

ANNUAL FINANCIAL REPORT

VEAP, INC. dba VOLUNTEERS ENLISTED TO ASSIST PEOPLE
BLOOMINGTON, MINNESOTA

FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

VEAP, Inc.
dba Volunteers Enlisted to Assist People
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December 31, 2023 and 2022

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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, 2023 and 2022 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, 2023 and 2022, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 19 - 26 and the accompanying schedule of expenditures of federal awards, 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*, is presented 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 20, 2024, 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 effectiveness of the Organization's 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 20, 2024



FINANCIAL STATEMENTS

VEAP, Inc.
dba Volunteers Enlisted to Assist People
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,456,517	\$ 3,272,409
Accounts receivable	22,650	6,196
Grants receivable	125,128	199,398
Inventories	215,120	116,468
Prepaid expenses	63,353	50,982
Total Current Assets	3,882,768	3,645,453
Property and Equipment		
Building and improvements	4,911,694	4,873,090
Land	342,600	342,600
Furniture and equipment	271,562	291,538
Vehicles	242,337	270,277
Intangible assets	38,604	38,604
Total Property and Equipment, Cost	5,806,797	5,816,109
Less: Accumulated Depreciation	(1,683,236)	(1,550,769)
Total Property and Equipment, Net	4,123,561	4,265,340
Other Assets		
Right of use assets - finance	-	5,098
Right of use assets - operating	-	6,192
Total Other Assets	-	11,290
 Total Assets	 \$ 8,006,329	 \$ 7,922,083
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 94,978	\$ 34,412
Accrued payroll and related expenses	127,999	119,273
Accrued interest	3,347	2,329
Notes payable, current portion	146,550	141,110
Current portion of lease obligations - finance	-	4,308
Current portion of lease obligations - operating	-	2,161
Total Current Liabilities	372,874	303,593
Noncurrent Liabilities		
Notes payable, noncurrent portion, net of deferred financing costs of \$66,221 and \$71,172 in 2023 and 2022, respectively	3,139,951	3,281,555
Lease liability - finance	-	790
Lease liability - operating	-	4,031
Total Noncurrent Liabilities	3,139,951	3,286,376
 Total Liabilities	 3,512,825	 3,589,969
Net Assets		
Net assets without donor restrictions	4,393,504	4,244,533
Net assets with donor restrictions	100,000	87,581
Total Net Assets	4,493,504	4,332,114
 Total Liabilities and Net Assets	 \$ 8,006,329	 \$ 7,922,083

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, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Foundation, corporation, civic and individual contributions	\$ 3,182,738	\$ 100,000	\$ 3,282,738	\$ 3,187,446	\$ 87,581	\$ 3,275,027
In-kind contributions	9,694,609	-	9,694,609	8,520,213	-	8,520,213
Special events revenues, net of direct expenses of \$74,279 and \$71,652 in 2023 and 2022, respectively	113,316	-	113,316	196,722	-	196,722
Government grant revenue	950,523	-	950,523	3,721,804	-	3,721,804
Contract revenue	87,531	-	87,531	67,761	-	67,761
Rental income	415,784	-	415,784	397,999	-	397,999
Investment income	51,115	-	51,115	8,233	-	8,233
Miscellaneous income	21,587	-	21,587	15,019	-	15,019
Net assets released from restrictions	87,581	(87,581)	-	100,000	(100,000)	-
Total Support and Revenue	<u>14,604,784</u>	<u>12,419</u>	<u>14,617,203</u>	<u>16,215,197</u>	<u>(12,419)</u>	<u>16,202,778</u>
Expenses						
Program services	13,348,569	-	13,348,569	15,221,120	-	15,221,120
Support services						
Management and general	692,352	-	692,352	680,393	-	680,393
Fundraising	414,892	-	414,892	338,450	-	338,450
Total Support Services	<u>1,107,244</u>	<u>-</u>	<u>1,107,244</u>	<u>1,018,843</u>	<u>-</u>	<u>1,018,843</u>
Total Expenses	<u>14,455,813</u>	<u>-</u>	<u>14,455,813</u>	<u>16,239,963</u>	<u>-</u>	<u>16,239,963</u>
Change in Net Assets	148,971	12,419	161,390	(24,766)	(12,419)	(37,185)
Net Assets, January 1	4,244,533	87,581	4,332,114	4,269,299	100,000	4,369,299
Net Assets, December 31	<u>\$ 4,393,504</u>	<u>\$ 100,000</u>	<u>\$ 4,493,504</u>	<u>\$ 4,244,533</u>	<u>\$ 87,581</u>	<u>\$ 4,332,114</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, 2023

	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	\$ 474,949	\$ 518,570	\$ 993,519	\$ 452,549	\$ 238,148	\$ 690,697	\$ 1,684,216
Payroll taxes	37,131	40,541	77,672	34,579	18,619	53,198	130,870
Fringe benefits	72,692	79,368	152,060	69,264	36,449	105,713	257,773
Total Salaries and Related Expenses	584,772	638,479	1,223,251	556,392	293,216	849,608	2,072,859
Expenses							
In-kind donations	8,201	9,579,170	9,587,371	7,236	-	7,236	9,594,607
Client assistance	735,816	-	735,816	-	-	-	735,816
Food expense	-	786,791	786,791	-	-	-	786,791
Childcare expenses	-	4,300	4,300	-	-	-	4,300
Professional fees	34,191	207,512	241,703	23,174	21,590	44,764	286,467
Marketing	3,086	22,542	25,628	3,048	2,660	5,708	31,336
Printing	6,528	44,427	50,955	5,920	5,771	11,691	62,646
Supplies	2,800	16,404	19,204	2,414	2,350	4,764	23,968
Utilities	17,627	80,087	97,714	12,077	12,438	24,515	122,229
Building maintenance	22,102	135,818	157,920	20,425	19,866	40,291	198,211
Property and income tax expense	2,272	14,072	16,344	2,144	2,091	4,235	20,579
Vehicle	-	25,031	25,031	-	-	-	25,031
Mileage	1,132	-	1,132	-	435	435	1,567
Continuing education	6,723	2,381	9,104	2,486	1,166	3,652	12,756
Interest expense	15,470	95,816	111,286	14,601	14,236	28,837	140,123
Insurance	6,613	40,958	47,571	6,241	6,085	12,326	59,897
Recognition	7,721	8,791	16,512	7,357	3,872	11,229	27,741
Membership	2,053	12,918	14,971	1,938	1,890	3,828	18,799
Program supplies	384	5,909	6,293	-	-	-	6,293
Equipment maintenance	35	688	723	33	31	64	787
Other expense	8,924	19,412	28,336	8,417	9,209	17,626	45,962
Leases	638	3,950	4,588	602	587	1,189	5,777
Total Expenses Before Depreciation	1,467,088	11,745,456	13,212,544	674,505	397,493	1,071,998	14,284,542
Depreciation	18,362	113,730	132,092	17,331	16,897	34,228	166,320
Amortization	547	3,386	3,933	516	502	1,018	4,951
Total Expenses	\$ 1,485,997	\$ 11,862,572	\$ 13,348,569	\$ 692,352	\$ 414,892	\$ 1,107,244	\$ 14,455,813

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, 2022

	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	\$ 544,253	\$ 407,395	\$ 951,648	\$ 443,396	\$ 190,426	\$ 633,822	\$ 1,585,470
Payroll taxes	46,127	34,520	80,647	37,553	16,143	53,696	134,343
Fringe benefits	79,626	59,523	139,149	64,630	27,902	92,532	231,681
Total Salaries and Related Expenses	670,006	501,438	1,171,444	545,579	234,471	780,050	1,951,494
Expenses							
In-kind donations	7,747	8,611,668	8,619,415	16,570	-	16,570	8,635,985
Client assistance	3,712,280	-	3,712,280	-	-	-	3,712,280
Food expense	-	607,464	607,464	-	-	-	607,464
Childcare expenses	-	3,661	3,661	-	-	-	3,661
Professional fees	109,378	221,876	331,254	24,873	20,825	45,698	376,952
Marketing	1,744	13,209	14,953	1,372	5,596	6,968	21,921
Printing	8,169	42,808	50,977	5,843	5,379	11,222	62,199
Supplies	4,098	15,937	20,035	2,088	1,857	3,945	23,980
Utilities	20,042	85,091	105,133	11,773	10,413	22,186	127,319
Building maintenance	25,501	137,556	163,057	18,114	16,132	34,246	197,303
Property and income tax expense	3,929	21,569	25,498	3,018	2,469	5,487	30,985
Vehicle	-	28,615	28,615	-	-	-	28,615
Mileage	257	1	258	1	76	77	335
Continuing education	6,715	2,022	8,737	2,112	1,342	3,454	12,191
Interest expense	16,443	90,268	106,711	12,631	10,335	22,966	129,677
Insurance	6,762	37,120	43,882	5,194	4,249	9,443	53,325
Recognition	7,730	6,012	13,742	6,262	2,712	8,974	22,716
Membership	2,164	12,083	14,247	1,663	1,360	3,023	17,270
Program supplies	-	9,990	9,990	-	-	-	9,990
Equipment maintenance	12	68	80	10	8	18	98
Other expense	10,949	18,742	29,691	6,721	7,667	14,388	44,079
Leases	274	1,504	1,778	210	173	383	2,161
Total Expenses Before Depreciation	4,614,200	10,468,702	15,082,902	664,034	325,064	989,098	16,072,000
Depreciation	20,199	110,887	131,086	15,515	12,696	28,211	159,297
Amortization	1,099	6,033	7,132	844	690	1,534	8,666
Total Expenses	\$ 4,635,498	\$ 10,585,622	\$ 15,221,120	\$ 680,393	\$ 338,450	\$ 1,018,843	\$ 16,239,963

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, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 161,390	\$ (37,185)
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	166,320	159,297
Amortization of loan costs	4,951	4,951
Amortization of finance right of use assets	-	3,715
Change in donated inventory	(98,652)	114,241
Changes in assets:		
Accounts receivable	(16,454)	(4,193)
Grants receivable	74,270	391,534
Prepaid expenses	(12,371)	1,761
Changes in liabilities:		
Accounts payable	60,566	(24,090)
Accrued payroll and related expenses	8,726	(13,954)
Accrued interest	1,018	(87)
Net Cash Provided by Operating Activities	349,764	595,990
Cash Flows from Investing Activities		
Purchase of property and equipment	(24,540)	(91,340)
Cash Flows from Financing Activities		
Payments on finance lease liability	-	(3,715)
Principal payments on long term debt	(141,116)	(130,002)
Net Cash Used by Financing Activities	(141,116)	(133,717)
Change in Cash and Cash Equivalents	184,108	370,933
Beginning Cash and Cash Equivalents	3,272,409	2,901,476
Ending Cash and Cash Equivalents	\$ 3,456,517	\$ 3,272,409
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for:		
Interest	\$ 140,123	\$ 129,677
Supplemental Disclosure of Non-cash Transactions		
Disposal of fully depreciated property and equipment	\$ 33,852	\$ 48,678
Non-cash proceeds received for right of use assets - operating	\$ -	\$ 8,136

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, 2023 and 2022

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

VEAP has been supporting the basic needs of low-income individuals and families in the Twin Cities metro for 50 years, most prominently in the Hennepin County communities of Bloomington, Edina, Richfield, and South Minneapolis. VEAP's mission is to create pathways to stronger, more hopeful communities through access to healthy food, housing stability, and supportive services. VEAP fulfills its mission through its Food & Basic Needs and Social Services programs, and in 2023, VEAP supported over 25,000 unduplicated (more than 200,000 duplicated) individuals with 6.2 million pounds of food, including fresh produce, and nearly \$800,000 in financial assistance to nearly one thousand households. All households that receive assistance from VEAP identify as low- to very low- income.

VEAP's Food and Basic Needs program provides access to fresh, healthy foods to households experiencing food insecurity. Activities include an on-site food pantry, mobile food pantry, student hunger initiative, and food deliveries to seniors and households with illness, limited mobility, or lack of transportation. VEAP's Social Services program provides caring, professional support to households experiencing food insecurity, elevated risk of eviction or homelessness, and financial crisis. Activities include housing advocacy, emergency financial assistance for rent/utilities/deposits, rapid re-housing, senior housing subsidies, transportation assistance, case management, and resource navigation and referrals.

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 the Organization 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 the Organization and/or the passage of time and those resources subject to donor-imposed restrictions that they be maintained permanently by the Organization.

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.

E. Cash and Cash Equivalents

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

VEAP, Inc.
dba Volunteers Enlisted to Assist People
Notes to the Financial Statements
December 31, 2023 and 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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.

The allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization's collections have remained constant since the Organization's inception. The Organization is anticipating minimal changes in the expected credit losses which have not historically been incurred. As a result, at December 31, 2023 and 2022, no allowance for credit losses was deemed necessary.

G. Items Held for Distribution

Items held for distribution 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.

H. Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair value on the date of donation. The Organization capitalizes all property and equipment acquisitions with a cost greater than \$5,000 and an estimated useful life of more than one year. Property and equipment is depreciated using the straight-line method based on estimated useful lives as follows:

<u>Assets</u>	<u>Useful Life</u>
Buildings	39 years
Building Improvements	5 - 10 years
Furniture and Equipment	3 - 10 years
Vehicles	3 - 7 years

The Organization 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, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

VEAP, Inc.
dba Volunteers Enlisted to Assist People
Notes to the Financial Statements
December 31, 2023 and 2022

Note 1: Summary of Significant Accounting Policies (Continued)

I. Revenue Recognition

The Organization follows the provisions of Accounting Standards Codification 606, *Contracts with Customers* on revenues derived from its program revenues such as contracts, rent, and other miscellaneous income.

- **Performance Obligations**

The performance obligation related to the contracts and other miscellaneous income is satisfied upon completion of the program at a point in time. Therefore, the Organization recognizes revenue at a point in time.

The performance obligation related to the rental revenue is satisfied over the rental period. Therefore, the Organization recognizes revenue over a period of time.

- **Contract Balances**

Billing for the various program fees occurs in advance of revenue recognition, resulting in contract liabilities which are recorded as deferred revenue on the Statements of Financial Position. These deferred revenues are liquidated when revenue is recognized. Deferred revenue was \$0 and \$0 as of December 31, 2023 and 2022, respectively.

The Organization's other revenues are explicitly excluded from the scope of ASC Topic 606 and are not recorded in accordance with that standard.

Contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributed services and materials are recorded at their estimated fair value if they would otherwise be purchased if not provided by donation and provided by professionals in their field.

Government contract funds are generally considered nonexchange transactions and are recorded as revenue when earned as conditions on eligible expenditures are met. Revenue is earned when eligible expenditures, as defined in each grant or contract, are incurred. Funds received but not yet earned are recorded as contract advances if the contract contains conditions.

VEAP, Inc.
 dba Volunteers Enlisted to Assist People
 Notes to the Financial Statements
 December 31, 2023 and 2022

Note 1: Summary of Significant Accounting Policies (Continued)

J. In-kind Contributions

The Organization 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. This requires 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.

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 the Organization's program services. As of December 31, 2023 and 2022, donated volunteer hours are valued at \$31.80 and \$29.95 per hour, respectively, which is based on studies provided by Independent Sector, a nonprofit organization that provides leadership to the nonprofit sector.

	2023	2022
Donated Volunteer Hours	71,695	63,026
Estimated Value of Donated Volunteer Hours	\$ 2,279,901	\$ 1,887,629

K. 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.

L. Income Taxes

The Organization 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. The Organization is also exempt from Minnesota state income tax.

M. New Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. During 2019, the FASB issued additional ASUs amending certain aspects of ASU 2016-13. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

N. Subsequent Events

Subsequent events have been evaluated through May 20, 2024, which is the date the financial statements were available to be issued.

O. Reclassifications

Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation. Net assets have not been affected by this.

VEAP, Inc.
 dba Volunteers Enlisted to Assist People
 Notes to the Financial Statements
 December 31, 2023 and 2022

Note 2: Concentration of Credit Risk

The Organization 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 North American Bank, the Organization is covered to the extent of the outstanding loans against the amount of deposits. At certain times during the year, cash balances may be in excess of this coverage. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. The unsecured cash balance for the Organization was \$437,850 and \$465,374 as of December 31, 2023 and 2022, respectively.

Note 3: Items Held for Distribution

Items held for distribution consisted of the following as of December 31:

	2023	2022
Food	\$ 210,959	\$ 109,947
Gift Cards	2,935	4,295
Gas Cards/Bus Tokens	1,226	2,226
Total	\$ 215,120	\$ 116,468

Note 4: Line of Credit

The Organization maintained a revolving commercial loan with North American Bank in the amount of \$250,000, with interest of prime rate plus .25%, but not lower than 3.50%. The note was amended in 2023 for a new maturity date of June 25, 2024. There were no outstanding balances at December 31, 2023 and 2022.

Note 5: Notes Payable

Notes payable consisted of the following at December 31:

	2023	2022
Refinanced mortgage payable of \$4.23 million to North American Banking Company with interest of 3.9932%. Monthly payments of principal and interest are \$23,330 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.	\$ 3,352,722	\$ 3,493,837
Less: Unamortized Debt Issuance Costs	(66,221)	(71,172)
Less: Current Portion	(146,550)	(141,110)
Long-term Note Payable	\$ 3,139,951	\$ 3,281,555

VEAP, Inc.
 dba Volunteers Enlisted to Assist People
 Notes to the Financial Statements
 December 31, 2023 and 2022

Note 5: Notes Payable (Continued)

Future principal payments on mortgages as of December 31, 2023 were as follows:

<u>Years Ending December 31,</u>	<u>Mortgage Payable</u>	<u>Deferred Financing</u>	<u>Total</u>
2024	\$ 146,550	\$ (4,951)	\$ 141,599
2025	152,975	(4,951)	148,024
2026	159,284	(4,951)	154,333
2027	165,854	(4,951)	160,903
2028	172,386	(4,951)	167,435
Thereafter	<u>2,555,673</u>	<u>(41,466)</u>	<u>2,514,207</u>
Total	<u>\$ 3,352,722</u>	<u>\$ (66,221)</u>	<u>\$ 3,286,501</u>

Note 6: Lessor Activity

The Organization leased a portion of the building located at 9600 Aldrich Avenue, Bloomington, Minnesota, to Hennepin County (the "County"). The lease commenced in December 2013 and was a 10-year agreement. During the lease term, the County agreed to pay its share of the cost of the common space. The total cost of the common space was \$108,932 and \$94,024 for the years ended December 31, 2023 and 2022, respectively.

Note 7: Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Time Restricted	<u>\$ 100,000</u>	<u>\$ 87,581</u>

Note 8: Retirement Plan

The Organization maintains a 401(k) plan covering all eligible employees. The plan allows employees to defer compensation, and the Organization can elect to make discretionary contributions as determined by the Board of Directors. Since the inception of the plan, the Board of Directors has authorized discretionary contributions of 5% of employees' compensation. Discretionary contributions were \$83,342 and \$76,806 for the years ended December 31, 2023 and 2022, respectively.

Note 9: Liquidity

The Organization'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, Inc.
 dba Volunteers Enlisted to Assist People
 Notes to the Financial Statements
 December 31, 2023 and 2022

Note 9: Liquidity (Continued)

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

	2023	2022
Cash and Cash Equivalents	\$ 3,456,517	\$ 3,272,409
Accounts Receivable	22,650	6,196
Grants Receivable	125,128	199,398
 Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	 \$ 3,604,295	 \$ 3,478,003

Note 10: In-kind Contributions

The Organization received the following in-kind contributions during the years ended December 31, 2023 and 2022:

	2023	2022	Usage in Programs/Activities	Fair Value Techniques
Food	\$ 9,679,173	\$ 8,495,623	Food program	Estimated wholesale prices of identical or similar products if purchased in the region
Gift Cards	7,730	7,747	Social services program	Estimated wholesale prices of identical or similar products if purchased in the region
Professional Services	7,236	16,571	Management & general	Estimated based on time rates for each practitioner
Hygiene Kits	470	-	Social services program	Estimated wholesale prices of identical or similar products if purchased in the region
Transportation	-	272	Program and management & general	Estimated wholesale prices of identical or similar products if purchased in the region
Total In-kind	\$ 9,694,609	\$ 8,520,213		

All in-kind contributions are not restricted.

In-kind contributions for the years ended December 31, 2023 and 2022 also included donated legal hours valued at \$367.20 and \$424.07 per hour, respectively, based on the rate charged by attorneys used by the Organization in an arms-length transaction.

	2023	2022
Donated Legal Hours	11	38
Estimated Value of Donated Legal Hours	\$ 3,929	\$ 16,242

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 December 31, 2023 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 20, 2024.

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 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. *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 financial statements. 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 20, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND 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) 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, 2023. 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, 2023.

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 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 the 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 the 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.



Abdo
Minneapolis, Minnesota
May 20, 2024



VEAP, Inc.
 dba Volunteers Enlisted to Assist People
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2023

Federal Grantor/Program Title Pass-Through Grantor	Assistance Listing Number	Pass-Through Identification Number	Federal Expenditures
U.S. Department of Agriculture:			
Food Distribution Cluster:			
Passed-Through Second Harvest Heartland and The Food Group: Emergency Food Assistance Program (Food Commodities)	10.569	None Noted	<u>\$ 513,778</u>
U.S. Department of Homeland Security:			
Passed-Through the United Way of Minneapolis Area: Emergency Food and Shelter National Board Program	97.024	None Noted	<u>41,500</u>
U.S. Department of Housing and Urban Development:			
CDBG - Entitlement Grants Cluster:			
Passed-Through Hennepin County:			
Community Development Block Grants/Entitlement Grants	14.218	None Noted	92,053
Passed-Through Bloomington Housing and Redevelopment Authority: Community Development Block Grants/Entitlement Grants	14.218	None Noted	<u>53,891</u>
Total CDBG - Entitlement Grants Cluster			<u>145,944</u>
Passed-Through City of Bloomington:			
Community Development Block Grants/State's Program and Non- Entitlement Grants in Hawaii	14.228	None Noted	<u>34,650</u>
<i>Total U.S. Department of Housing and Urban Development:</i>			<u>180,594</u>
U.S. Department of the Treasury:			
Coronavirus State and Local Fiscal Recovery Funds Cluster:			
Passed-Through City of Richfield:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	None Noted	23,755
Passed-Through City of Edina:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	None Noted	<u>152,427</u>
Total Coronavirus State and Local Fiscal Recovery Funds Cluster			<u>176,182</u>
Total Federal Expenditures			<u>\$ 912,054</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards.

VEAP, Inc.
dba Volunteers Enlisted to Assist People
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

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, 2023. 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, 2023, 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, 2023

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

**Assistance
Listing
Number**

Identification of Major Federal Programs:

Emergency Food Assistance Program	10.569
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

The Summary Schedule of Prior Audit Findings is not required because there were no prior year audit findings required to be reported in accordance with 2 CFR 200.516(a) of the Uniform

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.