The fact that you are reading this letter means we are making a difference. It means you believed in us enough to give this past year and wanted to see how your generous donations were used. Or maybe you want to know more about us and are possibly considering joining or giving to our mission in the near future. Whatever has motivated you to do so, be sure of this: Volunteers of America is the first to step forward, taking on the most crushing problems among the dire, the hopeless, the untouchable. And we continue to make a difference in the lives of millions of people each year with your support.

There’s no doubt about it. This past year was a continuance of ongoing issues with an unsteady economy, dropping employment and uncertain health care funding issues. But we met these challenges head on and helped those in need who inevitably are hit hardest in times such as these. So how did we manage to serve almost 2.5 million people last year? Because of individuals and corporations just like you. People who want to help others.

We worked with likeminded organizations such as The Home Depot Foundation to help veterans get back on their feet again, building and renovating safe housing. We recognized that after multiple deployments, veterans returning from Iraq and Afghanistan brought with them a host of mental and physical injuries. Too many followed a downward trajectory that ended in homelessness. We found it unacceptable that the brave service men and women fighting for our freedom overseas would return only to have to fight for their very survival here at home. More than 10,000 veterans were served by Volunteers of America in this last fiscal year.

Through our 10-year partnership with the Major League Baseball Players Trust, Action Teams composed of Major League ballplayers and inspired high school students across America “got in on the action” by volunteering in their communities, engaging seniors and people with intellectual disabilities, cleaning community common areas, serving meals and improving the culture of society. Multigenerational efforts such as these are priceless and the outcomes are amazing. Volunteers of America offers a variety of community programs including information and referral, food and prepared meals, thrift stores and collaborations with the faith community. More than 1 million people were touched in some way this past year through community enhancement efforts such as these.

And when we partner with local governments, we are able to do even more. This past year we partnered with Arlington County in Virginia to open the nation’s first assisted living residence for people with chronic mental illness or intellectual disabilities. Mary Marshall is a 52-unit complex meeting the needs of an often forgotten group of seniors, who are now living longer and dealing with the added challenges brought on by aging. A visit there will show how our ministry of service truly touches the mind, body and spirit of those we serve. Last year, more than 100,000 people struggling with behavioral health needs were served by Volunteers of America.

This is just a small glimpse into last year’s successes. And we know that we could not have accomplished what we did without help from Heaven above and our supporters here below. We thank our faithful donors like you for your continued support and, to those who are considering joining this great mission, we welcome you. Our outcomes are why you give and why we do what we do.

God bless you,

MIKE KING
National President

NANCY B. GOFUS
National Board Chair
Abuse, poverty and the premature death of his older brother only begin to paint a picture of James Sykes' childhood. The life-threatening asthma he endured, along with prolonged substance abuse, further cast a shadow on his early life. As an adolescent, he felt anger, fear and betrayal. He trusted no one. Coupled with poor performance in school (he did not learn to read and write until his adult years), Sykes believed he had no future and felt increasingly apathetic towards everyone and everything that surrounded him. He eventually formed a gang with peers who also viewed the world as a hostile place. And ultimately, he made a decision that would cause more grief than he could have ever imagined. Sykes took an innocent man’s life.

“I made the wrong decision,” Sykes, now in his late 40s, said. “I think about it a lot. I caused others pain and grief. I know the fear I created in other people.”

After a long-term prison sentence, Sykes was granted parole and made the decision to turn his life around. “I wanted to do things differently, and I wanted to stay on course and make sure that I kept my priorities right,” he said. Each day presents new challenges, but Sykes said he wakes up and reminds himself of the “Five Ps” daily: Proper preparation prevents poor production. Today he is married, has a stepdaughter and is now employed with Volunteers of America.

Before his introduction to the organization, Sykes had little faith in people or businesses of any sort. “I used to think that there weren’t any good people out there,” he admitted. His outlook changed when he had the opportunity to share his story with Volunteers of America Los Angeles’ board of directors. He realized they genuinely wanted to provide opportunities to people like him. “Their goal is to see what good they can bring to those who need help,” Sykes learned. “There are some people doing their best to make sure that you have an opportunity to make some positive changes.”

Sykes gives complete devotion to his day job as a teacher, motivational speaker and mentor for those in a drop-in program at a homeless shelter on Skid Row. He does it with a dedication that only one who knows what it means to have a second chance can. “I don’t want it to seem like I’m minimizing my crime,” he stressed. “We have to make sure we don’t forget the people we have hurt, and caused loss and pain.” He acknowledges the many people who have helped him in his journey of renewal. First among them is his wife, whom he deeply loves and admires. Second are the people he met at Volunteers of America. He credits them with helping him fulfill professional and spiritual growth.

He shares his story from years of aimlessness with others who have had similar experiences, imparting the knowledge he has learned to become a productive member of society. He encourages them to do the same. “The decisions we make affect others, and they affect ourselves.” He stresses the importance of empathy and compassion, the ties that bind us all as human beings and the core of our human nature, leading to inner peace. He continues to heal each day, he said. But he hopes to pass along the goodness others have bestowed upon him, to others who need it, too.

“Your past is part of who you are,” he said to a classroom at the shelter full of attendees. “But it doesn’t mean that’s who you have to be today.”
OUR MISSION STATEMENT

Volunteers of America is a movement organized to reach and uplift all people and bring them to the knowledge and active service of God.

Volunteers of America, illustrating the presence of God through all that we do, serves people and communities in need and creates opportunities for people to experience the joy of serving others.

Volunteers of America measures success through positive change in the lives of individuals and communities we serve.

POSITIVE OUTCOMES

Volunteers of America had another good financial year in 2012. For a second straight year, total revenues exceeded $1 billion, and for the first time, revenues from operations also exceeded $1 billion. Public support grew significantly in fiscal year 2012 and represents almost 13 percent of total revenues, largely due to strong public service announcement response related to programs with corporate sponsorship.

As we look toward the continuing challenges this next fiscal year, particularly in regard to an uncertain economy, shrinking government support for human services and rising costs, our goal is to continue to do what we do. Serving almost 2.5 million people in need each year is not an easy feat. But with more individuals recognizing the importance of giving to a charity with solid fiscal management, Volunteers of America looks forward to growing its mission in 2013.
### STATEMENT OF FINANCIAL POSITION

Volunteers of America, Inc. and Affiliates Combined Statement of Financial Position (unaudited)

June 30, 2012 (with comparative information at June 30, 2011)

<table>
<thead>
<tr>
<th>Assets</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$94,319,224</td>
<td>$85,486,340</td>
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<tr>
<td>Accounts receivable, net</td>
<td>88,065,007</td>
<td>104,863,044</td>
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<td>Pledges receivable, net</td>
<td>3,767,307</td>
<td>3,168,425</td>
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<td>Short-term investments</td>
<td>52,827,785</td>
<td>49,367,981</td>
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<td>Prepaid expenses</td>
<td>9,245,993</td>
<td>10,900,466</td>
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<tr>
<td>Other current assets</td>
<td>72,957,021</td>
<td>67,633,134</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td>321,182,337</td>
<td>321,509,360</td>
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<tr>
<td><strong>Property and equipment:</strong></td>
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<td></td>
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<tr>
<td>Land, buildings and improvements</td>
<td>1,290,476,977</td>
<td>1,207,832,537</td>
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<tr>
<td>Furnishings and equipment</td>
<td>141,266,766</td>
<td>128,931,205</td>
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<tr>
<td></td>
<td>1,431,743,743</td>
<td>1,336,763,742</td>
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<tr>
<td>Less accumulated depreciation</td>
<td>(532,004,323)</td>
<td>(492,764,522)</td>
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<tr>
<td><strong>Property and equipment, net</strong></td>
<td>899,739,420</td>
<td>843,999,220</td>
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<tr>
<td><strong>Other assets:</strong></td>
<td></td>
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<tr>
<td>Encumbered assets, at fair value</td>
<td>136,402,634</td>
<td>120,209,208</td>
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<tr>
<td>Other investments, at fair value</td>
<td>89,485,307</td>
<td>88,864,333</td>
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<tr>
<td>Notes receivable, net</td>
<td>10,784,644</td>
<td>9,151,755</td>
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<tr>
<td>Reimbursable housing development costs</td>
<td>7,418,399</td>
<td>8,784,072</td>
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<tr>
<td>Other long-term assets</td>
<td>30,257,977</td>
<td>35,594,962</td>
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<tr>
<td><strong>Total other assets</strong></td>
<td>274,349,512</td>
<td>259,604,330</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>$1,495,271,269</td>
<td>$1,425,092,910</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$21,896,407</td>
<td>$39,134,879</td>
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<tr>
<td>Line of credit</td>
<td>7,450,742</td>
<td>4,286,175</td>
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<tr>
<td>Current portion of notes and mortgages payable</td>
<td>40,772,145</td>
<td>22,889,230</td>
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<tr>
<td>Accrued expenses</td>
<td>49,551,522</td>
<td>50,141,273</td>
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<tr>
<td>Contract advances</td>
<td>4,835,365</td>
<td>3,368,020</td>
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<tr>
<td>Other current liabilities</td>
<td>22,195,235</td>
<td>19,278,611</td>
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<tr>
<td><strong>Total current liabilities</strong></td>
<td>146,701,416</td>
<td>139,098,188</td>
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<tr>
<td><strong>Other liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes payable</td>
<td>65,945,696</td>
<td>95,307,976</td>
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<tr>
<td>Mortgages payable</td>
<td>394,746,325</td>
<td>348,382,641</td>
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<tr>
<td>Other long-term liabilities</td>
<td>59,628,044</td>
<td>51,049,488</td>
</tr>
<tr>
<td><strong>Total other liabilities</strong></td>
<td>520,320,065</td>
<td>494,740,105</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>667,021,481</td>
<td>633,838,293</td>
</tr>
<tr>
<td><strong>Net assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>744,441,853</td>
<td>708,684,523</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>77,309,310</td>
<td>76,161,112</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>6,498,625</td>
<td>6,408,982</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>828,249,788</td>
<td>791,254,617</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$1,495,271,269</td>
<td>$1,425,092,910</td>
</tr>
</tbody>
</table>
STATEMENT OF ACTIVITIES

Volunteers of America, Inc. and Affiliates Combined Statement of Activities (unaudited)
For The Fiscal Year Ended June 30, 2012 (with summarized financial information for the year ended June 30, 2011)

The information presented here is a compilation of audited financial data from Volunteers of America, Inc. and subsidiaries, affiliates, locally chartered and unchartered corporations. All Volunteers of America affiliates are required to have audits by independent certified public accountants. More detailed information is available upon request from the Volunteers of America National Office.

The following pages summarize the financial activities and revenues of Volunteers of America, Inc. and Affiliates for the fiscal year ended June 30, 2012.

Volunteers of America, Inc. and Affiliates Combined Statement of Activities (unaudited)
For The Fiscal Year Ended June 30, 2012 (with summarized financial information for the year ended June 30, 2011)

Revenues from operations

Public support received directly:
- Contributions: 46,978,619
- Special events, net of direct benefit cost: 3,469,737
- Legacies and bequests: 993,071
- Contributed services, at fair value: 836,258

United Way: 2,901,217
Combined Federal Campaign: 44,033

Total public support: 112,525,845

Government awards: 702,929,662

Other revenue:
- Program fees: 159,084,397
- Net rental income: 1,194,838
- Sales of materials and services: 20,709,818
- Interest and dividend income: 5,901,481
- Gains (losses) on sales and write-offs of assets: (2,146,568)
- Net gain (loss) on investments: (3,004,006)
- Other income (loss): (727,234)

Total other revenue: 173,929,342

Net assets released from restrictions: 18,978,707

Total revenues from operations: 1,008,358,556

Operating expenses

Program services:
- Encouraging Positive Development: 112,098,111
- Fostering Independence: 432,315,017
- Promoting Self Sufficiency: 320,927,131

Total program services: 865,340,259

Support services:
- Management and general: 91,469,670
- Field: 15,791,297

Total support services: 107,260,967

Total expenses: 972,601,226

Change in net assets

NET ASSETS AT ORIGINALLY STATED: 698,240,173

PRIOR PERIOD ADJUSTMENTS: 10,444,330

Net assets at beginning of year, as restated: 708,684,503

Net assets at end of year: 744,444,853

Revenue by Source

- Public support: 12.66%
- United Way: 0.46%
- Federal Government: 43.51%
- State & local government: 26.23%
- Program fees: 15.79%
- Rental income: 0.10%
- Services & others: 1.47%

Impact Categories

- Encouraging Positive Development: 11.53%
- Fostering Independence: 44.45%
- Promoting Self Sufficiency: 33.00%
- Fund Raising: 1.62%
- Management (local): 8.10%
- Management (national): 1.33%
PROGRAM STATISTICS BY IMPACT AREA

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>NUMBER SERVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children and Youth</td>
<td>197,032</td>
</tr>
<tr>
<td>Community Enhancement</td>
<td>1,069,205</td>
</tr>
<tr>
<td>Correctional Services</td>
<td>35,607</td>
</tr>
<tr>
<td>Disabilities Services</td>
<td>3,735</td>
</tr>
<tr>
<td>Elderly Services</td>
<td>202,821</td>
</tr>
<tr>
<td>Emergency Services</td>
<td>740,754</td>
</tr>
<tr>
<td>Employment and Training Services</td>
<td>6,142</td>
</tr>
<tr>
<td>Health Care Prevention</td>
<td>14,626</td>
</tr>
<tr>
<td>Health Care Services</td>
<td>9,744</td>
</tr>
<tr>
<td>Homeless Services</td>
<td>65,396</td>
</tr>
<tr>
<td>Housing for Families and Single Adults</td>
<td>12,070</td>
</tr>
<tr>
<td>Housing for the Disabled and Elderly</td>
<td>10,370</td>
</tr>
<tr>
<td>Mental Health</td>
<td>101,003</td>
</tr>
<tr>
<td>Substance Abuse</td>
<td>28,175</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>2,496,680</strong></td>
</tr>
</tbody>
</table>

*10,150 clients served were identified as veterans.

OUR WORK TOUCHES THE LIVES OF ALMOST 2.5 MILLION PEOPLE EACH YEAR

PROGRAMS AND SERVICES

CHILDREN AND YOUTH
We are committed to encouraging positive development for children, youth and families. Our programs include prevention, early intervention, crisis intervention and long-term services.

COMMUNITY ENHANCEMENT
By acting as a safety net for individuals and families in need, we work to strengthen and enhance communities. We offer a variety of community programs including information and referral, food and prepared meals, thrift stores and collaborations with the faith community.

CORRECTIONS
We help rehabilitate adult offenders and steer youth to set new, positive directions for their lives. Our services include halfway houses and work-release programs, day reporting, diversion and pre-trial services, residential treatment, family supports, and dispute resolution and mediation services.

ELDERLY
We encourage seniors to be healthy and active through a host of support services. We provide senior centers and day programs, home repair and homemaker services, information and referral, Meals On Wheels and group meal programs, transportation, companion services, protection against abuse and neglect, case management and volunteer services.

EMERGENCY SERVICES
We promote self-sufficiency for people in crisis by responding with support in emergency situations. We provide food, clothing and assistance with rent, utilities and transportation.

EMPLOYMENT AND TRAINING
We work to prevent unemployment and underemployment through a range of training and employment services. Our programs include adult literacy, computer centers, work experience programs, counseling, job placement and supportive employment for individuals with disabilities.

HEALTH CARE
For seniors and others coping with illness or injury, we offer a continuum of services. We provide long-term nursing care, assisted living, memory care, nursing care, rehabilitative therapy and more. We also address the continuing HIV epidemic through prevention and family support services.

HOMELESSNESS
We work to prevent and end homelessness for individuals and families through a range of support services. These services include eviction prevention, emergency services, housing, transitional housing with services and permanent affordable housing.

HOUSING
We are one of the nation’s largest nonprofit providers of quality, affordable housing for families, the elderly and people with disabilities. We also help low-income families achieve the dream of home ownership.

INTELLECTUAL AND DEVELOPMENTAL DISABILITIES
We empower people with intellectual and developmental disabilities to be independent and involved in the community. Among our services are in-home support, case management, day programs and supportive employment, specialized residential services and supported living.

MENTAL HEALTH
We empower people with chronic or severe mental illnesses to thrive in the community and to successfully manage their illness through crisis counseling and “hotline” programs, case management, day programs and drop-in centers, transportation, residential care and supported independent living.

SUBSTANCE ABUSE
We work to prevent and eliminate substance abuse by youth and adults through residential and outpatient services, from prevention to treatment to long-term support.

VETERANS
We are committed to ending homelessness for our veterans by reaching out and connecting with them where they are. Our well-designed, managed services meet the specific needs of homeless veterans, which include integrated and mobile service centers, housing, employment and training.

To find programs and services offered in your community, we invite you to visit our website at www.VolunteersofAmerica.org.
NATIONAL BOARD OF DIRECTORS
(As of June 30, 2012)

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Retired Chief Marketing Officer
Verizon

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Vice Chair

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Secretary
President/CEO
Volunteers of America
Colorado Branch

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Volunteers of America Greater New York

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CEO
HomeAid

DR. BARBARA SULLIVAN
Associate Director
Utah Addiction Center

MR. MICHAEL SULLIVAN
President
Sullivan Consulting Services

MR. JOHN TYSON JR.
Supernumerary District Attorney
State of Alabama

MS. JACQUELINE E. WOODS
At-Large