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July 23, 2018

Board of Directors
Volunteers Enlisted to Assist People
Bloomington, Minnesota

Dear Board Members:

We have audited the financial statements of Volunteers Enlisted to Assist People (the "Organization") for the years ended December 31, 2017 and 2016, and have issued our report thereon dated July 23, 2018. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States

As stated in our engagement letter dated December 5, 2017, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

Other Information in Documents Containing Audited Financial Statements

The auditor's responsibility for other information in documents containing audited financial statements does not extend beyond the financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in a document. Our responsibility is to read the other information and consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. We have read the annual report and have found no material inconsistencies with the information appearing in the audited financial statements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to your representative, Marnie Anderson, in our meeting about planning matters, in addition to our engagement letter dated December 5, 2017, accepted by Lisa Horn.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the period under audit.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are the valuation of donated inventory and the estimated useful lives of fixed assets.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 23, 2018, a copy of which accompanies this letter.

Management Consultations With Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. To our knowledge, management has not obtained any opinions from other independent accountants on the application of accounting principles generally accepted in the United States that would affect the Organization's financial statements or on the type of opinion that may be rendered on the financial statements.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors for the preceding year. However, these discussions occurred in the normal course of our professional relationship, and our responses were not, in our judgment, a condition of our retention.

Internal Controls

In planning and performing our audit of the financial statements of the Organization as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. In addition, because of the inherent limitations in internal control, including the possibility of management override of internal controls, misstatements due to error or fraud may occur and not be detected by such controls.

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

Accounting Standards Updates

We would like to take this opportunity to provide information to you the regarding several new accounting standards that have been issued by the Financial Accounting Standards Board (FASB).

<u>Nonprofit Financial Statement Presentation</u>

FASB Accounting Standards Update (ASU) 2016-14 - Accounting Standards Update - Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities

The standard changes several of the requirements for financial statements and notes in Topic 958, Not-for-Profit Entities. Components of the standard add new requirements or replace existing requirements, and others remove existing requirements or provide greater flexibility in complying with the requirements. The main provisions require a nonprofit to do the following:

- Present on the statement of financial position amounts for two classes of net assets rather than the current three:
    - Net assets with donor restrictions
    - Net assets without donor restrictions

Accounting Standards Updates (Continued)

- Present on the statement of activities the amount of the change of the two classes of net assets.
- Provide enhanced disclosures about governing board designations and composition of net assets with donor restrictions.
- Present on the statement of activities two additional subtotals of the operating activities that are associated with changes in net assets without donor restrictions.
- Provide information about their operating expenses by both nature and function.
- Disclosure of both qualitative and quantitative information about the liquidity of assets and near-term demands for cash.
- Change how the underwater amounts of donor-restricted endowment funds are classified:
  - Amounts to be classified in net assets with donor restrictions
- Require use of the placed-in-service approach for reporting expirations of restrictions on gifts of cash and other assets to be used to acquire or construct a long-lived asset.
- Report investment income net of external and direct internal investment expenses.

The amendments are effective for financial statements for fiscal years beginning after December 15, 2017 (December 31, 2018 for your organization), and for interim financial statements for periods after that date.

Revenue Recognition

FASB ASU 2015-14, 2016-08, 2016-10, 2016-12 - Revenue from Contracts with Customers (Various updates, clarifications, and deferral of effective date)

The standard requires an entity to recognize revenue in line with the transfer of promised goods or services to customers in an amount that appropriately reflects the consideration that the entity is entitled to in exchange for those goods or services. An entity should apply the following steps in determining revenue recognition:

Revenue Recognition

1. Identify the contract(s) with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

Public business entities, certain not-for-profit entities, and certain employee benefit plans should apply the guidance to annual reporting reports beginning after December 15, 2017. Early application is permitted only as of annual reporting periods beginning after December 15, 2016. All other entities should apply the guidance to annual reporting periods beginning after December 15, 2018 (December 31, 2019 for your organization).

Lease Accounting Standards

FASB ASU 2016-02 Leases (Topic 842)

The standard requires that assets and liabilities arising under leases are recognized in the statement of financial position. The lessee will record a right-of-use asset and a lease liability and the lessor will either continue to recognize the underlying asset or derecognize the asset being leased and recognize a right to receive lease payments (lease receivable) and a residual asset.
Short-term leases with a term of less than 12 months are exempt and no longer based on maximum possible term, now aligned with definition of lease term.

For not-for-profit entities that do not qualify as a public business entity the amendments are effective for fiscal years beginning after December 15, 2019 (December 31, 2020 for your organization). Early application is permitted.

We appreciate the opportunity to be of service to Volunteers Enlisted to Assist People.

This communication is intended solely for the information and use of the Board of Directors and, if appropriate, management and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Wipfli LLP

Wipfli LLP

Enc.

July 23, 2018

Wipfli LLP
7601 France Avenue South, Suite 400
Minneapolis, MN 55435

This representation letter is provided in connection with your audit of the financial statements of Volunteers Enlisted to Assist People (VEAP) (the Organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief as of the date of this letter, the following representations made to you during your audit.

Financial Statements

1. I have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 5, 2017.
2. The financial statements referred to above are fairly presented in conformity with GAAP.
3. I acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. I acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of GAAP.
7. All events subsequent to the date of the financial statements and for which GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. I agree with the adjusting journal entries proposed by you and which are given effect to in the financial statements.

9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with GAAP, if any.

10. Material concentrations have been properly disclosed in accordance with GAAP.

11. Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with GAAP.

Information Provided

12. I have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the Organization from who you determined it necessary to obtain audit evidence.

13. I have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14. I have no knowledge of any allegations of fraud or suspected fraud affecting the Organization involving:

    a. Management.
    b. Employees who have significant roles in internal control.
    c. Others where the fraud could have a material effect on the financial statements.

15. I have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, regulators, or others.

16. I have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

17. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

18. I am not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GAAP.

19. I have disclosed to you the identity of the Organization's related parties and all the related party relationships and transactions of which we are aware.

20. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any material asset been pledged, except as disclosed in the notes to the financial statements.

21. Pledges receivable are recorded at their net realizable value and discounted at a rate of 2%. We believe the discount rate is reasonable and commensurate with the risk to the Organization.

22. Contributed services and goods have been recorded as contributions in accordance with FASB ASC 958-605 (formerly SFAS No. 116). Amounts which do not meet the criteria of FASB ASC 958-605 have been excluded from the basic financial statements and are disclosed in Note 1 to the financial statements.

23. The Organization has identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.

24. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Organization vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.

25. I am responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

26. I have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

27. VEAP is an exempt organization under Section 501 (c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up to date.

28. I have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable and have appropriately recorded the adjustment.

29. Provision have not been made for any loss that is probable from environmental remediation liabilities associated with the building site as our representatives have concluded that it is not material. We believe that such estimate is reasonable based on available information and that the liabilities and related loss contingencies and the expected outcome of uncertainties have been adequately disclosed to you.

30. I accept responsibility for and have designated an individual with suitable skill, knowledge, or experience to oversee the following nonattest services:

    a. Financial statement preparation
    b. Tax return preparation

31. I specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act or Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform*

Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance"), because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the year ended December 31, 2017, in excess of the $750,000 single audit threshold.

To the best of my knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Sincerely,

Marnie Anderson, Finance Manager