

# Annual Financial Report

VEAP, Inc.  
dba Volunteers Enlisted to Assist People

Bloomington, Minnesota

For the years ended December 31, 2021 and 2020

VEAP, Inc.  
dba Volunteers Enlisted to Assist People  
Table of Contents  
December 31, 2021 and 2020

	<u>Page No.</u>
<b>Independent Auditor's Report</b>	3
<b>Financial Statements</b>	
Statements of Financial Position	6
Statements of Activities	7
Statements of Functional Expenses	8
Statements of Cash Flows	10
Notes to the Financial Statements	11
<b>Other Reports</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	20
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	22
Schedule of Expenditures of Federal Awards	25
Notes to the Schedule of Expenditures of Federal Awards	26
Schedule of Findings and Questioned Costs	27
Summary Schedule of Prior Audit Findings	28

## INDEPENDENT AUDITOR'S REPORT

Board of Directors,  
VEAP, Inc.  
dba Volunteers Enlisted to Assist People  
Bloomington, Minnesota

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of VEAP, Inc. dba Volunteers Enlisted to Assist People (the Organization), a Minnesota not-for-profit corporation, which comprise the statements of financial position as of December 31, 2021 and 2020 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Other Matters**

#### ***Supplementary Information in Relation to the Financial Statements as a Whole***

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on pages 20 - 28 and the accompanying schedule of expenditures of federal awards is presented, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2022, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's control over financial reporting and compliance.



**Abdo**  
Minneapolis, Minnesota  
May 23, 2022



FINANCIAL STATEMENTS

VEAP, Inc.  
 dba Volunteers Enlisted to Assist People  
 Statements of Financial Position  
 December 31, 2021 and 2020

	2021	2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,901,476	\$ 2,222,655
Accounts receivable	2,003	17,956
Grants receivable	590,932	1,231,886
Pledges receivable	-	9,469
Inventories	230,709	500,013
Prepaid expenses	52,743	77,357
Total Current Assets	3,777,863	4,059,336
<b>Property and Equipment</b>		
Building and improvements	4,911,694	4,898,446
Land	342,600	342,600
Furniture and equipment	330,326	327,713
Vehicles	197,640	197,640
Total Property and Equipment, Cost	5,782,260	5,766,399
Less: Accumulated Depreciation	(1,440,150)	(1,302,171)
Total Property and Equipment, Net	4,342,110	4,464,228
Total Assets	\$ 8,119,973	\$ 8,523,564
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 58,502	\$ 118,716
Accrued payroll and related expenses	133,227	119,510
Accrued interest	2,416	2,512
Notes payable, current portion	149,131	144,668
Capital lease liability, current portion	4,308	4,308
Total Current Liabilities	347,584	389,714
<b>Noncurrent Liabilities</b>		
Notes payable, noncurrent portion, net of deferred financing costs of \$76,123 and \$81,074 in 2021 and 2020, respectively	3,398,585	3,542,772
Capital lease liability, noncurrent portion	4,505	7,925
Total Noncurrent Liabilities	3,403,090	3,550,697
Total Liabilities	3,750,674	3,940,411
<b>Net Assets</b>		
Net assets without donor restrictions	4,269,299	4,479,934
Net assets with donor restrictions	100,000	103,219
Total Net Assets	4,369,299	4,583,153
Total Liabilities and Net Assets	\$ 8,119,973	\$ 8,523,564

See Independent Auditor's Report and Notes to the Financial Statements.

VEAP, Inc.  
dba Volunteers Enlisted to Assist People  
Statements of Activities  
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Foundation, corporation, civic and individual contributions	\$ 3,227,242	\$ -	\$ 3,227,242	\$ 4,011,275	\$ 3,219	\$ 4,014,494
In-kind contributions	6,633,748	-	6,633,748	7,270,924	-	7,270,924
Special events revenues, net of direct expenses of \$19,324 in 2021 and \$32,839 in 2020	173,787	-	173,787	159,483	-	159,483
Government grant revenue	5,885,877	100,000	5,985,877	4,815,337	100,000	4,915,337
Contract revenue	494,162	-	494,162	605,153	-	605,153
Rental income	373,150	-	373,150	370,163	-	370,163
Investment income	7,267	-	7,267	12,018	-	12,018
Miscellaneous income	15,155	-	15,155	8,958	-	8,958
Net assets released from restrictions	103,219	(103,219)	-	206,730	(206,730)	-
Total Support and Revenue	<u>16,913,607</u>	<u>(3,219)</u>	<u>16,910,388</u>	<u>17,460,041</u>	<u>(103,511)</u>	<u>17,356,530</u>
Expenses						
Program services	<u>16,356,347</u>	-	<u>16,356,347</u>	<u>14,528,434</u>	-	<u>14,528,434</u>
Support services						
Management and general	415,336	-	415,336	350,889	-	350,889
Fundraising	352,559	-	352,559	298,638	-	298,638
Total Support Services	<u>767,895</u>	-	<u>767,895</u>	<u>649,527</u>	-	<u>649,527</u>
Total Expenses	<u>17,124,242</u>	-	<u>17,124,242</u>	<u>15,177,961</u>	-	<u>15,177,961</u>
Change in Net Assets	(210,635)	(3,219)	(213,854)	2,282,080	(103,511)	2,178,569
Net Assets, January 1	<u>4,479,934</u>	<u>103,219</u>	<u>4,583,153</u>	<u>2,197,854</u>	<u>206,730</u>	<u>2,404,584</u>
Net Assets, December 31	<u>\$ 4,269,299</u>	<u>\$ 100,000</u>	<u>\$ 4,369,299</u>	<u>\$ 4,479,934</u>	<u>\$ 103,219</u>	<u>\$ 4,583,153</u>

See Independent Auditor's Report and Notes to the Financial Statements.

VEAP, Inc.  
 dba Volunteers Enlisted to Assist People  
 Statements of Functional Expenses  
 For the Year Ended December 31, 2021

	Program Services			Supporting Services			Total
	Social Services	Food	Total Program Services	Management and General	Fundraising	Total Support Service	
Salaries and Related Expenses							
Salaries and wages	\$ 540,703	\$ 346,031	\$ 886,734	\$ 267,076	\$ 219,192	\$ 486,268	\$ 1,373,002
Payroll taxes	48,255	30,896	79,151	23,837	19,565	43,402	122,553
Fringe benefits	70,189	44,999	115,188	34,679	28,478	63,157	178,345
Total Salaries and Related Expenses	659,147	421,926	1,081,073	325,592	267,235	592,827	1,673,900
Expenses							
In-kind donations	6,185	6,880,586	6,886,771	16,840	-	16,840	6,903,611
Client assistance	5,807,936	-	5,807,936	-	-	-	5,807,936
Food expense	-	1,613,447	1,613,447	-	-	-	1,613,447
Childcare expenses	-	1,945	1,945	-	-	-	1,945
Professional fees	87,168	169,375	256,543	13,647	15,521	29,168	285,711
Marketing	1,936	16,571	18,507	1,033	1,481	2,514	21,021
Printing	4,698	36,989	41,687	3,041	4,903	7,944	49,631
Supplies	2,529	17,948	20,477	1,497	2,221	3,718	24,195
Utilities	11,231	74,055	85,286	6,089	7,861	13,950	99,236
Building maintenance	12,363	104,871	117,234	8,722	9,405	18,127	135,361
Property and income tax expense	3,133	26,820	29,953	2,238	2,238	4,476	34,429
Vehicle	-	16,393	16,393	-	-	-	16,393
Mileage	172	-	172	-	121	121	293
Continuing education	3,825	919	4,744	581	1,362	1,943	6,687
Interest expense	10,770	92,196	102,966	7,693	7,693	15,386	118,352
Insurance	5,780	49,478	55,258	4,128	4,129	8,257	63,515
Recognition	11,525	7,397	18,922	5,695	7,679	13,374	32,296
Membership	1,744	4,665	6,409	389	390	779	7,188
Program supplies	-	-	-	-	-	-	-
Equipment maintenance	415	3,555	3,970	286	297	583	4,553
Other expense	19,617	30,765	50,382	7,684	9,842	17,526	67,908
Total Expenses Before Depreciation	6,650,174	9,569,901	16,220,075	405,155	342,378	747,533	16,967,608
Depreciation	14,254	122,018	136,272	10,181	10,181	20,362	156,634
Total Expenses	\$ 6,664,428	\$ 9,691,919	\$ 16,356,347	\$ 415,336	\$ 352,559	\$ 767,895	\$ 17,124,242

See Independent Auditor's Report and Notes to the Financial Statements.



VEAP, Inc.  
 dba Volunteers Enlisted to Assist People  
 Statements of Functional Expenses (Continued)  
 For the Year Ended December 31, 2020

	Program Services			Supporting Services			Total
	Social Services	Food	Total Program Services	Management and General	Fundraising	Total Support Service	
Salaries and Related Expenses							
Salaries and wages	\$ 417,808	\$ 325,189	\$ 742,997	\$ 212,403	\$ 187,140	\$ 399,543	\$ 1,142,540
Payroll taxes	35,721	27,812	63,533	18,165	15,999	34,164	97,697
Fringe benefits	50,268	39,193	89,461	25,599	22,509	48,108	137,569
Total Salaries and Related Expenses	503,797	392,194	895,991	256,167	225,648	481,815	1,377,806
Expenses							
In-kind donations	8,726	7,042,467	7,051,193	32,499	-	32,499	7,083,692
Client assistance	3,573,535	-	3,573,535	-	-	-	3,573,535
Food expense	-	2,142,460	2,142,460	-	-	-	2,142,460
Childcare expenses	418	4,813	5,231	-	-	-	5,231
Professional fees	83,035	108,186	191,221	8,914	13,354	22,268	213,489
Marketing	1,955	18,737	20,692	1,397	1,397	2,794	23,486
Printing	5,011	38,541	43,552	3,171	3,864	7,035	50,587
Supplies	2,488	19,477	21,965	1,629	2,873	4,502	26,467
Utilities	9,560	64,567	74,127	5,330	6,673	12,003	86,130
Building maintenance	11,867	95,313	107,180	7,954	7,894	15,848	123,028
Property and income tax expense	3,206	27,510	30,716	2,319	2,276	4,595	35,311
Vehicle	-	13,320	13,320	-	-	-	13,320
Mileage	251	40	291	26	301	327	618
Continuing education	1,997	748	2,745	274	241	515	3,260
Interest expense	11,234	96,161	107,395	8,024	8,023	16,047	123,442
Insurance	5,650	48,360	54,010	4,035	4,035	8,070	62,080
Recognition	8,130	6,613	14,743	4,145	3,640	7,785	22,528
Membership	418	3,575	3,993	298	298	596	4,589
Program supplies	235	-	235	-	44	44	279
Equipment maintenance	241	2,550	2,791	173	210	383	3,174
Other expense	7,498	21,386	28,884	3,912	7,246	11,158	40,042
Total Expenses Before Depreciation	4,239,252	10,147,018	14,386,270	340,267	288,017	628,284	15,014,554
Depreciation	14,870	127,294	142,164	10,622	10,621	21,243	163,407
Total Expenses	\$ 4,254,122	\$ 10,274,312	\$ 14,528,434	\$ 350,889	\$ 298,638	\$ 649,527	\$ 15,177,961

See Independent Auditor's Report and Notes to the Financial Statements.

VEAP, Inc.  
 dba Volunteers Enlisted to Assist People  
 Statements of Cash Flows  
 For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ (213,854)	\$ 2,178,569
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	156,634	163,407
Amortization of loan costs	4,951	4,951
Bad debts	338	-
Change in donated inventory	269,304	(187,542)
Changes in assets:		
Accounts receivable	15,615	307
Grants receivable	640,954	(1,131,886)
Pledges receivable	9,469	3,557
Prepaid expenses	24,614	(22,047)
Changes in liabilities:		
Accounts payable	(60,214)	77,180
Accrued payroll and related expenses	13,717	28,893
Accrued interest	(96)	(94)
Net Cash Provided by Operating Activities	861,432	1,115,295
 Cash Flows from Investing Activities		
Purchase of property and equipment	(34,516)	(46,120)
 Cash Flows from Financing Activities		
Payments on capital lease liability	(3,420)	(5,222)
Principal payments on long term debt	(144,675)	(140,022)
Net Cash Used by Financing Activities	(148,095)	(145,244)
 Change in Cash and Cash Equivalents	678,821	923,931
 Beginning Cash and Cash Equivalents	2,222,655	1,298,724
 Ending Cash and Cash Equivalents	\$ 2,901,476	\$ 2,222,655
 Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for:		
Interest	\$ 118,352	\$ 123,442
 Supplemental Disclosure of Non-cash Transactions		
Disposal of fully depreciated property and equipment	\$ 18,655	\$ 11,130

See Independent Auditor's Report and Notes to the Financial Statements.

VEAP, Inc.  
dba Volunteers Enlisted to Assist People  
Notes to the Financial Statements  
December 31, 2021 and 2020

**Note 1: Summary of Significant Accounting Policies**

**A. Nature of Activities**

Since 1973, VEAP, Inc. dba Volunteers Enlisted to Assist People (the Organization) has provided low-income individuals and families experiencing food insecurity and housing instability with healthy food, financial assistance, and supportive services. VEAP serves the residents of Bloomington, Edina, Richfield, and a portion of south Minneapolis (south of 50th Street and west of Cedar Avenue). One hundred percent of all households accessing services are low- to very low-income, and 54% have children under the age of 18 living in the home.

VEAP's Food and Basic Needs program provides access to healthy, fresh foods to households experiencing food insecurity. Services include an on-site food pantry, mobile food pantry, student weekend food packs, and nutrition education. Those with barriers can access food through pre-scheduled deliveries, a senior shuttle, and rides home from the on-site food pantry. VEAP's Social Services program provides caring, professional support to families experiencing food insecurity, high-risk of eviction or homelessness, and financial crisis. Services are designed to help households maintain housing stability and financial security and include housing advocacy, emergency rental assistance or deposits, transportation assistance, case management, resource navigation and referrals.

VEAP distributes 4 million pounds of food to nearly 23,000 individuals and provides housing stability resources and financial assistance to nearly 4,300 individuals each year. VEAP relies on a dedicated corps of approximately 1,500 volunteers from individuals, faith-based organizations, businesses, schools, and civic groups to provide services to our community.

**B. Basis of Accounting and Presentation**

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**C. Classification of Net Assets**

The accompanying financial statements have been prepared on the accrual basis of accounting with revenue being recorded when earned and expenditures recorded when the obligation is incurred or the benefits are received. Net assets of VEAP and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met by actions of VEAP and/or the passage of time and those resources subject to donor imposed restrictions that they be maintained permanently by VEAP.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless its use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets are reported as net assets released from restrictions.

**D. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

VEAP, Inc.  
dba Volunteers Enlisted to Assist People  
Notes to the Financial Statements  
December 31, 2021 and 2020

**Note 1: Summary of Significant Accounting Policies (Continued)**

**E. Cash and Cash Equivalents**

For purposes of the statement of cash flows, VEAP considers highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

**F. Accounts Receivable**

Accounts receivable are reported at net realizable value. Management uses the allowance method of writing off uncollectible accounts and reviews accounts receivable periodically to determine collectability. Management believes all amounts to be collectible at December 31, 2021 and 2020, and no allowance for doubtful accounts was deemed necessary.

**G. Pledges Receivable**

Unconditional pledges are recorded as receivables in the year pledged. Conditional pledges receivable are recognized only when the conditions on which they depend are substantially met. Pledges and other promises to give whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restrictions. Unrestricted pledges to be collected in future periods also are recorded as an increase to net assets with donor restrictions and reclassified to net assets without donor restrictions when received, unless the donor's intention is to support current-period activities.

Pledges receivable that are expected to be collected in less than one year are reported at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the pledge.

Management individually reviews all past due pledges receivable balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of pledges receivable are reduced by allowances that reflect management's estimate of uncollectible amounts. No allowance for doubtful accounts has been provided since all contributions are considered to be collectible.

**H. Inventories**

Inventories consist of food, gift cards, and gift certificates. Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

**I. Revenue Recognition**

Contributions:

Contributions are considered available for use without donor restrictions unless specifically restricted by the donor. Contributions received are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. Unconditional promises to give cash and other assets to VEAP are reported at fair value at the date the promise is received.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

VEAP, Inc.  
 dba Volunteers Enlisted to Assist People  
 Notes to the Financial Statements  
 December 31, 2021 and 2020

**Note 1: Summary of Significant Accounting Policies (Continued)**

**I. Revenue Recognition (Continued)**

Grants:

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred or when the predetermined-rate services are performed. Amounts received in excess of expenses are reflected as grant funds received in advance.

**J. Rental Income**

Rental income is recognized when earned.

**K. In-Kind Donations**

VEAP has recorded in-kind contributions for food, food shelf items, professional expenses, and space used in operations on the statements of activities in accordance with financial accounting standards, which require that only contributions of goods or services received that create or enhance a nonfinancial asset or that require specialized skill by the individual possessing those skills and that would typically need to be purchased if not provided by donation be recorded.

In-kind contributions were \$6,633,748 and \$7,270,924 for the years ended December 31, 2021 and 2020, respectively. This includes food donations of \$6,609,877 and \$7,229,411 for the years ended December 31, 2021 and 2020, respectively.

In-kind contributions for the years ended December 31, 2021 and 2020 also included donated legal hours valued at \$425.61 and \$486.71 per hour, respectively, based on the rate charged by attorneys used by the Organization in an arms-length transaction.

	2021	2020
Donated Legal Hours	39	58
Estimated Value of Donated Legal Hours	\$ 16,386	\$ 28,424

No amounts have been reflected in the financial statements for donated volunteer services, since no specialized skills are required for these services. However, a substantial number of volunteers have donated significant amounts of their time in VEAP's program services.

As of December 31, 2021 and 2020, donated volunteer hours are valued at \$28.54 and \$27.20 per hour, respectively, which is based on studies provided by Independent Sector, a nonprofit organization that provides leadership to the nonprofit sector.

	2021	2020
Donated Volunteer Hours	57,850	57,743
Estimated Value of Donated Volunteer Hours	\$ 1,651,039	\$ 1,570,446

VEAP, Inc.  
dba Volunteers Enlisted to Assist People  
Notes to the Financial Statements  
December 31, 2021 and 2020

**Note 1: Summary of Significant Accounting Policies (Continued)**

**L. Property and Equipment**

Property and equipment are capitalized at cost or, if donated, at fair value on the date of donation. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, with a cost greater than \$5,000 and an estimated useful life of more than one year. VEAP reports gifts of property and equipment as support without donor restrictions 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 and 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, VEAP reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**M. Functional Allocation of Expenses**

Functional expenses not directly incurred by a program are allocated between program and supporting services on a basis considered reasonable by management. Salaries and related benefits are allocated based on an annual time study of time devoted to the various programs.

**N. Income Taxes**

VEAP is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, as such, is subject to federal income tax only on net unrelated business income. VEAP is also exempt from Minnesota state income tax.

**O. Upcoming Accounting Pronouncements**

In March 2016, the FASB issued ASU No. 2016-02, *Leases*, as a new topic, Accounting Standards Codification 842. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. The new guidance is effective for Volunteers Enlisted to Assist People on January 1, 2022. VEAP is currently evaluating the impact on the results of operations, financial condition and cash flows and has not determined the impact on its financial statements at this time.

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which is intended to improve the transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. This ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition to separate presentation on the statement of activities, this amendment requires enhanced disclosures around each category of contributed nonfinancial assets for donor-imposed restrictions, valuation techniques, description of programs or activities in which the assets were used, and if monetized a policy about monetizing rather than utilizing the asset(s). The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. VEAP is currently evaluating the impact this standard will have on its financial statements.

**P. Subsequent Events**

Subsequent events have been evaluated through May 23, 2022, which is the date the financial statements were available to be issued.

VEAP, Inc.  
 dba Volunteers Enlisted to Assist People  
 Notes to the Financial Statements  
 December 31, 2021 and 2020

**Note 2: Concentration of Credit Risk**

VEAP maintains cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 at each institution. At certain times during the year, cash balances may be in excess of FDIC coverage. VEAP has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

**Note 3: Pledges Receivable**

The present values of the estimated realizable values of pledges receivable are recorded as assets and revenues in the statements of financial position and the statements of activities.

Pledges as of December 31 are summarized as follows:

	2021	2020
Amounts due in:		
Less than one year	\$ -	\$ 9,469

Pledges expected to be received over more than one year are recorded at their present value using a discount rate of 2.0% at December 31, 2021 and 2020.

**Note 4: Inventories**

Inventories consisted of the following as of December 31:

	2021	2020
Food	\$ 226,915	\$ 495,693
Gift Cards	3,100	3,485
Gas Cards/Bus Tokens	694	835
Total	\$ 230,709	\$ 500,013

**Note 5: Line of Credit**

VEAP maintained a revolving commercial loan with North American Bank in the amount of \$250,000, with interest of prime rate plus .25% (prime at December 31, 2021, was 3.50%), but not lower than 4.50%. The note was amended in 2021 for a new maturity date of June 25, 2022. There were no outstanding balances at December 31, 2021 and 2020.

VEAP, Inc.  
 dba Volunteers Enlisted to Assist People  
 Notes to the Financial Statements  
 December 31, 2021 and 2020

**Note 6: Notes Payable**

Notes payable consisted of the following at December 31:

	2021	2020
Refinanced mortgage payable of \$4.23 million to North American Banking Company with interest of 3.0%. Monthly payments of principal and interest are \$21,440 based on a 23-year amortization. A final payment of the unpaid balance is due on May 24, 2040. Collateralized by the property at 9600 Aldrich Avenue South, Bloomington, Minnesota.	\$ 3,623,839	\$ 3,768,514
Less: Unamortized Debt Issuance Costs	(76,123)	(81,074)
Less: Current Portion	(149,131)	(144,668)
Long-term Note Payable	\$ 3,398,585	\$ 3,542,772

Future principal payments on mortgages as of December 31, 2021 were as follows:

Years Ending December 31,	Mortgage Payable	Deferred Financing	Total
2022	\$ 149,131	\$ 4,951	\$ 154,082
2023	153,730	4,951	158,681
2024	158,191	4,951	163,142
2025	163,351	4,951	168,302
2026	168,390	4,951	173,341
Thereafter	2,831,046	51,368	2,882,414
Total	\$ 3,623,839	\$ 76,123	\$ 3,699,962

**Note 7: Capital Lease Obligations**

VEAP entered into a capital lease agreement for a copier machine. The lease calls for monthly payments of \$248, maturing September 2020. This copier machine was disposed of in 2021 at the end of the lease term. In April 2019, the Organization entered into a new lease agreement for a copier machine. The lease calls for monthly payments of \$359, maturing March 2024.

Property held under capital lease obligations at December 31 was as follows:

	2021	2020
Cannon copier machine	\$ -	\$ 13,225
RICOH copier machine	17,578	17,578
Total Property Held Under Capital Leases	17,578	30,803
Accumulated depreciation	(9,668)	(19,377)
Property Held Under Capital Leases, Net	\$ 7,910	\$ 11,426



VEAP, Inc.  
 dba Volunteers Enlisted to Assist People  
 Notes to the Financial Statements  
 December 31, 2021 and 2020

**Note 7: Capital Lease Obligations (Continued)**

Debt service requirements at December 31, 2021 were as follows:

Years Ending December 31,	Amount
2022	\$ 4,308
2023	4,308
2024	1,077
Total Minimum Lease Payments	9,693
Imputed Interest	(880)
Net Present Value of Capital Leases	8,813
Current Maturity of Capital Leases	(4,308)
Long-term Capital Lease Obligations	\$ 4,505

**Note 8: Lessor Activity**

VEAP began leasing a portion of the building located at 9600 Aldrich Avenue, Bloomington, Minnesota, to Hennepin County (the "County") in December 2013. The lease is a 10-year agreement and provides for a termination option after seven years by delivering at least 270 days' prior written notice to VEAP.

The County has also agreed to pay its share of the cost of the common space. The total cost of the common space was \$73,188 and \$73,209 for the years ended December 31, 2021 and 2020, respectively. The County's share of the cost is based on \$3.50 per annum per net rentable square foot of the exclusive space and 50% of the shared space.

As of December 31, 2021, noncancelable minimum lease payments are as follows:

Years Ending December 31,	Amount
2022	\$ 238,480
2023	240,770
Total	\$ 479,250

VEAP, Inc.  
 dba Volunteers Enlisted to Assist People  
 Notes to the Financial Statements  
 December 31, 2021 and 2020

**Note 9: Net Assets with Donor Restrictions**

Net assets with donor restrictions at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Food	\$ 50,000	\$ 50,000
Social services	50,000	50,000
General	-	3,219
	\$ 100,000	\$ 103,219

**Note 10: Retirement Plan**

VEAP maintains a 401(k) plan covering all eligible employees. The plan allows employees to defer compensation, and VEAP can elect to make discretionary contributions as determined by the Board of Directors. Since inception of the plan, the Board of Directors has authorized discretionary contributions of 5% of employees' compensation. Discretionary contributions were \$60,716 and \$52,245 for the years ended December 31, 2021 and 2020, respectively.

**Note 11: COVID-19**

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world during 2021 and 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, VEAP is unable to determine if it will have a material impact to its operations.

**Note 12: Liquidity**

VEAP's Board of Directors has approved and monitors a comprehensive set of policies which govern the responsibilities and limitations of executive management. In turn, management routinely monitors liquidity and cash reserves which fund operations and program service delivery in accordance with these board established policies. Additionally, liquidity measures are tracked and provided to the board of directors as part of its regular reporting cycle and to funders as requested. Management generally plans to have cash available in an amount to fund three to six months of operations, as well as pending capital improvements.

VEAP's liquid financial assets available to meet cash needs for general expenditures within one year are summarized as follows:

	2021	2020
Cash and Cash Equivalents	\$ 2,901,476	\$ 2,222,655
Accounts Receivable	2,003	17,956
Grants Receivable	590,932	1,231,886
Pledges Receivable	-	9,469
	\$ 3,494,411	\$ 3,481,966

## OTHER REPORTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
VEAP, Inc.  
dba Volunteers Enlisted to Assist People  
Bloomington, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of VEAP, Inc. dba Volunteers Enlisted to Assist People (the Organization) which comprise the statement of financial position as of and for the year ended December 31, 2021 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 23, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

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

## Purpose of this Report

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



**Abdo**  
Minneapolis, Minnesota  
May 23, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
VEAP, Inc.  
dba Volunteers Enlisted to Assist People  
Bloomington, Minnesota

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

***Opinion on Each Major Federal Program***

We have audited VEAP, Inc. dba Volunteers Enlisted to Assist People's (the Organization), (a Minnesota not-for-profit corporation), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about ABC Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding ABC Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Abdo". The letters are cursive and connected.

**Abdo**  
Minneapolis, Minnesota  
May 23, 2022



VEAP, Inc.  
 dba Volunteers Enlisted to Assist People  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2021

Federal Grantor/Program Title Pass-Through Grantor	Assistance Listing Number	Pass-Through Identification Number	Federal Expenditures
<b>U.S. Department of Agriculture:</b>			
Food Distribution Cluster:			
Passed-Through Second Harvest Heartland: Emergency Food Assistance Program (Food Commodities)	10.569	None Noted	<u>\$ 1,535,675</u>
<b>U.S. Department of Homeland Security:</b>			
Passed-Through the United Way of Minneapolis Area: Emergency Food and Shelter National Board Program	97.024	None Noted	<u>25,904</u>
<b>U.S. Department of Housing and Urban Development:</b>			
CDBG - Entitlement Grants Cluster:			
Passed-Through Hennepin County: Community Development Block Grants/Entitlement Grants	14.218	PR00002228	50,000
Passed-Through Bloomington Housing and Redevelopment Authority: Community Development Block Grants/Entitlement Grants	14.218	None Noted	<u>200,562</u>
<i>Total U.S. Department of Housing and Urban Development:</i>			<u><u>250,562</u></u>
<b>U.S. Department of the Treasury:</b>			
Passed-Through Richfield Housing and Redevelopment Authority: Coronavirus Relief Fund	21.019	None Noted	125,000
Passed-Through City of Edina: Coronavirus Relief Fund	21.019	None Noted	<u>300,000</u>
Total Coronavirus Relief Fund			425,000
Passed-Through Hennepin County: Emergency Rental Assistance Program	21.023	PR00003136	<u>4,066,786</u>
<i>Total U.S. Department of the Treasury:</i>			<u><u>4,491,786</u></u>
Total Federal Expenditures			<u><u>\$ 6,303,927</u></u>

VEAP, Inc.  
dba Volunteers Enlisted to Assist People  
Notes to the Schedule of Expenditures of Federal Awards  
December 31, 2021 and 2020

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of VEAP, Inc. (the Organization) under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, and *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

**Note 2: Summary of Significant Accounting Policies for Expenditures**

Expenditures reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3: Pass-Through Entity Identifying Numbers**

Pass-through entity identifying numbers are presented where available.

**Note 4: Subrecipients**

No federal expenditures presented in this schedule were provided to subrecipients.

**Note 5: Indirect Cost Rate**

During the year ended December 31, 2021, the Organization did not elect to use the 10% de minimis indirect cost rate.

VEAP, Inc.  
 dba Volunteers Enlisted to Assist People  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 2021

**Section I - Summary of Auditor's Results**

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance?	No

**Federal  
 Assistance  
 Listing Number**

Identification of Major Federal Programs:

Emergency Rental Assistance Program	21.023
Dollar threshold used to distinguish between Type A and Type B Programs:	\$ 750,000
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance	Yes

**Section II - Findings - Financial Statement Audit**

There are no significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

**Section III - Findings and Questioned Costs - Major Federal Award Programs Audit**

There are no significant deficiencies, material weaknesses, or instances of material noncompliance including questioned costs that are required to be reported in accordance with the Uniform Guidance.

**Other Issues**

See the following page for the Summary Schedule of Prior Audit Findings.

A Corrective Action Plan is not required because there were no current year findings required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.

VEAP, Inc.  
dba Volunteers Enlisted to Assist People  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2021

**DEPARTMENT OF THE TREASURY**

**FINDING 2020-001: CFDA 21.019 Coronavirus Relief Fund - Significant Deficiency in Internal Controls over Compliance**

*Condition:* This finding noted that certain costs incurred by the Organization were submitted for reimbursement twice under a federal grant.

*Recommendation:* The auditor recommended that the Organization run full grant-year reports from their system in order to ensure that total expenses being submitted for reimbursement are properly accounted for at grant year-end.

*Current Status:* The recommendation was adopted during 2021 and no similar findings were noted in the 2021 audit. The Organization also reached out to the U.S. Department of the Treasury and worked out to whom the Organization needed to send the money back.