

# **ANNUAL FINANCIAL REPORT**

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

FOR THE YEARS ENDED  
DECEMBER 31, 2024 AND 2023

VEAP, Inc.  
dba Volunteers Enlisted to Assist People  
Table of Contents  
December 31, 2024 and 2023

	<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 Program and 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

## 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, 2024 and 2023 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, 2024 and 2023, 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 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 - 27 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 19, 2025, 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 19, 2025



## FINANCIAL STATEMENTS

VEAP, Inc.  
dba Volunteers Enlisted to Assist People  
Statements of Financial Position  
December 31, 2024 and 2023

	2024	2023
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,169,166	\$ 3,456,517
Accounts receivable	3,978	22,650
Grants receivable	109,316	125,128
Inventories	133,338	215,120
Prepaid expenses	53,085	63,353
Total Current Assets	3,468,883	3,882,768
<b>Property and Equipment</b>		
Building and improvements	4,919,693	4,911,694
Land	342,600	342,600
Furniture and equipment	315,679	271,562
Vehicles	220,324	242,337
Intangible assets	38,604	38,604
Total Property and Equipment, Cost	5,836,900	5,806,797
Less: Accumulated Depreciation	(1,810,279)	(1,683,236)
Total Property and Equipment, Net	4,026,621	4,123,561
<b>Other Assets</b>		
Finance right-of-use asset	171,775	-
Total Assets	\$ 7,667,279	\$ 8,006,329
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 67,058	\$ 94,978
Accrued payroll and related expenses	154,268	127,999
Accrued interest	3,060	3,347
Notes payable, current portion	152,975	146,550
Finance lease liability, current portion	32,700	-
Total Current Liabilities	410,061	372,874
<b>Noncurrent Liabilities</b>		
Notes payable, noncurrent portion, net of deferred financing costs of \$61,270 and \$66,211 in 2024 and 2023, respectively	2,991,916	3,139,951
Finance lease liability, noncurrent portion	141,945	-
Total Noncurrent Liabilities	3,133,861	3,139,951
Total Liabilities	3,543,922	3,512,825
<b>Net Assets</b>		
Net assets without donor restrictions	4,123,357	4,393,504
Net assets with donor restrictions	-	100,000
Total Net Assets	4,123,357	4,493,504
Total Liabilities and Net Assets	\$ 7,667,279	\$ 8,006,329

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, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Foundation, corporation, civic and individual contributions	\$ 3,090,294	\$ -	\$ 3,090,294	\$ 3,182,738	\$ 100,000	\$ 3,282,738
In-kind contributions	9,197,096	-	9,197,096	9,694,609	-	9,694,609
Special events, net of direct expenses of \$144,330 and \$74,279 in 2024 and 2023, respectively	225,579	-	225,579	113,316	-	113,316
Government grant revenue	1,514,180	-	1,514,180	950,523	-	950,523
Contract revenue	59,000	-	59,000	87,531	-	87,531
Rental income	413,125	-	413,125	415,784	-	415,784
Investment income	66,578	-	66,578	51,115	-	51,115
Miscellaneous income	16,214	-	16,214	21,587	-	21,587
Gain on sale of property and equipment	20,000	-	20,000	-	-	-
Net assets released from restrictions	100,000	(100,000)	-	87,581	(87,581)	-
Total Support and Revenue	<u>14,702,066</u>	<u>(100,000)</u>	<u>14,602,066</u>	<u>14,604,784</u>	<u>12,419</u>	<u>14,617,203</u>
Expenses						
Program services	13,754,741	-	13,754,741	13,348,569	-	13,348,569
Support services						
Management and general	702,948	-	702,948	692,352	-	692,352
Fundraising	514,524	-	514,524	414,892	-	414,892
Total Support Services	<u>1,217,472</u>	<u>-</u>	<u>1,217,472</u>	<u>1,107,244</u>	<u>-</u>	<u>1,107,244</u>
Total Expenses	<u>14,972,213</u>	<u>-</u>	<u>14,972,213</u>	<u>14,455,813</u>	<u>-</u>	<u>14,455,813</u>
Change in Net Assets	(270,147)	(100,000)	(370,147)	148,971	12,419	161,390
Net Assets, January 1	<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>
Net Assets, December 31	<u>\$ 4,123,357</u>	<u>\$ -</u>	<u>\$ 4,123,357</u>	<u>\$ 4,393,504</u>	<u>\$ 100,000</u>	<u>\$ 4,493,504</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, 2024

	Program Services			Supporting Services			Total
	Social Services	Food	Total Program Services	Management and General	Fundraising	Total Support Service	
<b>Salaries and Related Expenses</b>							
Salaries and wages	\$ 621,641	\$ 443,591	\$ 1,065,232	\$ 453,152	\$ 285,565	\$ 738,717	\$ 1,803,949
Payroll taxes	48,656	34,720	83,376	35,524	22,352	57,876	141,252
Fringe benefits	98,548	70,322	168,870	71,838	45,271	117,109	285,979
<b>Total Salaries and Related Expenses</b>	<b>768,845</b>	<b>548,633</b>	<b>1,317,478</b>	<b>560,514</b>	<b>353,188</b>	<b>913,702</b>	<b>2,231,180</b>
<b>Expenses</b>							
Building maintenance	24,837	137,243	162,080	18,806	22,658	41,464	203,544
Client assistance	534,118	-	534,118	-	-	-	534,118
Continuing education	6,965	3,395	10,360	3,320	2,094	5,414	15,774
Food expense	-	1,538,697	1,538,697	-	-	-	1,538,697
In-kind donations	5,961	9,265,967	9,271,928	7,071	-	7,071	9,278,999
Insurance	7,739	41,571	49,310	5,918	7,135	13,053	62,363
Interest expense	16,522	92,043	108,565	12,635	15,231	27,866	136,431
Leases	510	2,741	3,251	390	471	861	4,112
Marketing	5,381	31,932	37,313	3,985	4,803	8,788	46,101
Membership	2,950	12,908	15,858	1,838	2,215	4,053	19,911
Mileage	1,026	82	1,108	53	779	832	1,940
Other expense	21,197	25,226	46,423	15,406	17,046	32,452	78,875
Printing	7,987	42,388	50,375	5,653	16,482	22,135	72,510
Professional fees	57,753	207,130	264,883	24,040	28,941	52,981	317,864
Program supplies	7,848	6,789	14,637	-	-	-	14,637
Property and income tax expense	3,261	17,514	20,775	2,493	3,006	5,499	26,274
Recognition	9,404	6,843	16,247	6,855	4,320	11,175	27,422
Student food packs	-	5,817	5,817	-	-	-	5,817
Supplies	3,020	14,804	17,824	2,108	2,950	5,058	22,882
Utilities	18,801	76,207	95,008	15,327	13,270	28,597	123,605
Vehicle	-	34,912	34,912	-	-	-	34,912
<b>Total Expenses Before Depreciation</b>	<b>1,504,125</b>	<b>12,112,842</b>	<b>13,616,967</b>	<b>686,412</b>	<b>494,589</b>	<b>1,181,001</b>	<b>14,797,968</b>
Depreciation	21,009	112,851	133,860	16,066	19,368	35,434	169,294
Amortization	614	3,300	3,914	470	567	1,037	4,951
<b>Total Expenses</b>	<b>\$ 1,525,748</b>	<b>\$ 12,228,993</b>	<b>\$ 13,754,741</b>	<b>\$ 702,948</b>	<b>\$ 514,524</b>	<b>\$ 1,217,472</b>	<b>\$ 14,972,213</b>

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, 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							
Building maintenance	22,102	135,818	157,920	20,425	19,866	40,291	198,211
Client assistance	735,816	-	735,816	-	-	-	735,816
Continuing education	6,723	2,381	9,104	2,486	1,166	3,652	12,756
Equipment maintenance	35	688	723	33	31	64	787
Food expense	-	786,791	786,791	-	-	-	786,791
In-kind donations	8,201	9,579,170	9,587,371	7,236	-	7,236	9,594,607
Insurance	6,613	40,958	47,571	6,241	6,085	12,326	59,897
Interest expense	15,470	95,816	111,286	14,601	14,236	28,837	140,123
Leases	638	3,950	4,588	602	587	1,189	5,777
Marketing	3,086	22,542	25,628	3,048	2,660	5,708	31,336
Membership	2,053	12,918	14,971	1,938	1,890	3,828	18,799
Mileage	1,132	-	1,132	-	435	435	1,567
Other expense	8,924	19,412	28,336	8,417	9,209	17,626	45,962
Printing	6,528	44,427	50,955	5,920	5,771	11,691	62,646
Professional fees	34,191	207,512	241,703	23,174	21,590	44,764	286,467
Program supplies	384	5,909	6,293	-	-	-	6,293
Property and income tax expense	2,272	14,072	16,344	2,144	2,091	4,235	20,579
Recognition	7,721	8,791	16,512	7,357	3,872	11,229	27,741
Student food packs	-	4,300	4,300	-	-	-	4,300
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
Vehicle	-	25,031	25,031	-	-	-	25,031
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	<u>\$ 1,485,997</u>	<u>\$ 11,862,572</u>	<u>\$ 13,348,569</u>	<u>\$ 692,352</u>	<u>\$ 414,892</u>	<u>\$ 1,107,244</u>	<u>\$ 14,455,813</u>

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, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ (370,147)	\$ 161,390
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	169,294	166,320
Amortization of loan costs	4,951	4,951
Amortization of finance right of use assets	6,284	-
Gain on sale of property and equipment	(20,000)	-
Change in donated inventory	81,782	(98,652)
Changes in assets:		
Accounts receivable	18,672	(16,454)
Grants receivable	15,812	74,270
Prepaid expenses	10,268	(12,371)
Changes in liabilities:		
Accounts payable	(27,920)	60,566
Accrued payroll and related expenses	26,269	8,726
Accrued interest	(287)	1,018
Net Cash Provided (Used) by Operating Activities	(85,022)	349,764
Cash Flows from Investing Activities		
Proceeds from sale of property and equipment	20,000	-
Purchase of property and equipment	(72,354)	(24,540)
Total Cash Flows from Investing Activities	(52,354)	(24,540)
Cash Flows from Financing Activities		
Payments on finance lease liability	(3,414)	-
Principal payments on long term debt	(146,561)	(141,116)
Net Cash Used by Financing Activities	(149,975)	(141,116)
Change in Cash and Cash Equivalents	(287,351)	184,108
Beginning Cash and Cash Equivalents	3,456,517	3,272,409
Ending Cash and Cash Equivalents	\$ 3,169,166	\$ 3,456,517
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for:		
Interest	\$ 136,431	\$ 140,123
Supplemental Disclosure of Non-cash Transactions		
Disposal of fully depreciated property and equipment	\$ 42,251	\$ 33,852
Non-cash proceeds received for finance right of use assets	\$ 176,802	\$ -

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, 2024 and 2023

**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 2024, VEAP supported over 25,000 unduplicated (more than 260,000 duplicated) individuals with 4.7 million pounds of food, including fresh produce, and nearly \$630,000 in financial assistance to 485 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, 2024 and 2023

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

**F. Accounts Receivable**

Accounts receivable is 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, 2024 and 2023, 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:

Assets	Useful Life
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, 2024 and 2023

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

**I. Leases**

The Organization determines if an arrangement is a lease at inception. If an arrangement contains a lease, the Organization performs a lease classification test to determine if the lease is an operating lease or a finance lease. Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease liabilities are recognized on the commencement date of the lease based on the present value of the future lease payments over the lease term and are included in long-term liabilities and current liabilities on the statement of financial position. ROU assets are valued at the initial measurement of the lease liability, plus any indirect costs or rent prepayments, and reduced by any lease incentives and any deferred lease payments. Operating ROU assets are recorded on the face of the statement of financial position and are amortized over the lease term. To determine the present value of lease payments on lease commencement, the Organization uses the implicit rate when readily determinable. Lease terms include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense is recognized on a straight-line basis over the life of the lease and is included within operating expenses on the statement of activities. The Organization has made the following elections related to leases:

- The Organization has elected to use a risk-free rate as the discount rate on all classes of underlying assets when an implicit rate is not readily available.
- The Organization has elected the practical expedient to account for the lease and non-lease components as a single lease component for classes of underlying assets.
- The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. Short-term leases will not be capitalized.

**J. Revenue Recognition**

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, 2024 and 2023

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

**K. In-kind Contributions**

The Organization has recorded in-kind contributions for food, professional services, and other items 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, 2024 and 2023, donated volunteer hours are valued at \$29.95 and \$31.80 per hour, respectively, which is based on studies provided by Independent Sector, a nonprofit organization that provides leadership to the nonprofit sector.

	2024	2023
Donated volunteer hours	69,744	71,695
Estimated value of donated volunteer hours	\$ 2,088,826	\$ 2,279,901

**L. 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.

**M. 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.

**N. Subsequent Events**

Subsequent events have been evaluated through May 19, 2025, which is the date the financial statements were available to be issued.

**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 \$138,321 and \$437,850 as of December 31, 2024 and 2023, respectively.

VEAP, Inc.  
 dba Volunteers Enlisted to Assist People  
 Notes to the Financial Statements  
 December 31, 2024 and 2023

**Note 3: Items Held for Distribution**

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

	2024	2023
Food	\$ 128,170	\$ 210,959
Gift cards	3,820	2,935
Gas cards/bus tokens	1,348	1,226
Total	\$ 133,338	\$ 215,120

**Note 4: 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 0.25%, but not lower than 3.50%. The note was amended in 2024 for a new maturity date of June 25, 2025. There were no outstanding balances at December 31, 2024 and 2023.

**Note 5: Notes Payable**

Notes payable consisted of the following at December 31:

	2024	2023
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.	\$ 3,206,161	\$ 3,352,722
Less: Unamortized Debt Issuance Costs	(61,270)	(66,221)
Less: Current Portion	(152,975)	(146,550)
Long-Term Note Payable	\$ 2,991,916	\$ 3,139,951

Future principal payments on mortgages as of December 31, 2024 were as follows:

Year Ending December 31,	Mortgage Payable	Deferred Financing	Total
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
2029	179,806	(4,951)	174,855
Thereafter	2,375,856	(36,515)	2,339,341
Total	\$ 3,206,161	\$ (61,270)	\$ 3,144,891

VEAP, Inc.  
 dba Volunteers Enlisted to Assist People  
 Notes to the Financial Statements  
 December 31, 2024 and 2023

**Note 6: Leases**

The Organization entered into a lease agreement on April 25, 2024 with Penske Truck Leasing Co. for a truck that includes monthly payments of \$2,725. The lease is set to expire in October 2031.

The right-of-use asset and corresponding lease liability were calculated utilizing a risk-free discount rate of 7.52%. The Organization's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Additional information about the Organization's lease for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
<b>Lease expense</b>		
Finance lease expense		
Amortization of ROU assets	\$ 6,284	\$ -
Interest on lease liabilities	3,294	-
	<u>\$ 9,578</u>	<u>\$ -</u>
<b>Total</b>		
	<u>\$ 9,578</u>	<u>\$ -</u>
<b>Other Information</b>		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases (i.e. interest)	\$ 2,206	\$ -
Financing cash flows from finance leases (i.e. principal portion)	3,414	-
ROU assets obtained in exchange for new finance lease liabilities	176,802	-
Weighted-average remaining lease term in years for finance leases	6.83	-
Weighted-average discount rate for finance leases	7.52%	0.00%

Maturities of lease liabilities are as follows:

Year Ending December 31,	Finance
2025	\$ 32,700
2026	32,700
2027	32,700
2028	32,700
2029	32,700
Thereafter	58,692
Total undiscounted cash flows	222,192
Less: present value discount	(47,547)
Total lease liabilities	<u>\$ 174,645</u>

VEAP, Inc.  
 dba Volunteers Enlisted to Assist People  
 Notes to the Financial Statements  
 December 31, 2024 and 2023

**Note 7: 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. In December 2023, the lease was extended through December 2028. During the lease term, the County agreed to pay its share of the cost of the common space. The total revenue from the common space was \$108,827 and \$108,392 and base rental income was \$237,120 and \$240,768 for the years ended December 31, 2024 and 2023, respectively.

Future annual rent revenue is as follows:

Year Ending December 31,	Base Annual Rent
2025	\$ 237,120
2026	237,120
2027	237,120
2028	237,120
Total	\$ 948,480

**Note 8: Net Assets with Donor Restrictions**

Net assets with donor restrictions at December 31, 2024 and 2023 consisted of the following:

	2024	2023
Time restricted	\$ -	\$ 100,000

**Note 9: In-kind Contributions**

The Organization received the following in-kind contributions during the years ended December 31, 2024 and 2023:

	2024	2023	Usage in Programs/Activities	Fair Value Techniques
Food	\$ 9,154,158	\$ 9,679,173	Food program	Estimated wholesale prices of identical or similar products if purchased in the region
School supplies, books, and birthday bags	29,020	-	Food program	Estimated wholesale prices of identical or similar products if purchased in the region
Professional services	7,080	7,236	Management & general	Estimated based on time rates for each practitioner
Gift cards	5,430	7,730	Social services program	Estimated wholesale prices of identical or similar products if purchased in the region
Street kits	1,408	470	Social services program	Estimated wholesale prices of identical or similar products if purchased in the region
Total In-kind	\$ 9,197,096	\$ 9,694,609		

All in-kind contributions are not donor restricted.

VEAP, Inc.  
 dba Volunteers Enlisted to Assist People  
 Notes to the Financial Statements  
 December 31, 2024 and 2023

**Note 9: In-kind Contributions (Continued)**

In-kind contributions for the years ended December 31, 2024 and 2023 also included donated legal hours valued at \$400.00 and \$367.20 per hour, respectively, based on the rate charged by attorneys used by the Organization in an arms-length transaction.

	2024	2023
Donated legal hours	18	11
Estimated value of donated legal hours	\$ 7,080	\$ 3,929

**Note 10: 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 \$89,264 and \$83,342 for the years ended December 31, 2024 and 2023, respectively.

**Note 11: 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.

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

	2024	2023
Cash and cash equivalents	\$ 3,169,166	\$ 3,456,517
Accounts receivable	3,978	22,650
Grants receivable	109,316	125,128
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 3,282,460	\$ 3,604,295

## 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, 2024 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 19, 2025.

**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 19, 2025



**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, 2024. 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, 2024.

***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 19, 2025



VEAP, Inc.  
 dba Volunteers Enlisted to Assist People  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2024

Federal Grantor Cluster Title Pass-Through Grantor Program Title	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>\$ 1,186,531</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>12,000</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	None Noted	105,649
Passed-Through Bloomington Housing and Redevelopment Authority: Community Development Block Grants/Entitlement Grants	14.218	None Noted	<u>50,332</u>
Total CDBG - Entitlement Grants Cluster			<u>155,981</u>
<b>U.S. Department of the Treasury:</b>			
Coronavirus State and Local Fiscal Recovery Funds Cluster:			
Passed-Through City of Richfield: COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	None Noted	<u>66,457</u>
Total Federal Expenditures			<u>\$ 1,420,969</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, 2024

**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, 2024. 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 2 CFR 200.516(a), *Cost Principles for Non-Profit Organizations*, 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, 2024, 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, 2024

**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:

Food Distribution Cluster:	
Passed-Through Second Harvest Heartland: 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 Guidance.

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.