016</u>
Total Other Assets	<u>12,662,069</u>	<u>12,923,509</u>
TOTAL ASSETS	<u><u>\$ 45,963,393</u></u>	<u><u>\$ 48,165,383</u></u>

Volunteers Of America Chesapeake, Inc. And Subsidiaries
Consolidated Statements Of Financial Position

June 30,	2015	2014 (As Restated)
CURRENT LIABILITIES		
Accounts Payable	\$ 490,021	\$ 495,621
Current Maturities Of Long-Term Debt	1,717,810	1,710,111
Accrued Expenses	2,455,858	2,910,769
Other Current Liabilities	21,759	23,706
Due To Related Parties	-	161,331
Client Escrow Funds	106,773	150,097
Tenant Security Deposits	23,861	26,722
Refundable Advances	1,615,207	1,592,597
Total Current Liabilities	6,431,289	7,070,954
LONG-TERM LIABILITIES		
Long-Term Debt, Less Current Maturities	25,851,208	26,321,106
Post-Retirement Benefit Liability	479,613	482,295
Underfunded Pension Obligation	2,342,549	1,926,643
Total Long-Term Liabilities	28,673,370	28,730,044
Total Liabilities	35,104,659	35,800,998
NET ASSETS		
Unrestricted		
Controlling Interest	10,077,163	10,772,087
Non-controlling Interest	(596,469)	(69,692)
Total Unrestricted	9,480,694	10,702,395
Temporarily Restricted	1,320,056	1,602,976
Permanently Restricted	57,984	59,014
Total Net Assets	10,858,734	12,364,385
TOTAL LIABILITIES AND NET ASSETS	\$ 45,963,393	\$ 48,165,383

Volunteers Of America Chesapeake, Inc. And Subsidiaries
Consolidated Statement Of Activities And Changes In Net Assets

For The Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Non-controlling Interest	Total
Revenues And Support					
Public Support					
Public Support Received Directly					
Contributions - Cash	\$ 817,730	\$ -	\$ -	\$ -	\$ 817,730
Contributions - In-Kind	12,347	-	-	-	12,347
Special Events (Net Of Direct Benefit Costs)	76,591	-	-	-	76,591
Public Support Received Indirectly					
United Way	19,410	-	-	-	19,410
Total Public Support	926,078	-	-	-	926,078
Government Revenues And Grants	30,112,761	-	-	-	30,112,761
Other Revenues					
Program Service Fees	2,762,573	-	-	-	2,762,573
Rental Revenue	105,092	-	-	-	105,092
Other Operating Revenues	433,048	-	-	-	433,048
Total Other Revenues	3,300,713	-	-	-	3,300,713
Total Revenues And Support	34,339,552	-	-	-	34,339,552
Expenses					
Program Services					
Encouraging Positive Development	131,854	-	-	-	131,854
Fostering Independence	18,303,171	-	-	-	18,303,171
Promoting Self-Sufficiency	10,823,374	-	-	-	10,823,374
Total Program Services	29,258,399	-	-	-	29,258,399
Supporting Services					
Management And General	5,078,777	-	-	-	5,078,777
Fund-Raising	939,137	-	-	-	939,137
Administrative Fees Paid To VOA, Inc.	733,958	-	-	-	733,958
Total Supporting Services	6,751,872	-	-	-	6,751,872
Total Program And Supporting Services	36,010,271	-	-	-	36,010,271
Decrease In Net Assets From Operations	\$ (1,670,719)	\$ -	\$ -	\$ -	\$ (1,670,719)

See Independent Auditor's Report And Accompanying Notes To The Consolidated Financial Statements

Volunteers Of America Chesapeake, Inc. And Subsidiaries
Consolidated Statement Of Activities And Changes In Net Assets
(Continued)

For The Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Non-controlling Interest	Total
Non-Operating Gains And Other					
Revenues (Losses)					
Interest And Dividends	\$ 105,718	\$ 38,717	\$ 3,070	\$ -	\$ 147,505
Net Losses On Investments	(7,362)	-	-	-	(7,362)
Gain On Sale Of Property And Equipment	11,533	-	-	-	11,533
Recovery Of Bad Debt	149,855	-	-	-	149,855
Increase In Pension Obligation	(415,906)	-	-	-	(415,906)
Capital Project Grant Revenue	-	379,900	-	-	379,900
Other Net Losses	(70,839)	-	-	-	(70,839)
Non-Operational Personnel Costs	(9,955)	-	-	-	(9,955)
Change In Value Of Split-Interest Agreements	-	(18,158)	(1,505)	-	(19,663)
Satisfaction Of Program Restrictions	685,974	(683,379)	(2,595)	-	-
Total Non-Operating Gains And Other Revenues (Losses)	449,018	(282,920)	(1,030)	-	165,068
Decrease In Net Assets Before Non-controlling Interest	(1,221,701)	(282,920)	(1,030)	-	(1,505,651)
Increase (Decrease) In Net Assets Attributable To Non-controlling Interest	526,777	-	-	(526,777)	-
Total Decrease In Net Assets	(694,924)	(282,920)	(1,030)	(526,777)	(1,505,651)
Net Assets - Beginning Of Year	10,772,087	1,602,976	59,014	(69,692)	12,364,385
Net Assets - End Of Year	\$ 10,077,163	\$ 1,320,056	\$ 57,984	\$ (596,469)	\$ 10,858,734

See Independent Auditor's Report And Accompanying Notes To The Consolidated Financial Statements

Volunteers Of America Chesapeake, Inc. And Subsidiaries
Consolidated Statement Of Activities And Changes In Net Assets

For The Year Ended June 30, 2014 (As Restated)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Non-controlling Interest	Total
Revenues And Support					
Public Support					
Public Support Received Directly					
Contributions - Cash	\$ 831,003	\$ -	\$ -	\$ -	\$ 831,003
Contributions - In-Kind	4,870	-	-	-	4,870
Special Events (Net Of Direct Benefit Costs)	23,512	-	-	-	23,512
Public Support Received Indirectly					
United Way	23,007	-	-	-	23,007
Total Public Support	882,392	-	-	-	882,392
Government Revenues And Grants	28,256,927	-	-	-	28,256,927
Other Revenues					
Program Service Fees	2,601,208	-	-	-	2,601,208
Developer Fee	906,864	-	-	-	906,864
Property Management Fee	46,183	-	-	-	46,183
Rental Revenue	305,954	-	-	-	305,954
Other Operating Revenues	428,104	-	-	-	428,104
Total Other Revenues	4,288,313	-	-	-	4,288,313
Total Revenues And Support	33,427,632	-	-	-	33,427,632
Expenses					
Program Services					
Encouraging Positive Development	161,558	-	-	-	161,558
Fostering Independence	18,288,458	-	-	-	18,288,458
Promoting Self-Sufficiency	10,887,380	-	-	-	10,887,380
Total Program Services	29,337,396	-	-	-	29,337,396
Supporting Services					
Management And General	5,240,550	-	-	-	5,240,550
Fund-Raising	836,422	-	-	-	836,422
Administrative Fees Paid To VOA, Inc.	606,952	-	-	-	606,952
Total Supporting Services	6,683,924	-	-	-	6,683,924
Total Program And Supporting Services	36,021,320	-	-	-	36,021,320
Decrease In Net Assets From Operations	\$ (2,593,688)	\$ -	\$ -	\$ -	\$ (2,593,688)

Volunteers Of America Chesapeake, Inc. And Subsidiaries
Consolidated Statement Of Activities And Changes In Net Assets
(Continued)

For The Year Ended June 30, 2014 (As Restated)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Non-controlling Interest	Total
Non-Operating Gains And Other					
Revenues (Losses)					
Interest And Dividends	\$ 192,990	\$ -	\$ -	\$ -	\$ 192,990
Net Gains On Investments	189,631	-	-	-	189,631
Loss On Sale Of Property And Equipment	(245,369)	-	-	-	(245,369)
Recovery Of Bad Debt	1,147,659	-	-	-	1,147,659
Decrease In Pension Obligation	165,839	-	-	-	165,839
Capital Project Grant Revenue	-	940,000	-	-	940,000
Other Net Losses	(29,678)	-	-	-	(29,678)
Non-Operational Personnel Costs	(426,168)	-	-	-	(426,168)
Change In Value Of Split-Interest Agreements	-	87,201	11,063	-	98,264
Total Non-Operating Gains And Other Revenues (Losses)	994,904	1,027,201	11,063	-	2,033,168
(Decrease) Increase In Net Assets Before Non-controlling Interest	(1,598,784)	1,027,201	11,063	-	(560,520)
Increase (Decrease) In Net Assets Attributable To Non-controlling Interest	383,737	-	-	(383,737)	-
Total (Decrease) Increase In Net Assets	(1,215,047)	1,027,201	11,063	(383,737)	(560,520)
Net Assets - Beginning Of Year	12,034,638	575,775	47,951	314,045	12,972,409
Capital Contributions	1,000	-	-	-	1,000
Capital Distributions	(48,504)	-	-	-	(48,504)
Net Assets - End Of Year	\$ 10,772,087	\$ 1,602,976	\$ 59,014	\$ (69,692)	\$ 12,364,385

Volunteers Of America Chesapeake, Inc. And Subsidiaries
Consolidated Statement Of Functional Expenses

For The Year Ended June 30, 2015

	Program Services				Supporting Services			2015 Total
	Encouraging Positive Development	Fostering Independence	Promoting Self- Sufficiency	Subtotal	Management And General	Fund-Raising	Subtotal	
Salaries	\$ 81,581	\$ 11,740,089	\$ 5,196,449	\$ 17,018,119	\$ 2,698,707	\$ 412,444	\$ 3,111,151	\$ 20,129,270
Pension Expense	681	70,770	30,145	101,596	17,084	3,793	20,877	122,473
Other Employee Benefits	34,010	1,189,709	599,620	1,823,339	265,671	68,490	334,161	2,157,500
Payroll Taxes	5,695	875,964	382,440	1,264,099	160,026	21,453	181,479	1,445,578
Legal Fees	-	-	20,213	20,213	28,189	-	28,189	48,402
Accounting Fees	-	-	62,230	62,230	68,999	-	68,999	131,229
Other Professional Fees	16	465,800	457,507	923,323	639,143	304,427	943,570	1,866,893
Supplies	457	628,860	604,148	1,233,465	42,611	3,150	45,761	1,279,226
Telecommunications	5,061	219,065	76,092	300,218	77,766	3,793	81,559	381,777
Postage	14	1,793	4,897	6,704	12,303	12,002	24,305	31,009
Occupancy Expense	-	1,775,701	982,089	2,757,790	136,837	4,218	141,055	2,898,845
Interest	-	176,787	707,377	884,164	424,173	-	424,173	1,308,337
Insurance	1,391	317,857	194,904	514,152	94,021	9,334	103,355	617,507
Equipment Rental And Maintenance	1,504	44,877	102,104	148,485	30,050	1,849	31,899	180,384
Printing And Publications	-	2,647	4,558	7,205	5,564	54,031	59,595	66,800
Travel And Transportation	566	474,584	116,050	591,200	55,810	20,583	76,393	667,593
Conferences And Meetings	166	23,174	31,446	54,786	81,341	14,207	95,548	150,334
Specific Assistance	28	30,907	286,197	317,132	1,018	299	1,317	318,449
Other	401	8,764	3,296	12,461	54,975	5,064	60,039	72,500
Depreciation And Amortization	283	255,823	961,612	1,217,718	184,489	-	184,489	1,402,207
Total Functional Expenses	131,854	18,303,171	10,823,374	29,258,399	5,078,777	939,137	6,017,914	35,276,313
Administrative Fees - VOA, Inc.	-	-	-	-	733,958	-	733,958	733,958
Total Expenses	\$ 131,854	\$ 18,303,171	\$ 10,823,374	\$ 29,258,399	\$ 5,812,735	\$ 939,137	\$ 6,751,872	\$ 36,010,271

See Independent Auditor's Report And Accompanying Notes To The Consolidated Financial Statements

Volunteers Of America Chesapeake, Inc. And Subsidiaries
Consolidated Statement Of Functional Expenses

For The Year Ended June 30, 2014 (As Restated)

	Program Services				Supporting Services			2014 Total
	Encouraging Positive Development	Fostering Independence	Promoting Self- Sufficiency	Subtotal	Management And General	Fund-Raising	Subtotal	
Salaries	\$ 109,295	\$ 11,665,786	\$ 5,458,509	\$ 17,233,590	\$ 2,312,539	\$ 317,587	\$ 2,630,126	\$ 19,863,716
Pension Expense	928	139,224	69,159	209,311	20,710	5,317	26,027	235,338
Other Employee Benefits	27,220	1,048,107	585,589	1,660,916	145,250	62,621	207,871	1,868,787
Payroll Taxes	6,951	874,507	414,097	1,295,555	137,619	23,384	161,003	1,456,558
Legal Fees	-	793	23,619	24,412	31,141	-	31,141	55,553
Accounting Fees	-	-	60,245	60,245	85,890	-	85,890	146,135
Other Professional Fees	5,037	393,405	523,510	921,952	734,886	231,062	965,948	1,887,900
Supplies	1,060	681,675	641,925	1,324,660	72,455	15,573	88,028	1,412,688
Telecommunications	4,855	201,398	90,517	296,770	88,974	3,914	92,888	389,658
Postage	138	2,749	6,969	9,856	17,389	17,871	35,260	45,116
Occupancy Expense	-	1,867,932	667,194	2,535,126	543,040	1,658	544,698	3,079,824
Interest	-	213,003	580,155	793,158	429,455	-	429,455	1,222,613
Insurance	1,624	319,433	238,031	559,088	127,999	900	128,899	687,987
Equipment Rental And Maintenance	1,083	52,704	80,413	134,200	37,277	-	37,277	171,477
Printing And Publications	-	4,237	12,118	16,355	22,497	100,080	122,577	138,932
Travel And Transportation	1,845	494,409	122,114	618,368	82,852	25,841	108,693	727,061
Conferences And Meetings	1,169	45,171	36,575	82,915	97,333	26,469	123,802	206,717
Specific Assistance	94	26,474	337,348	363,916	322	577	899	364,815
Other	-	38,677	6,625	45,302	62,115	3,568	65,683	110,985
Depreciation And Amortization	259	218,774	932,668	1,151,701	190,807	-	190,807	1,342,508
Total Functional Expenses	161,558	18,288,458	10,887,380	29,337,396	5,240,550	836,422	6,076,972	35,414,368
Administrative Fees - VOA, Inc.	-	-	-	-	606,952	-	606,952	606,952
Total Expenses	\$ 161,558	\$ 18,288,458	\$ 10,887,380	\$ 29,337,396	\$ 5,847,502	\$ 836,422	\$ 6,683,924	\$ 36,021,320

See Independent Auditor's Report And Accompanying Notes To The Consolidated Financial Statements

Volunteers Of America Chesapeake, Inc. And Subsidiaries
Consolidated Statements Of Cash Flows

For The Years Ended June 30,	2015	2014 (As Restated)
CONSOLIDATED CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease In Net Assets Attributable		
To The Controlling Interest	\$ (978,874)	\$ (176,783)
Adjustments To Reconcile Decrease In Net Assets		
To Net Cash And Cash Equivalents (Used In) Provided By		
Operating Activities:		
Loss Attributable To The Non-controlling Interest	(526,777)	(383,737)
Depreciation	1,384,720	1,288,672
(Gain) Loss On Disposal Of Property And Equipment	(11,533)	245,369
Contributions - In-Kind	-	4,870
Amortization Of Mortgage Costs	17,487	53,836
Gain On Sale Of Investments	(74,396)	-
Net Unrealized Losses (Gains) On Investment Holdings	81,838	(189,621)
Change In Value Of Split-Interest Agreements	19,663	(98,264)
Change In Pension Obligation	415,906	(165,839)
(Increase) Decrease In Operating Assets:		
Tenants' Security Deposits	10,126	3,610
Accounts Receivable	(315,970)	1,984,085
Prepaid Expenses	8,655	(50,174)
Other Receivables	59,935	(218,593)
Reimbursement Receivable	151,495	(310,014)
Interest Receivable	(70,299)	(11,309)
Increase (Decrease) In Operating Liabilities:		
Accounts Payable	(5,600)	(418,940)
Accrued Expenses	(645,538)	601,365
Other Current Liabilities	(1,947)	4,713
Client Escrow Funds	(43,324)	48,744
Tenant Security Deposits	(2,861)	(17,487)
Refundable Advances	22,610	32,175
Post Retirement Benefit Liability	(2,682)	(15,795)
	<u>(507,366)</u>	<u>2,210,883</u>
Net Cash And Cash Equivalents (Used In) Provided By		
Operating Activities	<u>(507,366)</u>	<u>2,210,883</u>
CONSOLIDATED CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases Of Land, Buildings, And Equipment	(832,892)	(301,583)
Net Repayments To Related Parties	(161,331)	(116,512)
Proceeds From Sale Of Investments	249,919	-
Purchase Of Investments	(60,533)	(40,829)
Decrease Of Designated And Restricted Cash	17,336	371,693
Increase Of Notes Receivable From Affiliates	-	(314,112)
	<u>(787,501)</u>	<u>(401,343)</u>
Net Cash And Cash Equivalents Used In		
Investing Activities	<u>(787,501)</u>	<u>(401,343)</u>

See Independent Auditor's Report And Accompanying Notes To The Consolidating Financial Statements

Volunteers Of America Chesapeake, Inc. And Subsidiaries
Consolidated Statements Of Cash Flows
(Continued)

For The Years Ended June 30,	2015	2014 (As Restated)
CONSOLIDATED CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgage Costs Capitalized	\$ -	\$ (404,026)
Deposits Paid	-	(920)
Proceeds Of Notes Payable And Mortgages Payable	345,750	219,725
Repayments Of Notes And Mortgages Payable	(617,322)	(536,988)
Capital Contributions	-	1,000
Capital Distributions	-	(48,504)
	<u> </u>	<u> </u>
Net Cash And Cash Equivalents Used In Financing Activities	<u>(271,572)</u>	<u>(769,713)</u>
NET (DECREASE) INCREASE IN CONSOLIDATED CASH AND CASH EQUIVALENTS	<u>(1,566,439)</u>	<u>1,039,827</u>
CONSOLIDATED CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,379,517</u>	<u>2,339,690</u>
CONSOLIDATED CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,813,078</u>	<u>\$ 3,379,517</u>
SUPPLEMENTAL DISCLOSURE OF CONSOLIDATED CASH FLOW INFORMATION:		
Cash Paid During The Year For:		
Interest	<u>\$ 1,654,116</u>	<u>\$ 764,189</u>
NON-CASH TRANSACTIONS FROM INVESTING AND FINANCING ACTIVITIES:		
In-Kind Contributions, Received And Used	<u>\$ -</u>	<u>\$ 4,870</u>
Leasehold Improvements Abandoned In Exchange For Receivable From City Of Baltimore	<u>\$ -</u>	<u>\$ 155,441</u>

**CONSOLIDATED
FINANCIAL
STATEMENTS**

Volunteers of America Chesapeake, Inc. And Subsidiaries

Notes To Consolidated Financial Statements

For The Years Ended June 30, 2015 And 2014 (As Restated)

1. ORGANIZATION

Volunteers of America Chesapeake, Inc., (VOAC), founded in 1896, is a non-profit, spiritually-based, human services organization recognized as a church, incorporated in Maryland. VOAC provides social services within Maryland, Washington, D.C., and Virginia under a charter from Volunteers of America, Inc., (VOA, Inc.) a national non-profit, spiritually-based organization providing local health and human service programs and opportunities for individual and community involvement. VOAC provides services to children in order to encourage positive development. VOAC also provides services to individuals with mental health problems, and those that are developmentally disabled, which help in fostering their independence. Finally, VOAC provides substance abuse treatment, community corrections, and homeless services including transitional housing, emergency shelter, and supportive housing to promote self-sufficiency among those served. Affiliated organizations controlled by VOAC include Volunteers of America Chesapeake Holding Corporation (Holding Corp), VOA PACA Housing Corporation, PACA Supportive Housing, Inc. (PACA Housing, Inc.), PACA Housing Limited Partnership II (PACA House), VOA Pratt Street Housing Corporation, Pratt Street Housing Limited Partnership (Pratt Street), VOA Irvington Woods Housing Corp., Inc., (Irvington Woods Corp), VOA Irvington Woods Limited Partnership (Irvington Woods), VOAC RRC QALICB, LLC (RRC), and VOAC RRC, Inc. (RRC Corp), (collectively, the "Organization").

VOAC's charter is subject to review by VOA, Inc. in March 2016.

A substantial portion of support for the Organization is provided by fees and grants from federal, state, and local governmental agencies. The Organization relies on continued funding in order to provide ongoing and continued programs.

Volunteers of America Chesapeake Holding Corporation (Holding Corp) was incorporated in 1993 in the State of Maryland. The Organization is recognized as a church operating as a subsidiary of VOAC. Holding Corp's primary purpose is to purchase, sell, and lease property as a 501(c)(3) corporation. Holding Corp is a non-stock corporation whose directors are predominately employees of VOAC. At the Board of Directors meeting for Holding Corp on June 10, 2015 it was resolved to dissolve the Corporation, forgive the related party debt due from VOAC, and terminate the lease between Holding Corp and VOAC.

VOA PACA Housing Corporation, was incorporated in 1995 under the laws of the State of Maryland to be the general, 0.10% partner in PACA House. VOA PACA Housing Corporation's only income or loss is the result of its investment in PACA House. VOAC is the sole shareholder in VOA PACA House, Inc.

PACA Housing Limited Partnership II (PACA House) was formed as a limited partnership under the laws of the State of Maryland in July 1994 for the purpose of constructing and operating single room occupancy (SRO) and efficiency affordable housing for the homeless, under regulations defined by the Community Development Administration (CDA) of the Maryland Department of Housing and Community Development (DHCD). All leases between PACA House and tenants of the property are operating leases. PACA House consists of 76 SRO units and 30 efficiency apartments located in Baltimore, Maryland. Operations are conducted under the name of PACA House.

**Volunteers of America Chesapeake, Inc.
And Subsidiaries
Notes To Consolidated Financial Statements
(Continued)**

For The Years Ended June 30, 2015 And 2014 (As Restated)

1. ORGANIZATION (CONTINUED)

PACA House has qualified for and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42), which regulates the use of PACA House as to occupant eligibility and unit gross rents, among other requirements. PACA House must meet the provisions of these regulations during each of fifteen consecutive years in order to continue to qualify to receive tax credits. In addition, PACA House has executed an Extended Low-Income Housing Covenant with CDA, which requires the utilization of the housing units pursuant to Section 42 for a minimum of 40 years, even after the disposition of the housing units by PACA House.

On May 7, 2012, PACA House's partnership agreement was amended to assign the then limited partners' 99.9% interest to PACA Supportive Housing, Inc., a Maryland non-stock corporation, which is 100% controlled by VOAC.

VOA Pratt Street Housing Corporation (Pratt Street Housing Corporation) was incorporated in December 1998 under the laws of the State of Maryland to be the general partner in Pratt Street. Pratt Street Housing Corporation's primary income or loss is the result of its investment in Pratt Street. Pratt Street's operations commenced in December 2001. VOAC is the sole stockholder of VOA Pratt Street Housing Corporation.

Pratt Street Housing Limited Partnership (Pratt Street) was formed as a limited partnership under the laws of the State of Maryland in December 1998 for the purpose of constructing and operating 35 units located in Baltimore, Maryland, for the homeless and elderly. VOA Pratt Street Housing Corporation is the .01% general partner, of which VOAC is the sole stockholder. Rehabilitation of the building in which Pratt Street rents units was completed in December 2001. At that time, Pratt Street began operating as a low-income rental housing provider. Pratt Street has qualified for and been allocated low-income housing tax credits pursuant to Section 42, as discussed above for PACA House. In addition, Pratt Street is required by a regulatory agreement with DHCD to maintain certain operating and replacement reserves under a loan agreement.

VOA Irvington Woods Housing Corp., Inc., (Irvington Woods Corp) was incorporated in 2005 under the laws of the State of Maryland to be the general, .01% partner in Irvington Woods. Irvington Woods Corp's only income or loss is the result of its investment in Irvington Woods. VOAC is the sole shareholder in Irvington Woods Corp.

VOA Irvington Woods Limited Partnership (Irvington Woods) was formed as a limited partnership under the laws of the State of Maryland on September 15, 2005, for the purpose of acquiring, owning, developing, constructing, and/or rehabilitating, leasing, managing, and operating a low-income housing project under regulations defined by CDA. Irvington Woods consists of 71 units located in Baltimore, Maryland, and is currently operating under the name of Irving Woods Apartments.

Cash distributions related to operations are limited by agreements between Irvington Woods and CDA to the extent of surplus cash as defined by CDA. Undistributed amounts are cumulative and may be distributed in subsequent years if future operations provide surplus cash in excess of current requirements.

Irvington Woods has qualified for and been allocated low-income housing tax credits pursuant to Section 42, as discussed above for PACA House. In addition, Irvington Woods has executed an Extended Low-Income Housing Covenant with CDA, which requires the utilization of the housing units pursuant to Section 42 for a minimum of 30 years, even after the disposition of the housing units by Irvington Woods.

**Volunteers of America Chesapeake, Inc.
And Subsidiaries
Notes To Consolidated Financial Statements
(Continued)**

For The Years Ended June 30, 2015 And 2014 (As Restated)

1. ORGANIZATION (CONTINUED)

VOAC RRC, Inc., (RRC Corporation) is a not-for-profit corporation formed in June 2012 under the laws of the State of Maryland to be the member manager of VOAC RRC QALICB, LLC, with a 1% ownership and to promote the creation of the Residential Re-Entry Center in Baltimore, Maryland. VOAC is the sole shareholder in RRC Corporation.

VOAC RRC QALICB, LLC, (RRC) was formed as a limited liability company under the laws of the State of Maryland in June 2012 for the purpose of constructing a 146 bed community corrections facility located in Baltimore, Maryland, in partnership with JP Morgan Chase and Volunteers of America National Services. VOA RRC, Inc. is the member manager with 1% ownership while VOAC is the limited member with 99% ownership. VOAC will operate the community corrections program while leasing the facility from VOAC RRC QALICB, LLC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting, which recognizes income when it is earned and expenses when they are incurred.

PRINCIPLES OF CONSOLIDATION - The consolidated financial statements include the accounts of VOAC and its wholly-controlled nonprofit subsidiaries, Holding Corp, PACA Supporting Housing, Inc., Pratt Street Housing Corporation, Irvington Woods Corp, and RRC Corporation, and the for profit entities PACA House, Pratt Street, Irvington Woods, and RRC. All material inter-organizational transactions have been eliminated in the consolidation.

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

CASH EQUIVALENTS - The Organization considers all highly-liquid investments with maturities of three months or less when purchased, unless held for reinvestment as part of the investment portfolio, to be cash equivalents. Designated and restricted deposits are not considered cash on the consolidated statements of cash flows.

ALLOWANCE FOR DOUBTFUL ACCOUNTS - Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on grant and fee for service receivables using the allowance method. The allowance is based on experience, a review of each individual receivable, and the Organization's history of uncollectible accounts. The Organization considers accounts to be past due based on management's determination. The Organization's policy is to charge off accounts receivable when management determines the receivables will not be collected.

LAND, BUILDINGS, AND EQUIPMENT - Land, buildings, and equipment are carried at cost and are depreciated on the straight-line method over their estimated useful lives ranging from three to twenty-seven years for financial reporting purposes. Construction in progress is capitalized as costs are incurred and is depreciated beginning in the period when placed in service. The policy of the Organization is to capitalize equipment costing over \$2,000 and having a useful life of over one year. Depreciation expense amounted to 1,384,720 and \$1,288,672 for the years ended June 30, 2015 and 2014 (as restated), respectively.

**Volunteers of America Chesapeake, Inc.
And Subsidiaries
Notes To Consolidated Financial Statements
(Continued)**

For The Years Ended June 30, 2015 And 2014 (As Restated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LAND, BUILDINGS, AND EQUIPMENT (CONTINUED) – Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. 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 restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

INVESTMENTS AND INVESTMENT RISK – Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in operating income unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments other than trading securities are reported separately in the statement of activities and changes in net assets. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

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

UNAMORTIZED MORTGAGE COSTS - Gross mortgage costs totaled \$683,978 at June 30, 2015 and 2014 (as restated) and are amortized using the straight-line method of accounting over the term of the associated debt upon the commencement of the permanent loan period. Accumulated amortization totaled \$153,454 and \$135,967 at June 30, 2015 and 2014 (as restated), respectively. Amortization expense amounted to \$17,487 and \$53,836 for the years ended June 30, 2015 and 2014 (as restated), respectively.

BENEFICIAL INTEREST IN PERPETUAL TRUSTS – The Organization received as contributions a beneficial interest in various perpetual trusts. Under the perpetual trust arrangements, the Organization recorded the assets and recognized either temporarily or permanently restricted contribution revenue at the fair market value of the Organization's beneficial interest in the trust assets, depending on the nature of the donor's restrictions. Income earned on the trust assets and distributed to the Organization is recorded as investment income in the statement of activities and changes in net assets, unless otherwise restricted by the donor. Subsequent changes in fair value are recorded as valuation gain (loss) on beneficial interest in perpetual trust in either temporarily or permanently restricted net assets in the statement of activities and changes in net assets, depending on the nature of the donor's restrictions.

**Volunteers of America Chesapeake, Inc.
And Subsidiaries
Notes To Consolidated Financial Statements
(Continued)**

For The Years Ended June 30, 2015 And 2014 (As Restated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS - The Organization classifies net assets into three categories: unrestricted, 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 statements of activities and changes in net assets as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purposes. The Organization's policy is to treat as unrestricted the temporarily restricted contributions for which the restrictions were satisfied in the year received.

Permanently restricted net assets include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all of the investment income earned on the related investments.

REVENUE RECOGNITION - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donors for future periods or specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

As required by the *Transfers of Assets to a Not-for-Profit Entity of Charitable Trust that Raises or Holds Contributions for Others* Topic for Not-for-Profit Entities of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958-605-25-24), the Organization recognized in its consolidated financial statements gross support received and the related expenses incurred associated with its direct mail program conducted through VOA, Inc.

CONTRIBUTIONS-IN-KIND - Contributions-in-kind are recorded at their fair value at date of receipt. No amounts are recognized for donated services since they do not meet the support recognition criteria of the *Contributed Services* topic of FASB ASC (958-605-25-16). In the year ended June 30, 2015, all in-kind contributions were of a singular nature, consisting of supplies. In the year ended June 30, 2014 all in-kind contributions were of a singular nature, consisting of various office furniture and various supplies.

RENTAL REVENUE AND REQUIREMENTS - Rental revenue is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Organization and tenants are operating leases.

Buildings and rental units in PACA House, Pratt Street, and Irvington Woods are subject to regulation by governmental agencies as to rents and operating methods.

ADVERTISING COSTS - Non-direct response advertising costs are expensed as incurred. Total non-direct advertising costs for the years ended June 30, 2015 and 2014 (as restated), were \$80,503 and \$128,629, respectively.

There were no direct response advertising costs for the years ended June 30, 2015 and 2014.

**Volunteers of America Chesapeake, Inc.
And Subsidiaries
Notes To Consolidated Financial Statements
(Continued)**

For The Years Ended June 30, 2015 And 2014 (As Restated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OPERATIONS - The Organization defines operations as all program and supporting services activities undertaken. Revenues and support that result from these activities and their related expenses are reported as operating activities that produce changes in net assets from operations. Investment income, gains and losses, other revenues or expenses that result from ancillary activities, such as disposing of assets, changes in the values of split-interest agreements, changes in the amount of the underfunded pension obligation, and recoveries of debts written-off in prior years as a result of administrative efforts are reported as non-operating activities. Non-recurring large contributions and like-kind contributions are excluded from operations on the consolidated statement of activities and changes in net assets.

INCOME TAXES - Under provision of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the State of Maryland, the Organization is exempt from income taxes, except for net income from unrelated business income, as a subordinate unit of VOA, Inc. VOA, 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 for the years ended June 30, 2015 and 2014, respectively. Accordingly, no tax expense was incurred during the years ending June 30, 2015 and 2014, respectively. No provision or benefit for income taxes on the partnerships has been included in these financial statements since taxable income or loss passes through to, and is reportable by, the partners individually.

UNCERTAINTY IN INCOME TAXES - In accordance with ASC 740, *Income Taxes*, which clarified the accounting for uncertainty in income taxes, the Organization recognizes the tax benefit from uncertain tax positions only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

As a church, the Organization is not required to file any informational returns with the Internal Revenue Service. This position could be open to examination by the Internal Revenue Service at any time.

COMPENSATED ABSENCES - Employees of the Organization are entitled to paid time off depending on job classification, length of service, and other factors. The Organization has accrued \$19,300 and \$386,833 for paid time off as of June 30, 2015 and 2014 (as restated), respectively.

FUNCTIONAL ALLOCATION OF EXPENSES - The costs of providing the various programs have been summarized on a functional basis in the consolidated statements of activities and changes in net assets and in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

RESTRICTED AND DESIGNATED ASSETS - Restricted and designated assets represent the total of all assets that are encumbered by donor restrictions, legal agreements, and board designation or are otherwise unavailable for the general use of the Organization. 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.

RECLASSIFICATIONS - Certain 2014 amounts have been reclassified to conform to the 2015 consolidated financial statements presentation.

**Volunteers of America Chesapeake, Inc.
And Subsidiaries
Notes To Consolidated Financial Statements
(Continued)**

For The Years Ended June 30, 2015 And 2014 (As Restated)

3. SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash balances at various financial institutions. These balances are secured by the Federal Deposit Insurance Corporation. At June 30, 2015 and 2014 (as restated), cash balances exceeded the insured amounts by \$2,040,156 and \$2,431,378, respectively.

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015 and 2014 (as restated), consisted of the following:

	<u>2015</u>	<u>2014</u>
Grants And Contracts	\$ -	\$ 10,000
Fees For Services	3,560,266	3,257,228
Rents Receivable	<u>73,012</u>	<u>31,222</u>
	3,633,278	3,298,450
Less: Allowance For Doubtful Accounts	<u>(18,858)</u>	<u>-</u>
Total	<u>\$ 3,614,420</u>	<u>\$ 3,298,450</u>

5. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment are recorded at cost and consisted of the following at June 30, 2015 and 2014 (as restated):

	<u>2015</u>	<u>2014</u>
Land	\$ 4,475,970	\$ 4,463,970
Buildings And Improvements	31,323,474	30,596,415
Construction In Progress	228,283	-
Furniture And Equipment	2,174,338	2,119,272
Vehicles	<u>1,176,786</u>	<u>1,201,419</u>
Total Cost	39,378,851	38,381,076
Less: Accumulated Depreciation	<u>12,126,186</u>	<u>10,588,116</u>
Net Land, Buildings, And Equipment	<u>\$ 27,252,665</u>	<u>\$ 27,792,960</u>

Construction in progress represents costs incurred in connection with phases two and three of development of real estate located at 5000 East Monument Street in Baltimore, Maryland, for a residential re-entry program.

Certain land, buildings, improvements, furniture, and equipment are restricted as to use and disposition by various regulatory agencies as disclosed in Notes 1 and 14.

**Volunteers of America Chesapeake, Inc.
And Subsidiaries
Notes To Consolidated Financial Statements
(Continued)**

For The Years Ended June 30, 2015 And 2014 (As Restated)

6. DESIGNATED ASSETS

The Organization has agreements with several agencies that require funded reserves and the designation of certain deposits. The designated assets are in separate cash accounts with financial institutions.

PACA House has several reserve commitments with DHCD. PACA House is required to maintain a replacement reserve, an insurance reserve, and an operating reserve.

Upon commencement of the permanent loan period, PACA House was required to establish a replacement reserve by depositing an initial amount of \$26,496 (twelve monthly installments of \$2,208) which is increased three percent (3%) per annum. The balance in this account was \$64,339 and \$50,030 at June 30, 2015 and 2014, respectively.

PACA House maintains a general operating reserve in the initial amount of \$375,000 and a Section 8 reserve in the initial amount of \$725,000. Investment and disbursement of the reserves are detailed in the second addendum to the regulatory agreement, dated May 13, 1996. As of June 30, 2015 and 2014, the combined balances in these reserves account totaled \$672,333 and \$672,131, respectively.

PACA House maintains an insurance reserve, also called a mortgage escrow deposit, with a balance of \$30,268 and \$26,051 at June 30, 2015 and 2014, respectively.

Pratt Street has several reserve commitments as stipulated in the Agreement of Limited Partnership and required by DHCD's Regulatory Agreement, as amended and restated. Pratt Street is required to establish and maintain an operating reserve and a replacement reserve.

Pratt Street established an operating reserve of \$137,000 as specified in the partnership agreement and required by DHCD's Regulatory Agreement. Withdrawals from the operating reserve require written consent of the limited partner. The balance in this account at June 30, 2015 and 2014, was \$66,366.

Pratt Street shall also fund a replacement reserve in the amount of \$250 per unit per year, increasing at 4% per annum. Funds in this account shall be used for major repairs, capital expenditures, and the replacement of capital items in the property. The limited partner must approve expenditures costing \$5,000 or more before they are made. The balance in this account at June 30, 2015 and 2014, was \$55,484 and \$40,873, respectively.

Pratt Street maintains an insurance reserve, also called a mortgage escrow deposit, of \$17,601 and \$15,629 at June 30, 2015 and 2014, respectively.

Under the terms of DHCD's Regulatory Agreement, Irvington Woods is required to place tenant deposits into separate accounts. It is also required to set aside specified amounts for the replacement of property and other project expenditures, as approved by DHCD, and to maintain an escrow account with a mortgage company.

Pursuant to DHCD's Loan and Regulatory Agreement, Irvington Woods is required to establish a reserve for replacements and must make annual payments to this reserve beginning on the date of achievement of 100% qualified occupancy. Monthly payments of \$1,479 are required during the first year after this achievement. Thereafter, the monthly payment amount should be increased by 3% each year, compounded annually. DHCD approved withdrawals of \$27,277 and \$37,155 for the years ended June 30, 2015 and 2014, respectively. The balances in this account at June 30, 2015 and 2014, amounted to \$53,396 and \$62,658, respectively.

**Volunteers of America Chesapeake, Inc.
And Subsidiaries
Notes To Consolidated Financial Statements
(Continued)**

For The Years Ended June 30, 2015 And 2014 (As Restated)

6. DESIGNATED ASSETS (CONTINUED)

Irvington Woods maintains an operating reserve to be held by Irvington Woods, in an initial amount of \$131,761. Under the terms of the partnership agreement, Irvington Woods is required to set aside specified amounts in the operating reserve that cannot be accessed without the express written approval of the limited partner. The balance in this account at June 30, 2015 and 2014, was \$137,066 and \$136,998, respectively.

Irvington Woods maintains a transition reserve, also called a mortgage escrow deposit, to be held by Irvington Woods, in an initial amount of \$30,000. The balance in this account at June 30, 2015 and 2014, was \$49,216 and \$44,383, respectively.

RRC maintains a fee reserve with a balance of \$148,731 and \$158,498 at June 30, 2015 and 2014, respectively.

Balances in the designated accounts at June 30, 2015 and 2014 (as restated) are as follows:

	2015	2014
Mortgage Escrow Deposit	\$ 97,085	\$ 86,063
Replacement Reserves	173,219	153,561
Operating Reserves	875,765	875,495
Tenant Security Deposits	31,385	40,084
Net Worth Reserve	236,581	236,510
Client Escrows	106,773	150,097
Fee Reserve	148,731	158,498
Other Reserves	45,792	42,485
Total Designated Assets	\$ 1,715,331	\$ 1,742,793

7. INVESTMENTS AND FAIR VALUE MEASUREMENTS

VOAC is a participant in a pooled investment program (the Program) which is managed by the VOA, Inc. VOAC has an agreement with VOA, Inc. regarding the participation in the program and management of the investment pool. The agreement is in effect until terminated by VOAC or VOA, Inc. or either party can elect to terminate the agreement with 90 days written notice. A summary of the agreement is as follows:

VOA, Inc. Responsibilities: VOA, Inc. is responsible for determining the investment objective for each pool and for developing an appropriate investment policy and asset allocation based on a risk tolerance analysis. The Investment Committee of Volunteers of America, Inc. selects fund managers recommended by the investment advisor, reviews the performance of the managers and recommends any changes in fund management based on those reviews.

Pool Participant Responsibilities: VOAC may designate its investment into one or more sub-accounts. A participant must have a minimum of one sub-account of no less than \$25,000 and there is no limit to the number of sub-accounts that may be maintained on the behalf of each participant. If a participant no longer has a need for a designated sub-account, it must provide 30 days written notice to VOA, Inc. to eliminate the sub-account and instruct VOA, Inc. as to the disbursement or reallocation of the sub-account's assets.

**Volunteers of America Chesapeake, Inc.
And Subsidiaries
Notes To Consolidated Financial Statements
(Continued)**

For The Years Ended June 30, 2015 And 2014 (As Restated)

7. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Deposits, Withdrawals, and Earnings: Deposits may be made at any time. After the initial deposit, cash deposits must be a minimum of \$1,000 each. Deposits of securities may be for any amount. Partial cash withdrawals may be for any amount; however, only 1 withdrawal is permitted per quarter. Written notice must be submitted to VOA, Inc. 30 days prior to the date of withdrawal. In the event that cash is needed from invested pool assets in less than 30 days or more than once per quarter, the participant may apply to VOA, Inc. for an interest-bearing loan. All funds will earn from the date of deposit through the date of withdrawal. All interest payments dividends and realized gains are reinvested.

Valuing Investments: The values of the pooled funds will be determined monthly. That portion of the pool asset value held on behalf of each participant will be determined based on the asset values. Each participant's share will be prorated based on beginning net asset value and the daily weighting of any deposits or withdrawals made during the month.

Voting Rights: Participants may earn a right to nominate members to serve on the Investment Committee of VOA, Inc. (Committee). For each \$100,000 invested in the Program, a participant is entitled to 1 vote. Voting participants elect a slate of candidates for membership on the Committee. The VOA, Inc. Board of Directors appoints members to the Committee. Committee membership shall be no less than 3 and no more than 7 people. From time to time, the Committee may propose amendments to the operating agreement which will subsequently be forwarded to the voting members for ratification.

Fees: Each participant will be charged an annual fee to cover the costs of management of the Program and Committee activities, including custodial fees and printing and distribution of the monthly and quarterly reports. This fee is assessed and paid quarterly based on the participant asset value at the end of each calendar quarter. Fees are also charged for the third-party services for sub-account reporting, services provided by the investment advisor in overseeing the implementation of the investment plan and for the execution costs of all transactions, and investment services provided by the investment managers.

The Organization's investments, split-interest agreements, and post-retirement benefit obligations are recorded at fair value on a recurring basis and are summarized below:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
<u>June 30, 2015</u>				
Marketable Equities Securities	\$ 17,377	\$ 866,624	\$ -	\$ 884,001
Fixed Income Funds	-	618,935	-	618,935
Beneficial Interest In Perpetual Trust	-	-	57,984	57,984
Contributions Receivable From Charitable Remainder Trust	-	671,385	-	671,385
Total Investments, at Fair Value	\$ 17,377	\$ 2,156,944	\$ 57,984	\$ 2,232,305

**Volunteers of America Chesapeake, Inc.
And Subsidiaries
Notes To Consolidated Financial Statements
(Continued)**

For The Years Ended June 30, 2015 And 2014 (As Restated)

7. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
<u>June 30, 2014</u>				
Marketable Equities Securities	\$ 17,512	\$ 1,010,822	\$ -	\$ 1,028,334
Fixed Income Funds	-	698,472	-	698,472
Beneficial Interest In Perpetual Trust	-	-	59,014	59,014
Contributions Receivable From Charitable Remainder Trust	-	662,976	-	662,976
Total Investments, at Fair Value	\$ 17,512	\$ 2,372,270	\$ 59,014	\$ 2,448,796

Investment return is summarized for the years ended June 30, 2015 and 2014, as follows:

	2015	2014
Interest And Dividends	\$ 105,718	\$ 193,492
Net (Loss) Gain On Investments	(7,362)	189,621
	98,356	383,113
Less: Investment Expenses	5,000	7,309
Net Investment Return	\$ 93,356	\$ 375,804

Expenses relating to investment revenues, consisting of custodial fees and investment advisory fees, amounted to \$5,000 and \$7,309 for the years ended June 30, 2015 and 2014, respectively, and have been netted against investment revenues in the accompanying consolidated statements of activities and changes in net assets.

Activity within Level 3 Inputs is as follows:

Balance, July 1, 2013	\$ 47,951
Gains	11,063
Balance, June 30, 2014	59,014
Purchases	3,070
Distributions	(2,595)
Change In Value	(1,505)
Balance, June 30, 2015	\$ 57,984

**Volunteers of America Chesapeake, Inc.
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Notes To Consolidated Financial Statements
(Continued)**

For The Years Ended June 30, 2015 And 2014 (As Restated)

7. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The Organization presents its financial assets and liabilities required to be measured at fair value on a recurring basis by the *Fair Value Measurements and Disclosures* Topic of FASB ASC (820) using the following hierarchy:

Level 1 - Inputs to valuation methodology are adjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correction or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

8. SPLIT-INTEREST AGREEMENTS

The Organization is the beneficiary under a perpetual trust administered by a bank in which the principal is non-distributable. The perpetual trust provides for the total distribution of the trust's earnings annually to various designated beneficiaries. The Organization is entitled to receive 0.5667% of the annual distribution. The income earned on the amounts held in the trust amounted to \$3,070 and \$0 for the years ended June 30, 2015 and 2014 (as restated), respectively, and was recorded as permanently restricted interest income. The amount of the annual distribution of trust funds amounted to \$2,595 and \$0 for the years ended June 30, 2015 and 2014 (as restated), respectively, and was recorded as a release of permanently restricted net assets. The remaining change in the balance of funds held by the trust amounted to a \$1,505 decrease and \$11,063 increase for the years ended June 30, 2015 and 2014 (as restated), respectively, and was recorded as a change in value of split-interest agreements. The Organization reports in its consolidated statements of financial position the Organization's proportionate share of the fair value of the trust's assets as an estimate of the present value of the Organizations future cash distributions from the trust. The Organization's proportionate share of the fair value of the trust's assets was \$57,984 and \$59,014 at June 30, 2015 and 2014, respectively.

The Organization is also the beneficiary under a charitable remainder trust administered by a bank. Under terms of the split-interest agreement, the Organization receives 33% of monthly income earned by the trust after designated dollar payments to other beneficiaries. After the death of the last beneficiary receiving designated dollar payments, the trust is terminated and the corpus is distributed, with VOAC receiving 33% of the corpus. Trust assets are adjusted annually based on the current fair market value of the underlying assets.

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8. SPLIT-INTEREST AGREEMENTS (CONTINUED)

The Organization's share of assets held in the trust, which are reflected in temporarily restricted net assets, amounted to \$671,385 and \$662,976 at June 30, 2015 and 2014, respectively. The income earned on the amounts held in the trust amounted to \$38,717 and \$0 for the years ended June 30, 2015 and 2014 (as restated), respectively, and was recorded as temporarily restricted interest income. The amount of the quarterly distributions of trust funds amounted to \$12,151 and \$0 for the years ended June 30, 2015 and 2014 (as restated), respectively, and was recorded as a release of temporarily restricted net assets. The remaining change in the balance of funds held by the trust amounted to an \$18,158 decrease and \$87,201 increase for the years ended June 30, 2015 and 2014, respectively, and was recorded as a change in value of split-interest agreements.

All investments from the split-interest agreements are measured within Level 2 or Level 3 of the fair value hierarchy, as noted in Note 7, and are classified at June 30, 2015 and 2014, as follows:

	2015	2014
Cash And Cash Equivalents	\$ 14,544	\$ 14,030
Marketable Equities	438,852	470,255
Fixed Income Funds	237,525	236,605
Income	38,448	1,100
Total Split-Interest Agreements, at Fair Value	\$ 729,369	\$ 721,990

9. NOTES RECEIVABLE

The Organization has two notes receivable from Chase NMTC VOA Chesapeake Investment Fund, LLC. The first loan of \$7,000,000 is an interest only loan at 5.25% and due in July 2019. The second loan of \$828,904 is an interest only loan payable quarterly at 1% until July 2019 at which time quarterly payments of \$10,000 including principal and interest at 1% are payable until July 2042.

The Organization has a note receivable from VOA Eastern Avenue Housing Corporation of \$1,256,449. Management has recorded an allowance of \$942,337 based on analysis and expected payments to be received on this note. See Note 17 for more details of this note.

10. NEW MARKET TAX CREDITS

In July 2012, VOAC entered into a financial arrangement to help fund the cost of a new residential re-entry facility at 4900 East Monument Street in Baltimore, Maryland, through the use of the New Market Tax Credits. Under this arrangement, the Organization received a loan of \$7,000,000 from JP Morgan Chase. The note payable required monthly interest payments of \$30,625 at 5.25% until July 2014. Beginning in August 2014, the note payable required monthly principal and interest payments of \$50,162 at 5.25% until July 2015. Thereafter, monthly principal and interest payments of \$56,271 at 5.25% are due until July 2019, at which point the remaining principal balance of \$5,171,272 is due. The principal balance due as of June 30, 2015 and 2014 was \$5,470,207 and \$6,785,591, respectively. Another loan of \$2,240,000 from BB&T requires monthly payments of principal and interest at 4.39% until September 2022. The loans are secured by a deed of trust in the Organization's interest in the ICF properties and a note receivable from Chase NMTC VOA Chesapeake Investment Fund, LLC. The principal balance due as of June 30, 2015 and 2014 was \$2,036,391 and \$2,113,253, respectively.

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10. NEW MARKET TAX CREDITS (CONTINUED)

In July 2012, VOAC made two loans of \$7,000,000 and \$828,904 to the Chase NMTC VOA Chesapeake Investment Fund, LLC (NMTC). The Organization does not hold any ownership interest in the NMTC. The first loan (Leveraged Loan A) requires quarterly interest payments of \$91,875 at 5.25% until July 2019, at which point the principal of \$7,000,000 is due to VOAC. The principal balance due as of June 30, 2015 and 2014 was \$7,000,000. The second loan (Leveraged Loan B) requires quarterly interest payments of \$2,072 at 1% until July 2019. Thereafter, quarterly principal and interest payments of \$10,000 at 1% are due until the loan is satisfied in July 2042. The principal balance due as of June 30, 2015 and 2014 was \$828,904.

Chase Community Equity, LLC (CCE), the tax credit investor, invested \$3,289,711 in tax credits in the NMTC. The NMTC combined the funds from VOAC and CCE and invested the funds in VOANS CDE Subsidiary 2, LLC (CDE), a limited liability company organized by Volunteers of America National Services for the purpose of loaning funds to VOAC RRC QALICB, LLC (RRC) for the construction of the residential re-entry center in Baltimore, Maryland. RRC received three loans from CDE. The first loan (QALICB Loan A) for \$7,000,000 requires quarterly interest payments of \$73,135 at 4.1791% interest until July 2019 at which point the principal balance of \$7,000,000 is due. The principal balance due as of June 30, 2015 and 2014 was \$7,000,000. The second loan (QALICB Loan B) for \$814,960 requires quarterly interest payments of \$8,136 at 4.1791% until July 2019. Thereafter, quarterly principal and interest payments of \$13,655 at 4.1791% are due until the loan is satisfied in July 2042. The principal balance due as of June 30, 2015 and 2014 was \$814,960. The third loan (QALICB Loan C) for \$2,841,040 requires quarterly interest payments of \$29,683 at 4.1791% until July 2019. Thereafter, quarterly principal and interest payments of \$47,602 at 4.1791% are due until the loan is satisfied in July 2042. The principal balance due as of June 30, 2015 and 2014 was 2,841,040.

11. LINE OF CREDIT

On May 19, 2014, the Organization cancelled an existing line of credit and signed a new agreement establishing a line of credit from a bank in the amount of \$2,000,000. Interest is payable monthly at the prime rate plus one percent. The line was due in full on May 31, 2015. The line was subsequently renewed through July 31, 2016. The Organization must maintain a debt service ratio of not less than 1.20 to 1.00, unrestricted net assets of not less than \$9,000,000, and unrestricted liquidity of not less than \$1,500,000. The security for the line of credit is the accounts receivable of the Organization, excluding accounts receivable related to or arising from program receivables from the District of Columbia government. No amount was outstanding under the line of credit at June 30, 2015 and 2014.

Until May 19, 2014, the Organization had a line of credit from a bank in the amount of \$1,500,000. Interest was payable monthly at the prime rate plus one percent, with a minimum interest rate of 5.25%. The Organization had to maintain a tangible net worth of \$9,500,000, a debt to worth ratio of less than 2.0 and a debt service coverage ratio of at least 1.2. The security for the line of credit was the accounts receivable of the Organization. No amount was outstanding under the line of credit at June 30, 2015 and 2014.

On October 17, 2013, the Organization signed a new agreement establishing a line of credit from a bank in the amount of \$500,000 or up to 80% of eligible accounts receivable. Interest is payable monthly at a rate of 5.25%. The line was due in full on October 17, 2014. The line was subsequently renewed through December 17, 2015. The security for the line of credit is the accounts receivable related to or arising from program receivables from the District of Columbia government. No amount was outstanding under the line of credit at June 30, 2015 and 2014.

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12. ACCRUED EXPENSES

Accrued expenses consisted of the following at June 30, 2015 and 2014 (as restated):

	2015	2014
Accrued Vacation	\$ 19,300	\$ 386,833
Accrued Salaries	236,091	904,129
Payroll Taxes Withheld	120,103	373,510
Accrued Provider Tax	105,813	91,058
Accrued Interest	1,320,885	974,224
Other Payables And Accrued Expenses	653,666	181,015
Total	\$ 2,455,858	\$ 2,910,769

Accrued interest payable of \$1,287,506 and \$979,675 at June 30, 2015 and 2014, respectively, related to PACA House and Pratt Street. This accrued interest is only payable if PACA House and Pratt Street have surplus cash at the end of the calendar year as defined in the regulatory agreements.

13. NOTES AND MORTGAGES PAYABLE

Obligations under notes and mortgages payable at June 30, 2015 and 2014 (as restated), consisted of the following:

	2015	2014
Note to bank. Due in 60 monthly installments of \$2,977 (including interest of 4.7% per annum). Matures in September 2016. Secured by property at Leegate Road in Washington, D.C.	\$ 399,124	\$ 415,578
Note to bank. Due in 60 monthly installments of \$2,367 (including interest of 5.25% per annum). Secured by property in Riverdale, Bowie, and Baltimore, Maryland. Terms changed July 11, 2013. Due in 59 regular payments of \$3,136 and one balloon payment of \$209,046. Interest rate of 5.650% per annum.	345,825	363,104

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13. NOTES AND MORTGAGES PAYABLE (CONTINUED)

Obligations under notes and mortgages payable at June 30, 2015 and 2014 (as restated), consisted of the following: (Continued)

	2015	2014
Mortgage payable to bank. Secured by Evergreen property. Payment is due on transfer of the property and not due if property is not transferred within 15 years, interest accrues at 0%.	19,725	19,725
Mortgage payable to bank. Due in 180 monthly installments of \$1,699 (including interest at 6.00% per annum). Secured by real estate on Evergreen Drive. Matures in May 2018.	56,765	73,154
Mortgage payable to bank. Due in 83 payments of \$2,496. Interest accrues at the prime rate, but not below 4%. Principal balance is due and payable March 2017. Rate at June 30, 2014 and 2013 is 4.0%. The loan is secured by real estate at Blagden Terrace.	406,446	419,622
Mortgage payable to bank. Due in 59 payments of \$3,107. Interest accrues at the prime rate plus 0.25%, but not below 6.125%. Principal balance is due and payable November 2015. Rate at June 30, 2015 and 2014 is 4.75% and 6.125%, respectively. Secured by real estate at Kensington Avenue.	492,467	505,633
Mortgage payable to bank. Due in 59 payments of \$3,803. Interest accrues at the prime rate plus .50%, but not below 4.75%. Principal balance is due and payable June 2015. Rate at June 30, 2014 and 2013 is 4.75%. Secured by real estate at Verbena Avenue.	488,320	508,147
Mortgage payable to bank. Due in 59 payments of \$1,755. Interest accrues at the prime rate plus .50%, but not below 4.75%. Principal balance is due and payable June 2015. Rate at June 30, 2014 and 2013 is 4.75%. Secured by real estate at Frost Avenue.	224,545	234,529
Mortgage payable to DHCD. Annual stated interest rate of 1.0%. Minimum annual payments of \$45,514 are required. Matures in 2037. Secured by real property owned by PACA House. In addition, a payment equal to the amount due on a 20-year amortization schedule shall be paid to the extent of surplus cash.	669,460	708,070
Mortgage payable to City of Baltimore. Annual stated interest rate of 1.0% with interest only payable to the extent of surplus cash. Repayment of principal is deferred until maturity in 2020. Secured by real property owned by PACA House.	2,075,791	2,075,791

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13. NOTES AND MORTGAGES PAYABLE (CONTINUED)

Obligations under notes and mortgages payable at June 30, 2015 and 2014 (as restated), consisted of the following: (Continued)

	2015	2014
<p>Mortgage payable to Maryland DHCD. The loan was interest-free through construction completion or August 21, 2004, whichever occurred first. The mortgage is secured by Pratt Street real estate and matures in 2043. The interest rate is the annual applicable federal rate. Annual principal and interest payments shall be made upon commencement of the permanent loan. Organization has surplus cash, which is defined in the loan agreement. Any principal and interest not paid due to insufficient surplus cash shall be deferred and paid on the next annual payment date to the extent there is sufficient surplus cash. Outstanding principal and accrued interest shall be due and payable on the maturity date. The rate at June 30, 2015 and 2014 was 5.48%.</p>	700,000	700,000
<p>Note payable to bank in monthly of \$1,323 and one final balloon payment estimated at \$152,595. Interest accrues at 4.95% per annum. The note is secured by property at Coventry Lane, Virginia Beach, VA.</p>	192,517	198,556
<p>Various loans secured by vehicles with rates ranging from 4.25% to 4.625% and maturing up to May 2015.</p>	-	35,275
<p>A mortgage payable was obtained from Maryland DHCD. The loan was interest-free through May 31, 2004. Interest then accrues at 4% per annum. Interest and principal are due in annual installments commencing April 1, 2005, in an amount equal to the lesser of surplus cash or scheduled payments. If the scheduled payments are greater than surplus cash, the unpaid difference shall be deferred and all accrued and unpaid interest shall be added to the principal amount of the note and shall accrue interest at 4% per annum. During 2012, DHCD agreed to add interest accrued to the principal balance. On June 1, 2042, the entire indebtedness shall be due and payable. The loan is secured by Pratt Street real estate.</p>	470,098	660,725
<p>Permanent mortgage payable to Enterprise Mortgage Investments, Inc., was settled on August 1, 2007, for \$1,592,000. The loan paid off the construction loan with BB&T. Interest is computed at 7.13% per annum and matures 30 years after the closing date of the loan. The mortgage requires monthly principal and interest payments of \$10,371. Secured by real property located on Potter Street.</p>	1,432,488	1,458,134

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13. NOTES AND MORTGAGES PAYABLE (CONTINUED)

Obligations under notes and mortgages payable at June 30, 2015 and 2014 (as restated), consisted of the following: (Continued)

	2015	2014
A mortgage payable was obtained from Maryland DHCD under its Housing Opportunities for Persons with AIDS program. The loan was interest-free through construction completion or August 21, 2004, whichever occurred first. The note is secured by Pratt Street real estate and matures in 2043. The permanent loan interest rate is the annual applicable federal rate. Annual principal and interest payments shall be made upon commencement of the permanent loan period if the Organization has surplus cash, which is defined in the note. Any principal and interest not paid because of insufficient surplus cash shall be deferred and paid on the next annual payment date to the extent there is sufficient surplus cash. Outstanding principal and accrued interest shall be due and payable on the maturity date. The rate at June 30, 2015 and 2014 was 5.48%.	100,000	100,000
Note payable to VOANS CDE Subsidiary 2, LLC, due in July 2019, interest payable quarterly at 4.1791%.	7,000,000	7,000,000
Note payable to VOANS CDE Subsidiary 2, LLC, interest payable quarterly at 4.1791% until July 2019, monthly payments of \$13,655, including principal, thereafter until paid in July 2042.	814,960	814,960
Note payable to VOANS CDE Subsidiary 2, LLC, interest payable quarterly at 4.1791% until 2019, monthly payments of \$47,602, including principal, thereafter until paid in July 2042.	2,841,040	2,841,040
Note to Bank. Due in 120 monthly installments of \$14,114, including interest at 4.39%. Matures in September 2022. Secured by ICF Homes.	2,036,391	2,113,253
Note to Bank. Interest payments at 5.25% until July 2013. Monthly payments of \$50,162 from August 2013 until July 2014, including principal and interest. Monthly payments of \$56,271 from August 2014 until June 2019. Remainder due in July 2019. Secured by Note receivable from Chase NMTC Investment Fund.	6,470,207	6,785,921
Mortgage Payable to Bank. Due in monthly installments of \$728 including interest at 4.95%, beginning September 2014. One final balloon payment estimated at \$83,962 due in August 2021. Secured by real property at Glen Avenue, Baltimore MD.	107,319	-

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13. NOTES AND MORTGAGES PAYABLE (CONTINUED)

Obligations under notes and mortgages payable at June 30, 2015 and 2014 (as restated), consisted of the following: (Continued)

	2015	2014
Mortgage Payable to Bank. Due in monthly installments of \$853 including interest at 3.50%, beginning October 2014. Secured by real property at Leegate Road, Washington, D.C.	8,735	-
Mortgage Payable to Bank. Due in 60 monthly installments of \$1,467 including interest at 5.00%, beginning February 2015 and 59 installments of \$1,469 including interest at 5.125%, beginning February 2020. One final balloon payment estimated at \$138,765 due in January 2025. Secured by real property at Aurora Dr., Woodbridge, VA.	216,795	-
	27,569,018	28,031,217
Less: Current Portion	1,717,810	1,710,111
Net Long Term Portion	\$ 25,851,208	\$ 26,321,106

Maturities on the above mortgages and notes payable are as follows:

For The Years Ending June 30, 2016	\$ 1,717,810
2017	1,261,340
2018	515,424
2019	6,104,497
2020	7,194,883
Thereafter	10,775,064
Total	\$ 27,569,018

Mortgages payable from surplus cash are assumed payable at loan maturity for purposes of this schedule.

The Organization agreed to maintain a minimum tangible net worth and a debt service coverage ratio regarding its mortgage and real estate loan with one bank. Per the terms of the loan agreements, tangible net worth shall not be less than \$9,500,000 as exhibited in the annual consolidated financial audit. Tangible net worth is defined as net worth, plus obligations contractually subordinated to debts owed to the bank, minus goodwill, contract rights, and assets representing claims on stockholders or affiliated entities. The debt service coverage ratio shall not be less than 1.2X for the respective programs that are the end users of the related properties. Cash flow is defined as net profit before taxes, plus depreciation, amortization, and interest, minus owner withdrawals and advances to stockholders. Debt service is defined as current maturities of long-term debt plus interest expense. If the loans were deemed in default by the bank, then the bank has the option to declare the balances on the notes immediately due and payable, require the Organization to pledge additional collateral, take immediate possession and foreclose on the properties, and/or charge a default rate of interest on the mortgages, which is defined as the prime rate plus 5%. At June 30, 2015 and 2014, the Organization met both the minimum tangible net worth and debt service coverage ratio requirements.

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14. REFUNDABLE ADVANCES

The Organization records grant awards accounted for as exchange transactions as refundable advances until related services are performed, at which time they are recognized as revenue. Refundable advances for grant awards received but not yet earned as of June 30, 2015 and 2014, amounted to \$440,875 and \$421,221, respectively.

Pratt Street Housing Corporation entered into an agreement with DHCD to receive a shelter and transitional housing facilities grant totaling \$970,576 in connection with the construction and renovation of the Pratt Street building. There shall be no interest charges on the financial assistance. Pratt Street Housing Corporation has agreed that all units in the facility will be occupied by homeless residents whose length of stay may not exceed two years. Repayment is not required as long as Pratt Street Housing Corporation complies with these requirements for 15 years, ending in August 2016. Therefore, these amounts are recorded as refundable advances, until the possibility of repayment is remote.

Pratt Street Housing Corporation entered into an affordable housing program agreement with a bank and the Federal Home Loan Bank of Atlanta in which Pratt Street Housing Corporation received a \$175,000 subsidy to be used for the construction of the Pratt Street building. Pratt Street Housing Corporation has agreed to restrict housing in the building as to type, number of housing units, and affordability levels of tenants for a period of 15 years. If the building is sold or not in compliance with the agreed use prior to the expiration of the 15-year period ending in August 2016, then Pratt Street Housing Corporation may be obligated to reimburse the full amount of the subsidy. Therefore, this subsidy is recorded as refundable advances, until the possibility of repayment is remote.

As of June 30, 2015 and 2014 (as restated), \$28,756 and 25,800, respectively, representing rent prepaid by tenants of PACA House, Pratt Street, and Irvington Woods was included in refundable advances.

15. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets represent support from a charitable remainder trust in the form of investments held by a third-party trustee under a split-interest agreement totaling \$671,385 and \$662,976 at June 30, 2015 and 2014, respectively, as described in Note 8. The trust corpus will be distributed to the Organization upon the death of the last beneficiary receiving a stipulated monthly amount. The variance in the Organization's share of trust assets from year to year is recorded in the consolidated statements of activities and changes in net assets as "change in value of split-interest agreements."

On October 25, 2013, the Organization was the recipient of a capital improvement grant totaling \$940,000. The purpose of the grant is to support the construction of the Residential Re-Entry Center in Baltimore, MD. As of June 30, 2015, the purpose of the grant was met and the funds released from restrictions totaled \$291,329.

On October 21, 2014, the Organization was the recipient of a capital improvement grant totaling \$379,900. The purpose of the grant is to support energy improvements at PACA House. As of June 30, 2015, the purpose of the grant was met and the funds were released from restrictions.

Permanently restricted net assets represent support from a perpetual trust in the form of investments administered by a bank and totaled \$57,984 and \$59,014 at June 30, 2015 and 2014, respectively. Changes in value are recorded in the consolidated statements of activities and changes in net assets as "change in value of split-interest agreements."

The income earned from both trusts is recorded as interest income and the distributions from the trusts are recorded as releases of assets from restrictions.

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16. NON-CONTROLLING INTEREST

Non-controlling interest represents the 99.99% limited partnership interest in Irvington Woods and the 99.99% limited partnership interest in Pratt Street.

17. RELATED PARTY TRANSACTIONS

VOAC is a locally incorporated affiliate of VOA, Inc., a national Christian human services organization. VOAC incurred administrative fees to VOA, Inc., totaling \$733,958 and \$606,952 for the years ended June 30, 2015 and 2014, respectively. VOAC owed VOA, Inc.'s affiliate \$83,171 and \$61,146 related to these fees as of June 30, 2015 and 2014, respectively, which are included in the amount VOAC owes VOA, Inc., as discussed below.

In July 1998, VOAC entered into a twenty-four month contract with VOA, Inc., which allowed VOA, Inc. to operate the enterprise program. Per the terms of the agreement, the contract could be renewed at the end of the term by VOAC. Under this arrangement, VOAC received 75% of net revenue. Net revenue is defined as gross receipts and vehicle towing donations, less all local program operating expenses. Effective March 1, 2009, VOA, Inc., updated this agreement. For an initial period of four months, VOAC will receive 50% of the net revenue, while VOA, Inc., will retain the balance. Any operating deficits will be funded by VOA, Inc., and cumulative losses at the end of the period will be applied against subsequent net revenues. At the end of this initial period, VOA, Inc., decided to continue operating the local program. Therefore, the agreement automatically renewed for an additional five-year period and will continue to renew annually thereafter, unless terminated earlier by either party for reasons indicated in the agreement. At June 30, 2015 and 2014, VOAC is owed \$0 by VOA, Inc.

The net revenues under this agreement totaled \$210,460 and \$281,696 for the years ended June 30, 2015 and 2014, respectively. These revenues are reported as contributions support.

VOAC owes VOA, Inc., \$0 and \$162,300 in operating advances and accrued affiliate fee that are noninterest-bearing and are due on demand as of June 30, 2015 and 2014, respectively.

VOAC is a participant in a pooled investment program managed by VOA, Inc. See Note 7 for more details of the program and related agreement between VOAC and VOA, Inc.

VOA Eastern Avenue Housing Corporation (Eastern Avenue Corp) was a non-stock corporation with two directors appointed by VOA, Inc., and two directors appointed by VOAC. Eastern Avenue Corp was the 1% general partner in VOA Eastern Avenue Limited Partnership (VOA Eastern Avenue). VOA Eastern Avenue's purpose was to own and operate an apartment project. During 2013, Eastern Avenue Corp ceased operations and is now in the process of dissolution. VOAC is entitled to their portion (50%) of a promissory note in the principal amount of \$4,177,994. As of June 30, 2013, VOAC had no book value recorded on their portion of the promissory note as management did not believe the amount was collectible. During the year ended June 30, 2014, VOAC received a principal payment of \$832,549 which was recorded as recovery of bad debt, as well as an interest payment of \$138,897 which was recorded as interest income. As of June 30, 2015 and 2014, principal and accrued interest due to VOAC under this note was \$1,256,449 and \$81,608, respectively for 2015 and \$1,256,449 and \$11,309, respectively for 2014. As of June 30, 2015, management has recorded an allowance of \$942,337 based on analysis and expected payments to be received on this note.

18. OPERATING LEASES - LESSEE

The Organization has several non-cancellable operating leases, primarily for administrative and residential real estate, that expire at various dates through June 2042. Leases have renewal options of up to five years. Rental expenses for these leases totaled \$1,401,828 and \$1,452,960 for the years ended June 30, 2015 and 2014 (as restated), respectively.

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18. OPERATING LEASES – LESSEE (CONTINUED)

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2015, are as follows:

For The Years Ending June 30,

2016	\$ 606,136
2017	<u>44,721</u>
Total	<u>\$ 650,857</u>

19. RETIREMENT PLANS

DEFINED BENEFIT PLAN - The Organization sponsors a non-contributory defined benefit plan covering all full-time employees at least 21 years of age who are not commissioned ministers with VOAC and subsidiaries. The benefits are based on actuarial recommendations as to funding requirements. The board of directors froze the defined benefit pension plan as of May 31, 2010. No new participants will be enrolled in the Plan. Additional contributions may be required to meet the projected future benefit obligations of the Plan.

The following table sets forth the Plan's funded status and amounts recognized in the Organization's consolidated financial statements as of and for the years ended June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Benefit Obligation		
Benefit Obligation At Beginning Of Year	\$ 7,097,152	\$ 6,986,985
Interest Cost	395,724	390,539
Actuarial Loss	58,103	42,421
Benefits Paid	<u>(356,690)</u>	<u>(322,793)</u>
Benefit Obligation At End Of The Year	<u>7,194,289</u>	<u>7,097,152</u>
Plan Assets		
Fair Market Value At Beginning Of Year	5,170,509	4,894,503
Benefits Paid	(356,690)	(322,793)
Gains	<u>37,921</u>	<u>598,799</u>
Fair Market Value At End Of Year	<u>4,851,740</u>	<u>5,170,509</u>
Funded Status At End Of Year	<u><u>\$(2,342,549)</u></u>	<u><u>\$ (1,926,643)</u></u>

**Volunteers of America Chesapeake, Inc.
And Subsidiaries
Notes To Consolidated Financial Statements
(Continued)**

For The Years Ended June 30, 2015 And 2014 (As Restated)

19. RETIREMENT PLANS (CONTINUED)

	2015	2014
Amounts Recognized In The Statements Of Financial Position		
Non-Current Liabilities	<u>\$(2,342,549)</u>	<u>\$ (1,926,643)</u>
Amounts Not Yet Recognized In Net Periodic Pension Cost And Included In Unrestricted Net Assets		
Accumulated Loss	<u>\$ 1,013,309</u>	<u>\$ 616,686</u>
Net Periodic Pension Cost		
Interest Cost	\$ 395,724	\$ 390,539
Expected Return On Assets	376,441	355,960
Amortizations	-	28,058
Net Periodic Pension Cost	<u>19,283</u>	<u>62,637</u>
Other Changes Recognized In Changes In Unrestricted Net Assets		
Net Loss	(396,623)	256,534
Amortization Of Net Gain (Loss)	-	(28,058)
Total Recognized In Changes In Unrestricted Net Assets	<u>(396,623)</u>	<u>228,476</u>
Net Recognized In Net Periodic Pension Cost And Changes In Unrestricted Net Assets	<u>\$ (377,340)</u>	<u>\$ 291,113</u>
Amortization		
Greater Of Benefit Obligation Or Plan Assets	\$ 7,194,289	\$ 7,097,152
10 Percent	\$ 719,429	\$ 709,715
Unrecognized (Gains) Losses	\$ 1,013,309	\$ 616,686
Average Future Service Period	4.57 years	4.78 years
Minimum Required Amortization For Next Year	\$ 64,306	\$ -
Plan Asset Allocation		
Cash And Cash Equivalents	0.90%	1.00%
Debt Securities	39.50%	40.20%
Equity Securities	57.20%	56.40%
Real Estate	2.40%	2.40%
Total	<u>100.00%</u>	<u>100.00%</u>

**Volunteers of America Chesapeake, Inc.
And Subsidiaries
Notes To Consolidated Financial Statements
(Continued)**

For The Years Ended June 30, 2015 And 2014 (As Restated)

19. RETIREMENT PLANS (CONTINUED)

	2015	2014
Plan Target Asset Allocation		
Cash And Cash Equivalents	1.00%	1.00%
Debt Securities	44.00%	44.00%
Equity Securities	52.50%	52.50%
Real Estate	2.50%	2.50%
Total	100.00%	100.00%
 Expected Contribution For Next Plan Year (2015 And 2014)		
	\$ -	\$ -
 Expected Benefits Payments		
2015 / 2016	450,000	430,000
2016 / 2017	445,000	445,000
2017 / 2018	495,000	455,000
2018 / 2019	520,000	495,000
2019 / 2020	575,000	535,000
Next 5 Years	3,250,000	3,200,000
 Assumptions		
<i>Weighted-Average Assumptions Used To Determine Benefit Obligation At Year End</i>		
Discount Rate	5.75%	5.75%
Rate Of Compensation Increase	0.00%	0.00%
 <i>Weighted-Average Assumptions Used To Determine Net Periodic Benefit Cost For Years Ended</i>		
Discount Rate	5.75%	5.75%
Expected Long-Term Return On Plan Assets	8.00%	8.00%
Rate Of Compensation Increase	0.00%	0.00%

Measurement Date

The measurement date for each fiscal year is the year end date. The values of assets and liabilities are calculated at this date.

Plan Assets

The Organization's expected rate of return on plan assets was developed by combining a long-term inflation component, the risk adjusted rate of return, and the associated risk premium. A weighted-average rate was developed based on those overall rates and the target asset allocation of the Plan. The Organization's investment strategy encompasses a long-term, risk-controlled approach using diversified investment options with a minimal exposure to volatile investment options like derivatives. The strategy utilizes a diversified allocation of equity, debt, and real estate.

**Volunteers of America Chesapeake, Inc.
And Subsidiaries
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(Continued)**

For The Years Ended June 30, 2015 And 2014 (As Restated)

19. RETIREMENT PLANS (CONTINUED)

Plan Assets (Continued)

Fair Value of Plan Assets - Beginning in 2009, the rules related to accounting for postretirement benefit plans under accounting principles generally accepted in the United States of America require certain fair value disclosures related to postretirement benefit plan assets, even though those assets are not included on the consolidated statements of financial position. The following tables present the fair values of the assets of the Organization's qualified defined benefit pension plan by asset category and their levels within the fair value hierarchy. As of June 30, 2015 and 2014, the Organization has valued all of its investments held by the defined benefit pension plan at fair value using quoted prices in active markets for identical assets (Level 1 as described in Note 7 to these financial statements).

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
<u>June 30, 2015</u>				
Cash And Cash Equivalents	\$ 42,728	\$ -	\$ -	\$ 42,728
Equity - Mutual Funds	1,914,941	-	-	1,914,941
Fixed Income - Corporate Debt Securities	2,774,703	-	-	2,774,703
Real Estate Securities	119,368	-	-	119,368
Total Plan Assets, at Fair Value	<u>\$4,851,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,851,740</u>
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
<u>June 30, 2014</u>				
Cash And Cash Equivalents	\$ 51,705	\$ -	\$ -	\$ 51,705
Equity - Mutual Funds	2,078,545	-	-	2,078,545
Fixed Income - Corporate Debt Securities	2,916,167	-	-	2,916,167
Real Estate Securities	124,092	-	-	124,092
Total Plan Assets, at Fair Value	<u>\$5,170,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,170,509</u>

VALUATION TECHNIQUES - Cash equivalents mostly consist of short-term money-market instruments and are valued at cost, which approximates fair value.

U.S. equity securities and international equity securities, fixed income securities, and real estate based securities are categorized as Level 1 and are traded on national and international exchanges and are valued at their closing prices on the last day of the year.

**Volunteers of America Chesapeake, Inc.
And Subsidiaries
Notes To Consolidated Financial Statements
(Continued)**

For The Years Ended June 30, 2015 And 2014 (As Restated)

19. RETIREMENT PLANS (CONTINUED)

TAX DEFERRED ANNUITY PLANS - The Organization maintains two separate tax-deferred annuity plans qualified under Section 403(b) of the Internal Revenue Code. One plan is for full-time employees at least 21 years of age employed as ministers of VOAC. The employer makes a discretionary contribution at 5% or 2% of salary, depending on length of service, for the ministers. The second plan is available for all employees of the Organization and has no required employer matching contribution. Effective June 1, 2010, the Organization amended the second 403(b) plan to a discretionary 2% employer contribution and a discretionary profit sharing contribution after one year of service and 1,500 hours worked. Employer contributions vest at 20% for each year of service. Participants enrolled in the Plan as of January 1, 2010, and who have been with the Organization for over one year and have completed 2,000 hours of service will be grandfathered into the match and will not have to wait for the additional year. Plan expenses amounted to \$89,582 and \$235,338 for the years ended June 30, 2015 and 2014, respectively.

PARTICIPATION IN VOA, INC., DEFINED BENEFIT PLAN - VOA, Inc. participates with its local offices, including VOAC in 2012, in a non-contributory defined benefit pension and retirement plan, called The Volunteers of America National Pension Plan. After 2012, no remaining VOAC employees participated in the plan. The plan's employer identification number is 13-1692595 and the plan year end is December 31. This plan is a multi-employer plan and is not required to record the unfunded pension liability in its financial statements. The plan's disclosure information regarding projected benefit obligation and unfunded status as they relate solely to VOA, Inc., is not available, which is typical for multi-employer plans. Because this plan is a church plan and not subject to the Employment Retirement Security Act of 1974 (ERISA), VOA, Inc., is not required to file a Form 5500. This unfunded liability is collectively the liability of all participating employers. If there were any cash shortfalls in the plan, the plan would look towards the participating employers to fund these amounts. As the participating employers of this plan are affiliated with VOA, Inc., it is not anticipated that any employer will choose to stop participating.

20. POSTRETIREMENT BENEFIT

The Organization provides a self-funded, non-qualified postretirement benefit to two retired chief executive officers. In one case, the benefit consists of a housing allowance and term life insurance. In the second case, the benefit consists of annual health insurance and level premium and term life insurance. The liability for the benefit obligation is determined as the present value of the future cash requirements for the life expectancies of the beneficiaries at the current U.S. Treasury 20-year interest rate. In the case of the health insurance, an escalator of six percent is used for expected future health insurance increases, and Medicare supplemental insurance is assumed at age 65. The postretirement benefit obligation at June 30, 2015 and 2014, was \$479,613 and \$482,295, respectively.

**Volunteers of America Chesapeake, Inc.
And Subsidiaries
Notes To Consolidated Financial Statements
(Continued)**

For The Years Ended June 30, 2015 And 2014 (As Restated)

21. OPERATING LEASES - LESSOR

PACA House, Pratt Street, and Irvington Woods rent units in apartment buildings to tenants under agreements with governmental agencies. All leases are on a month-to-month basis. Cost and depreciation of the apartment buildings for the years ended June 30, 2015 and 2014, is as follows:

	<u>Cost</u>	<u>Depreciation</u>	<u>Net</u>
<u>June 30, 2015</u>			
PACA House	\$ 6,909,443	\$ 4,382,168	\$ 2,527,275
Pratt Street	1,463,822	307,766	1,156,056
Irvington Woods	6,558,036	2,157,626	4,400,410
Total	<u>\$ 14,931,301</u>	<u>\$ 6,847,560</u>	<u>\$ 8,083,741</u>
	<u>Cost</u>	<u>Depreciation</u>	<u>Net</u>
<u>June 30, 2014</u>			
PACA House	\$ 6,565,106	\$ 4,118,242	\$ 2,446,864
Pratt Street	1,463,822	261,750	1,202,072
Irvington Woods	6,558,036	1,927,539	4,630,497
Total	<u>\$ 14,586,964</u>	<u>\$ 6,307,531</u>	<u>\$ 8,279,433</u>

22. CONTINGENCIES

PACA House's, Pratt Street's, and Irvington Woods' low-income housing tax credits are contingent on their ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rents, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the limited partners.

VOAC is required to make certain operating deficit contributions to Pratt Street as defined in the partnership agreement. The Organization has agreed to advance funds up to a cumulative maximum of \$335,000 to Pratt Street to cover any operating deficits. No such contributions were required during fiscal years 2015 and 2014. The cumulative operating deficit contributions remitted were \$214,050 through June 30, 2015.

VOAC is required to make certain operating deficit contributions to Irvington Woods as defined in the partnership agreement. The general partner, pursuant to the terms of the partnership agreement, is required to fund additional capital contributions for any operating deficits through the stabilization date. The general partner's obligation after the stabilization date to make operating deficit contributions that are not funded from the operating reserves is limited to \$280,000. To the extent the general partner cannot meet this obligation, VOAC has provided a guarantee to advance funds to the general partner to cover any shortfall. As of June 30, 2015 and 2014, no such contribution has been requested or required.

Financial assistance from federal, state, and local government entities in the form of grants are subject to special audit procedures. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

**Volunteers of America Chesapeake, Inc.
And Subsidiaries
Notes To Consolidated Financial Statements
(Continued)**

For The Years Ended June 30, 2015 And 2014 (As Restated)

23. PRIOR PERIOD ADJUSTMENTS

Management no longer considers Virginia Beach M/R (Baker House) as a controlled organization. Accordingly, Baker House is not consolidated in the financial statements and previously issued financial statements have been restated to reflect this change in the reporting entity. The net effect of this restatement on the beginning balance of net assets on the consolidated statements of financial position was \$237,785.

24. OTHER MATTER – INVESTIGATION

Management discovered that certain program revenue was not received by the Organization due to the incoming checks being misappropriated. The Organization realized a loss for this amount and the related program expenses were paid through other unrestricted funding. Services to clients were not impacted by the loss. Management has reported this fraud to the authorities and an investigation is in progress. Management estimates that the Organization will be reimbursed for the majority of the loss through insurance proceeds. No amounts have been accrued in these consolidated financial statements. Management does not consider this matter to be material to the consolidated financial statements.

25. SUBSEQUENT EVENTS

The Organization has evaluated events and transactions subsequent to the consolidated statement of financial position date for potential recognition or disclosure through the independent auditor's report date, the date the consolidated financial statements were available to be issued. There were no events that required recognition or disclosure in the consolidated financial statements, except as noted below.

HOLDING CORP – Subsequent to year-end, the process of dissolving Holding Corp was legally completed and the property containing the headquarters offices was transferred to VOAC.

BAKER HOUSE – Subsequent to year-end, a Property Purchase And Sale Agreement was completed between VOAC and VOA, Inc. to transfer Baker House, a property located in Virginia Beach, Virginia to VOAC, with an estimated fair value of \$345,077. Baker House had previously been operated as a program by VOAC on behalf of VOA, Inc. and is utilized as a multi-family rental housing facility for individuals with intellectual disabilities. Baker House is subject to a Regulatory Agreement with the United States Department of Housing and Urban Development (HUD) by and through the Virginia Housing Development Authority (VHDA) in connection with a Deed of Trust in favor of VHDA.

N. KENSINGTON REFINANCE – On October 20, 2015, VOAC refinanced the loan related to the real property located at N. Kensington Street, Arlington, VA 22207. The existing loan was paid off in full and the new principal balance of \$492,413, is due in 60 monthly installments of \$3,270 including interest of 5.00%, beginning November 2015 and 59 monthly installments of \$3,270 including interest of a variable amount, estimated to be 5.00%, beginning November 2020. The final payment is due October 2025 with an estimated amount of \$310,519. The loan is secured by the real property.

DC CORE LEASE – Subsequent to year-end, a lease was entered into for office space for DC Core located at Kennedy Street, Washington, D.C. The lease term commences on October 1, 2015 and expires September 30, 2025 unless extended. Rent is due monthly in installments that increase annually for an aggregate base rental of \$1,430,780 over the term of the lease.

**Volunteers of America Chesapeake, Inc.
And Subsidiaries
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(Continued)**

For The Years Ended June 30, 2015 And 2014 (As Restated)

25. SUBSEQUENT EVENTS (CONTINUED)

VERBENA REFINANCE – On August 13, 2015, VOAC refinanced the loan related to the Verbena real property. The existing loan was paid off in full and the new principal balance of \$492,413, is due in 60 monthly installments of \$3,270 including interest of 5.00%, beginning September 2015 and 59 monthly installments of \$3,352 including interest of a variable amount, estimated to be 5.375%, beginning September 2020. The final payment is due August 2025 with an estimated amount of \$312,892. The loan is secured by the real property.

FROST REFINANCE – On August 13, 2015, VOAC refinanced the loan related to the Frost real property. The existing loan was paid off in full and the new principal balance of \$225,378, is due in 60 monthly installments of \$1,497 including interest of 5.00%, beginning September 2015 and 59 monthly installments of \$1,534 including interest of a variable amount, estimated to be 5.375%, beginning September 2020. The final payment is due August 2025 with an estimated amount of \$143,211. The loan is secured by the real property.

**CONSOLIDATING
SUPPLEMENTARY
INFORMATION**

Volunteers Of America Chesapeake, Inc. And Subsidiaries
Consolidating Schedule Of Financial Position

June 30, 2015

	VOAC	Holding Corp	PACA House, Inc.	PACA House	Pratt Street Housing	Pratt Street	Irvington Woods Corp	Irvington Woods	RRC Corp	RRC	Total	Eliminations	Consolidated Total
CURRENT ASSETS													
Cash And Cash Equivalents	\$ 1,766,667	\$ 5,918	\$ -	\$ 18,525	\$ -	\$ -	\$ -	\$ 12,046	\$ -	\$ 9,922	\$ 1,813,078	\$ -	\$ 1,813,078
Accounts Receivable (Net Of Allowance)	3,561,903	-	-	24,789	-	13,584	-	14,144	-	1,251,518	4,865,938	(1,251,518)	3,614,420
Due From Related Parties	1,729,894	-	-	-	245,885	-	-	-	-	-	1,975,779	(1,975,779)	-
Prepaid Expenses	207,978	-	-	-	-	-	-	14,398	-	-	222,376	-	222,376
Other Receivables	158,658	-	-	-	-	-	-	-	-	-	158,658	-	158,658
Reimbursement Receivable	158,519	-	-	-	-	-	-	-	-	-	158,519	-	158,519
Interest Receivable	651,821	-	-	-	-	-	-	-	-	-	651,821	(570,213)	81,608
Total Current Assets	8,235,440	5,918	-	43,314	245,885	13,584	-	40,588	-	1,261,440	9,846,169	(3,797,510)	6,048,659
PROPERTY AND EQUIPMENT, NET													
	9,709,108	247,468	-	3,031,478	-	1,155,856	-	4,784,537	-	9,515,092	28,443,539	(1,190,874)	27,252,665
OTHER ASSETS													
Designated And Restricted Cash	357,938	-	-	774,281	-	143,108	-	291,273	-	148,731	1,715,331	-	1,715,331
Long-Term Investments	1,502,936	-	-	-	-	-	-	-	-	-	1,502,936	-	1,502,936
Unamortized Mortgage Costs	40,000	-	-	43,487	-	42,506	-	41,107	-	363,424	530,524	-	530,524
Deposits	40,893	-	-	-	-	-	-	-	-	-	40,893	-	40,893
Deferred Rent Asset	-	-	-	-	-	-	-	-	-	47,007	47,007	(47,007)	-
Beneficial Interest In Perpetual Trust	57,984	-	-	-	-	-	-	-	-	-	57,984	-	57,984
Investment In Partnerships	1,647,493	-	-	-	970,576	-	100	-	(1,234)	-	2,616,935	(2,616,935)	-
Contribution Receivable From Charitable Remainder Trust	671,385	-	-	-	-	-	-	-	-	-	671,385	-	671,385
Notes Receivable	8,558,216	-	-	-	-	-	1,266,293	-	-	-	9,824,509	(1,681,493)	8,143,016
Total Other Assets	12,876,845	-	-	817,768	970,576	185,614	1,266,393	332,380	(1,234)	559,162	17,007,504	(4,345,435)	12,662,069
TOTAL ASSETS	\$ 30,821,393	\$ 253,386	\$ -	\$ 3,892,560	\$ 1,216,461	\$ 1,355,054	\$ 1,266,393	\$ 5,157,505	\$ (1,234)	\$ 11,335,694	\$ 55,297,212	\$ (9,333,819)	\$ 45,963,393

Volunteers Of America Chesapeake, Inc. And Subsidiaries
Consolidating Schedule Of Financial Position

June 30, 2014

	VOAC	Holding Corp	PACA House, Inc.	PACA House	Pratt Street Housing	Pratt Street	Irvington Woods Corp	Irvington Woods	RRC Corp	RRC	Total	Eliminations	Consolidated Total
CURRENT ASSETS													
Cash And Cash Equivalents	\$ 3,019,234	\$ 218,051	\$ -	\$ 120,158	\$ -	\$ 15,755	\$ -	\$ 6,317	\$ -	\$ 2	\$ 3,379,517	\$ -	\$ 3,379,517
Accounts Receivable (Net Of Allowance)	3,331,760	-	-	5,986	-	7,718	-	18,566	-	790,418	4,154,448	(855,998)	3,298,450
Due From Related Parties	1,503,032	56	-	-	240,632	-	-	-	-	-	1,743,720	(1,743,720)	-
Prepaid Expenses	214,958	-	-	1,128	-	589	-	14,356	-	-	231,031	-	231,031
Other Receivables	218,593	-	-	-	-	-	-	-	-	-	218,593	-	218,593
Reimbursement Receivable	310,014	-	-	-	-	-	-	-	-	-	310,014	-	310,014
Interest Receivable	550,706	-	-	-	-	-	-	-	-	-	550,706	(539,397)	11,309
Total Current Assets	9,148,297	218,107	-	127,272	240,632	24,062	-	39,239	-	790,420	10,588,029	(3,139,115)	7,448,914
PROPERTY AND EQUIPMENT, NET													
	9,710,216	274,604	-	2,938,875	-	1,202,096	-	5,022,005	-	9,836,038	28,983,834	(1,190,874)	27,792,960
OTHER ASSETS													
Designated And Restricted Cash	397,900	-	-	756,546	-	127,761	-	302,088	-	158,498	1,742,793	-	1,742,793
Long-Term Investments	1,726,806	-	-	-	-	-	-	-	-	-	1,726,806	-	1,726,806
Unamortized Mortgage Costs	50,000	-	-	45,378	-	44,114	-	42,967	-	365,552	548,011	-	548,011
Deposits	40,893	-	-	-	-	-	-	-	-	-	40,893	-	40,893
Deferred Rent Asset	-	-	-	-	-	-	-	-	-	-	-	-	-
Beneficial Interest In Perpetual Trust	59,014	-	-	-	-	-	-	-	-	-	59,014	-	59,014
Investment In Partnerships	1,267,593	-	-	-	970,576	-	100	-	(1,234)	-	2,237,035	(2,237,035)	-
Contribution Receivable From Charitable Remainder Trust	662,976	-	-	-	-	-	-	-	-	-	662,976	-	662,976
Notes Receivable	8,558,216	-	-	-	-	-	1,266,293	-	-	-	9,824,509	(1,681,493)	8,143,016
Total Other Assets	12,763,398	-	-	801,924	970,576	171,875	1,266,393	345,055	(1,234)	524,050	16,842,037	(3,918,528)	12,923,509
TOTAL ASSETS	\$ 31,621,911	\$ 492,711	\$ -	\$ 3,868,071	\$ 1,211,208	\$ 1,398,033	\$ 1,266,393	\$ 5,406,299	\$ (1,234)	\$ 11,150,508	\$ 56,413,900	\$ (8,248,517)	\$ 48,165,383

Volunteers Of America Chesapeake, Inc. And Subsidiaries
Consolidating Schedule Of Financial Position
(Continued)

June 30, 2015

	VOAC	Holding Corp	PACA House, Inc.	PACA House	Pratt Street Housing	Pratt Street	Irvington Woods Corp	Irvington Woods	RRC Corp	RRC	Total	Eliminations	Consolidated Total
CURRENT LIABILITIES													
Accounts Payable	\$ 362,677	\$ 2,534	\$ -	\$ 5,004	\$ -	\$ 52,157	\$ -	\$ 67,649	\$ -	\$ -	\$ 490,021	\$ -	\$ 490,021
Current Maturities Of Long-Term Debt	1,651,283	-	-	39,004	-	-	-	27,523	-	-	1,717,810	-	1,717,810
Accrued Expenses	1,113,363	-	-	951,991	-	1,025,396	-	52,389	-	-	3,143,139	(687,281)	2,455,858
Other Current Liabilities	67,109	-	-	-	-	1,657	-	-	-	-	68,766	(47,007)	21,759
Due To Related Parties	545,632	-	-	569,620	-	310,061	-	2,102,979	-	865,990	4,394,282	(4,394,282)	-
Client Escrow Funds	106,773	-	-	-	-	-	-	-	-	-	106,773	-	106,773
Tenant Security Deposits	-	-	-	4,840	-	1,188	-	17,833	-	-	23,861	-	23,861
Refundable Advances	440,875	-	-	13,200	1,145,576	11,438	-	4,118	-	-	1,615,207	-	1,615,207
Total Current Liabilities	4,287,712	2,534	-	1,583,659	1,145,576	1,401,897	-	2,272,491	-	865,990	11,559,859	(5,128,570)	6,431,289
LONG TERM LIABILITIES													
Long-Term Debt, Less Current Maturities	9,813,898	-	-	3,121,447	-	1,270,098	-	1,404,965	-	10,656,000	26,266,408	(415,200)	25,851,208
Post-Retirement Benefit Liability	479,613	-	-	-	-	-	-	-	-	-	479,613	-	479,613
Underfunded Pension Obligation	2,342,549	-	-	-	-	-	-	-	-	-	2,342,549	-	2,342,549
Total Long Term Liabilities	12,636,060	-	-	3,121,447	-	1,270,098	-	1,404,965	-	10,656,000	29,088,570	(415,200)	28,673,370
Total Liabilities	16,923,772	2,534	-	4,705,106	1,145,576	2,671,995	-	3,677,456	-	11,521,990	40,648,429	(5,543,770)	35,104,659
NET ASSETS													
Unrestricted													
Controlling Interest	12,519,581	250,852	-	(812,546)	70,885	759,760	1,266,393	(183)	(1,234)	(186,296)	13,867,212	(3,790,049)	10,077,163
Non-controlling Interest	-	-	-	-	-	(2,076,701)	-	1,480,232	-	-	(596,469)	-	(596,469)
Total Unrestricted	12,519,581	250,852	-	(812,546)	70,885	(1,316,941)	1,266,393	1,480,049	(1,234)	(186,296)	13,270,743	(3,790,049)	9,480,694
Temporarily Restricted	1,320,056	-	-	-	-	-	-	-	-	-	1,320,056	-	1,320,056
Permanently Restricted	57,984	-	-	-	-	-	-	-	-	-	57,984	-	57,984
Total Net Assets	13,897,621	250,852	-	(812,546)	70,885	(1,316,941)	1,266,393	1,480,049	(1,234)	(186,296)	14,648,783	(3,790,049)	10,858,734
TOTAL LIABILITIES AND NET ASSETS	\$ 30,821,393	\$ 253,386	\$ -	\$ 3,892,560	\$ 1,216,461	\$ 1,355,054	\$ 1,266,393	\$ 5,157,505	\$ (1,234)	\$ 11,335,694	\$ 55,297,212	\$ (9,333,819)	\$ 45,963,393

Volunteers Of America Chesapeake, Inc. And Subsidiaries
Consolidating Schedule Of Financial Position
(Continued)

June 30, 2014

	VOAC	Holding Corp	PACA House, Inc.	PACA House	Pratt Street Housing	Pratt Street	Irvington Woods Corp	Irvington Woods	RRC Corp	RRC	Total	Eliminations	Consolidated Total
CURRENT LIABILITIES													
Accounts Payable	\$ 445,070	\$ 3,613	\$ -	\$ 24,430	\$ -	\$ 4,992	\$ -	\$ 17,516	\$ -	\$ -	\$ 495,621	\$ -	\$ 495,621
Current Maturities Of Long-Term Debt	1,684,476	-	-	-	-	-	-	25,635	-	-	1,710,111	-	1,710,111
Accrued Expenses	1,898,953	-	-	898,927	-	729,309	-	34,792	-	-	3,561,981	(651,212)	2,910,769
Other Current Liabilities	58,439	-	-	-	-	-	-	-	-	-	58,439	(34,733)	23,706
Due To Related Parties	161,377	3,841	-	603,822	-	303,877	-	2,065,002	-	742,875	3,880,794	(3,719,463)	161,331
Client Escrow Funds	150,097	-	-	-	-	-	-	-	-	-	150,097	-	150,097
Tenant Security Deposits	-	-	-	4,859	-	1,499	-	20,364	-	-	26,722	-	26,722
Refundable Advances	421,221	-	-	7,615	1,145,576	10,573	-	7,612	-	-	1,592,597	-	1,592,597
Total Current Liabilities	4,819,633	7,454	-	1,539,653	1,145,576	1,050,250	-	2,170,921	-	742,875	11,476,362	(4,405,408)	7,070,954
LONG TERM LIABILITIES													
Long-Term Debt, Less Current Maturities	9,988,021	-	-	3,199,061	-	1,460,725	-	1,432,499	-	10,656,000	26,736,306	(415,200)	26,321,106
Post-Retirement Benefit Liability	482,295	-	-	-	-	-	-	-	-	-	482,295	-	482,295
Underfunded Pension Obligation	1,926,643	-	-	-	-	-	-	-	-	-	1,926,643	-	1,926,643
Total Long Term Liabilities	12,396,959	-	-	3,199,061	-	1,460,725	-	1,432,499	-	10,656,000	29,145,244	(415,200)	28,730,044
Total Liabilities	17,216,592	7,454	-	4,738,714	1,145,576	2,510,975	-	3,603,420	-	11,398,875	40,621,606	(4,820,608)	35,800,998
NET ASSETS													
Unrestricted													
Controlling Interest	12,743,329	485,257	-	(870,643)	65,632	759,780	1,266,393	(151)	(1,234)	(248,367)	14,199,996	(3,427,909)	10,772,087
Non-controlling Interest	-	-	-	-	-	(1,872,722)	-	1,803,030	-	-	(69,692)	-	(69,692)
Total Unrestricted	12,743,329	485,257	-	(870,643)	65,632	(1,112,942)	1,266,393	1,802,879	(1,234)	(248,367)	14,130,304	(3,427,909)	10,702,395
Temporarily Restricted	1,602,976	-	-	-	-	-	-	-	-	-	1,602,976	-	1,602,976
Permanently Restricted	59,014	-	-	-	-	-	-	-	-	-	59,014	-	59,014
Total Net Assets	14,405,319	485,257	-	(870,643)	65,632	(1,112,942)	1,266,393	1,802,879	(1,234)	(248,367)	15,792,294	(3,427,909)	12,364,385
TOTAL LIABILITIES AND NET ASSETS	\$ 31,621,911	\$ 492,711	\$ -	\$ 3,868,071	\$ 1,211,208	\$ 1,398,033	\$ 1,266,393	\$ 5,406,299	\$ (1,234)	\$ 11,150,508	\$ 56,413,900	\$ (8,248,517)	\$ 48,165,383

Volunteers Of America Chesapeake, Inc. And Subsidiaries
Consolidating Schedule Of Unrestricted Activities

For The Year Ended June 30, 2015

	VOAC	Holding Corp	PACA House, Inc.	PACA House	Pratt Street Housing	Pratt Street	Irvington Woods Corp	Irvington Woods	RRC Corp	RRC	Total	Eliminations	Consolidated Total
REVENUES AND SUPPORT													
Contributions	\$ 817,730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 817,730	\$ -	\$ 817,730
Contributions, In-Kind	12,347	-	-	-	-	-	-	-	-	-	12,347	-	12,347
Special Events	76,591	-	-	-	-	-	-	-	-	-	76,591	-	76,591
United Way	19,410	-	-	-	-	-	-	-	-	-	19,410	-	19,410
Government Revenues And Grants	30,177,303	-	-	-	-	-	-	-	-	-	30,177,303	(84,542)	30,112,761
Program Service Fees	1,251,562	-	-	615,806	-	338,493	-	556,712	-	-	2,762,573	-	2,762,573
Other Operating Revenues	460,718	-	-	12,581	-	4,096	-	40,583	-	-	517,978	(84,930)	433,048
Interest And Dividends	104,264	-	-	677	5,253	425	-	115	-	234	110,968	(5,250)	105,718
Net Gain (Loss) On Investments	(7,362)	-	-	-	-	-	-	-	-	-	(7,362)	-	(7,362)
Loss On Disposal Of Equipment	11,533	-	-	-	-	-	-	-	-	-	11,533	-	11,533
Rental Revenue	105,092	177,515	-	-	-	-	-	-	-	862,274	1,144,881	(1,039,789)	105,092
Recovery Of Bad Debt	150,527	-	-	69	-	-	-	(741)	-	-	149,855	-	149,855
Other Revenues (Losses)	258,387	-	-	-	-	-	-	-	-	-	258,387	(329,226)	(70,839)
Satisfaction Of Program Restrictions	685,974	-	-	-	-	-	-	-	-	-	685,974	-	685,974
Total Revenues And Support	34,124,076	177,515	-	629,133	5,253	343,014	-	596,669	-	862,508	36,738,168	(1,523,737)	35,214,431
EXPENSES	33,921,963	411,920	-	950,936	-	547,013	-	919,499	-	800,437	37,551,768	(1,541,497)	36,010,271
INCREASE IN PENSION OBLIGATION	415,906	-	-	-	-	-	-	-	-	-	415,906	-	415,906
OTHER NON-OPERATIONAL COSTS	9,955	-	-	-	-	-	-	-	-	-	9,955	-	9,955
(Decrease) Increase In Unrestricted Net Assets (Deficit) Before Non-controlling Interest	(223,748)	(234,405)	-	(321,803)	5,253	(203,999)	-	(322,830)	-	62,071	(1,239,461)	17,760	(1,221,701)
Increase (Decrease) In Net Assets (Deficit) Attributable To Non-controlling Interest In Subsidiary	-	-	-	-	-	(203,979)	-	(322,798)	-	-	(526,777)	-	(526,777)
Total Increase (Decrease) In Net Assets	(223,748)	(234,405)	-	(321,803)	5,253	(20)	-	(32)	-	62,071	(712,684)	17,760	(694,924)
Unrestricted Net Assets (Deficit) - Beginning Of Year	12,743,329	485,257	-	(870,643)	65,632	759,780	1,266,393	(151)	(1,234)	(248,367)	14,199,996	(3,427,909)	10,772,087
Capital Contributions	-	-	-	379,900	-	-	-	-	-	-	379,900	(379,900)	-
Unrestricted Net Assets (Deficit) - End Of Year	\$ 12,519,581	\$ 250,852	\$ -	\$ (812,546)	\$ 70,885	\$ 759,760	\$ 1,266,393	\$ (183)	\$ (1,234)	\$ (186,296)	\$ 13,867,212	\$ (3,790,049)	\$ 10,077,163

Volunteers Of America Chesapeake, Inc. And Subsidiaries
Consolidating Schedule Of Unrestricted Activities

For The Year Ended June 30, 2014

	VOAC	Holding Corp	PACA House Inc.	PACA House	Pratt Street Housing	Pratt Street	Irvington Woods Corp	Irvington Woods	RRC Corp	RRC	Total	Eliminations	Consolidated Total
REVENUES AND SUPPORT													
Contributions	\$ 1,131,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,131,003	\$ (300,000)	\$ 831,003
Contributions, In-Kind	4,870	-	-	-	-	-	-	-	-	-	4,870	-	4,870
Special Events	23,512	-	-	-	-	-	-	-	-	-	23,512	-	23,512
United Way	23,007	-	-	-	-	-	-	-	-	-	23,007	-	23,007
Government Revenues And Grants	28,369,580	-	-	-	-	-	-	-	-	-	28,369,580	(112,653)	28,256,927
Program Service Fees	1,212,187	-	-	594,883	-	376,084	-	610,161	-	790,417	3,583,732	(982,524)	2,601,208
Other Operating Revenues	489,958	-	-	7,494	-	3,630	-	10,376	-	-	511,458	(83,354)	428,104
Interest And Dividends	184,937	-	-	1,466	5,250	314	-	95	-	928	192,990	-	192,990
Net Gain (Loss) On Investments	196,115	-	-	-	-	-	-	-	(1,234)	-	194,881	(5,250)	189,631
Loss On Disposal Of Equipment	(245,369)	-	-	-	-	-	-	-	-	-	(245,369)	-	(245,369)
Rental Revenue	113,814	192,140	-	-	-	-	-	-	-	-	305,954	-	305,954
Developer Fee	906,864	-	-	-	-	-	-	-	-	-	906,864	-	906,864
Property Management Fee	46,183	-	-	-	-	-	-	-	-	-	46,183	-	46,183
Recovery Of Bad Debt	1,146,661	-	-	998	-	-	-	-	-	-	1,147,659	-	1,147,659
Other Revenues (Losses)	141,322	-	-	-	-	-	-	-	-	-	141,322	(171,000)	(29,678)
Total Revenues And Support	33,744,644	192,140	-	604,841	5,250	380,028	-	620,632	(1,234)	791,345	36,337,646	(1,654,781)	34,682,865
EXPENSES	33,942,354	437,729	-	913,587	-	421,356	-	963,079	-	827,030	37,505,135	(1,483,815)	36,021,320
DECREASE IN PENSION OBLIGATION	(165,839)	-	-	-	-	-	-	-	-	-	(165,839)	-	(165,839)
OTHER NON-OPERATIONAL COSTS	426,168	-	-	-	-	-	-	-	-	-	426,168	-	426,168
(Decrease) Increase In Unrestricted Net Assets (Deficit) Before Non-controlling Interest	(458,039)	(245,589)	-	(308,746)	5,250	(41,324)	-	(342,447)	(1,234)	(35,685)	(1,001,650)	(170,966)	(1,598,784)
Increase (Decrease) In Net Assets (Deficit) Attributable To Non-controlling Interest In Subsidiary	-	-	-	-	-	(41,324)	-	(342,413)	-	-	(383,737)	-	(383,737)
Total Increase (Decrease) In Net Assets	(458,039)	(245,589)	-	(308,746)	5,250	(4)	-	(34)	(1,234)	(35,685)	(1,044,081)	(170,966)	(1,215,047)
Unrestricted Net Assets (Deficit) - Beginning Of Year	13,201,368	730,846	119,812	(561,897)	60,382	759,784	1,266,393	(117)	-	5,822	15,582,393	(3,547,755)	12,034,638
Capital Contributions	-	-	-	-	-	-	-	-	-	1,000	1,000	-	1,000
Capital Distributions	-	-	(119,812)	-	-	-	-	-	-	(219,504)	(339,316)	290,812	(48,504)
Unrestricted Net Assets (Deficit) - End Of Year	\$ 12,743,329	\$ 485,257	\$ -	\$ (670,643)	\$ 65,632	\$ 759,780	\$ 1,266,393	\$ (151)	\$ (1,234)	\$ (248,367)	\$ 14,199,996	\$ (3,427,909)	\$ 10,772,087

Volunteers Of America Chesapeake, Inc. And Subsidiaries
Consolidating Schedule Of Expenses

For The Year Ended June 30, 2015

	VOAC	Holding Corp	PACA House	Pratt Street	Irvington Woods	RRC	Total	Eliminations	Consolidated Total
Salaries	\$ 19,775,747	\$ -	\$ 155,546	\$ 95,157	\$ 102,820	\$ -	\$ 20,129,270	\$ -	\$ 20,129,270
Pension Expense	122,473	-	-	-	-	-	122,473	-	122,473
Other Employee Benefits	2,124,240	-	15,873	8,813	8,574	-	2,157,500	-	2,157,500
Payroll Taxes	1,414,754	-	12,903	8,509	9,412	-	1,445,578	-	1,445,578
Legal Fees	28,616	107	6,936	5,785	6,958	-	48,402	-	48,402
Accounting Fees	68,999	-	10,000	10,650	10,000	31,580	131,229	-	131,229
Other Professional Fees	1,749,047	-	40,787	15,298	115,875	-	1,921,007	(54,114)	1,866,893
Supplies	1,265,085	-	5,706	3,906	4,529	-	1,279,226	-	1,279,226
Telecommunications	360,775	-	8,305	2,749	9,948	-	381,777	-	381,777
Postage	30,462	-	135	241	171	-	31,009	-	31,009
Occupancy Expense	3,195,128	70,898	229,444	177,024	261,353	457	3,934,304	(1,035,459)	2,898,845
Interest	601,069	23	60,235	126,313	111,438	445,325	1,344,403	(36,066)	1,308,337
Insurance	530,634	9,310	31,804	28,184	17,575	-	617,507	-	617,507
Equipment Rental And Maintenance	136,678	1,518	26,507	4,546	11,135	-	180,384	-	180,384
Printing And Publications	66,800	-	-	-	-	-	66,800	-	66,800
Travel And Transportation	671,923	-	-	-	-	-	671,923	(4,330)	667,593
Conferences And Meetings	142,829	-	1,801	2,888	2,816	-	150,334	-	150,334
Specific Assistance	318,449	-	60,384	9,102	12,816	-	400,751	(82,302)	318,449
Other	100,615	300,479	632	-	-	-	401,726	(329,226)	72,500
Depreciation And Amortization	483,682	29,585	283,938	47,848	234,079	323,075	1,402,207	-	1,402,207
Administrative Fees - VOA, Inc.	733,958	-	-	-	-	-	733,958	-	733,958
Total Expenses	\$ 33,921,963	\$ 411,920	\$ 950,936	\$ 547,013	\$ 919,499	\$ 800,437	\$ 37,551,768	\$ (1,541,497)	\$ 36,010,271

Volunteers Of America Chesapeake, Inc. And Subsidiaries
Consolidating Schedule Of Expenses

For The Year Ended June 30, 2014

	VOAC	Holding Corp	PACA House	Pratt Street	Irvington Woods	RRC	Total	Eliminations	Consolidated Total
Salaries	\$ 19,518,487	\$ 875	\$ 125,822	\$ 67,845	\$ 150,687	\$ -	\$ 19,863,716	\$ -	\$ 19,863,716
Pension Expense	235,338	-	-	-	-	-	235,338	-	235,338
Other Employee Benefits	1,835,739	-	16,952	9,076	7,020	-	1,868,787	-	1,868,787
Payroll Taxes	1,427,446	-	9,711	9,786	9,615	-	1,456,558	-	1,456,558
Legal Fees	32,158	103	5,942	6,923	10,427	-	55,553	-	55,553
Accounting Fees	85,921	-	10,501	10,501	9,912	29,300	146,135	-	146,135
Other Professional Fees	1,718,979	-	58,514	33,231	129,714	-	1,940,438	(52,538)	1,887,900
Supplies	1,395,218	-	11,130	2,060	4,280	-	1,412,688	-	1,412,688
Telecommunications	362,258	-	12,233	2,915	12,252	-	389,658	-	389,658
Postage	44,417	-	244	228	227	-	45,116	-	45,116
Occupancy Expense	3,353,670	95,106	262,663	140,842	201,189	-	4,053,470	(973,646)	3,079,824
Interest	642,182	985	20,941	67,929	106,322	420,320	1,258,679	(36,066)	1,222,613
Insurance	589,660	3,841	47,911	25,948	20,627	-	687,987	-	687,987
Equipment Rental And Maintenance	148,934	2,226	11,500	3,697	5,120	-	171,477	-	171,477
Printing And Publications	138,932	-	-	-	-	-	138,932	-	138,932
Travel And Transportation	735,973	-	-	-	-	-	735,973	(8,912)	727,061
Conferences And Meetings	200,756	-	1,820	2,018	2,123	-	206,717	-	206,717
Specific Assistance	381,467	-	25,474	359	70,168	-	477,468	(112,653)	364,815
Other	110,920	300,065	-	-	-	-	410,985	(300,000)	110,985
Depreciation And Amortization	376,947	34,528	292,229	37,998	223,396	377,410	1,342,508	-	1,342,508
Administrative Fees - VOA, Inc.	606,952	-	-	-	-	-	606,952	-	606,952
Total Expenses	\$ 33,942,354	\$ 437,729	\$ 913,587	\$ 421,356	\$ 963,079	\$ 827,030	\$ 37,505,135	\$ (1,483,815)	\$ 36,021,320