

VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021

TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

MARTIN, HARPS, SYPHOE & CO
CERTIFIED PUBLIC ACCOUNTANTS

VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Veterans Empowerment Organization of Georgia, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Veterans Empowerment Organization of Georgia, Inc. (the "VEO"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Opinion

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2024, on our consideration of VEO's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and 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 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 VEO's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited VEO's 2020 financial statements, and our report dated July 7, 2023, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Atlanta, Georgia
September 12, 2024

VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 56,615	\$ 656,629
Grants receivable	1,036,777	74,581
Promises to give (Note 6)	809,392	-
Prepaid assets	12,699	-
Security deposit (Note 7)	156,996	200,000
Property and equipment (Note 8)	3,357,686	2,207,069
TOTAL ASSETS	\$ 5,430,165	\$ 3,138,279
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 729,643	\$ 102,288
Tenant security deposits	2,958	2,574
Deferred revenue	1,047,388	-
Debt obligations (Note 9)	624,991	422,307
TOTAL LIABILITIES	2,404,980	527,169
NET ASSETS		
Without donor restrictions	2,967,768	2,100,777
With donor restrictions (Note 11)	57,417	510,333
TOTAL NET ASSETS	3,025,185	2,611,110
TOTAL LIABILITIES AND NET ASSETS	\$ 5,430,165	\$ 3,138,279

See independent auditor's report and notes to the financial statements.

VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

(With Comparative Totals for 2020)

			<u>Totals</u>	
	<u>Without Donor</u>	<u>With Donor</u>	<u>2021</u>	<u>2020</u>
	<u>Restrictions</u>	<u>Restrictions</u>		
PUBLIC SUPPORT AND REVENUE				
Government grants	\$ 626,482	\$ -	\$ 626,482	\$ 368,564
Contributions	1,337,582	121,850	1,459,432	676,273
United Way	174,612	-	174,612	305,482
PPP loan forgiveness	159,900	-	159,900	-
Program income	162,501	-	162,501	273,415
Inkind donations	26,500	-	26,500	113,134
Other income	12,856	-	12,856	-
Interest income	13	-	13	2,762
Fundraising event - gross revenue	143,090	-	143,090	243,362
Less: cost of direct benefit to donors	(6,000)	-	(6,000)	(64,234)
Net fundraising revenue	<u>137,090</u>	<u>-</u>	<u>137,090</u>	<u>179,128</u>
Subtotal	<u>2,637,536</u>	<u>121,850</u>	<u>2,759,386</u>	<u>1,918,758</u>
Net assets released from restrictions -				
Satisfaction of program restrictions (Note 11)	574,766	(574,766)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	<u>3,212,302</u>	<u>(452,916)</u>	<u>2,759,386</u>	<u>1,918,758</u>
EXPENSES				
Program services	1,707,309	-	1,707,309	1,776,844
General and administrative	374,338	-	374,338	588,842
Fundraising	263,664	-	263,664	202,268
TOTAL EXPENSES	<u>2,345,311</u>	<u>-</u>	<u>2,345,311</u>	<u>2,567,954</u>
CHANGE IN NET ASSETS	<u>866,991</u>	<u>(452,916)</u>	<u>414,075</u>	<u>(649,196)</u>
NET ASSETS, BEGINNING OF YEAR	<u>2,100,777</u>	<u>510,333</u>	<u>2,611,110</u>	<u>3,260,306</u>
NET ASSETS, END OF YEAR	<u>\$ 2,967,768</u>	<u>\$ 57,417</u>	<u>\$ 3,025,185</u>	<u>\$ 2,611,110</u>

See independent auditor's report and notes to the financial statements.

VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

(With Comparative Totals for 2020)

	Program Services			Total Program Services	Supporting Services		Totals	
	Housing	Workforce	Wellness		Management & General	Fundraising	2021	2020
Salaries	\$ 448,202	\$ 170,996	\$ 75,292	\$ 694,490	\$ 42,236	\$ 68,151	\$ 804,877	\$ 819,536
Payroll taxes	23,020	8,854	3,542	35,416	21,261	6,845	63,522	64,466
Fringe benefits	15,000	23,747	9,593	48,340	15,000	6,000	69,340	76,587
Contracted services	50,226	57,893	51,756	159,875	30,631	95,011	285,517	408,271
Professional fees	68,118	30,828	6,646	105,592	40,549	-	146,141	157,568
Client services	13,512	221	3,750	17,483	-	-	17,483	7,339
Information technology	25,889	1,622	901	28,412	11,347	430	40,189	7,022
Travel & transportation	-	12,363	-	12,363	2,313	-	14,676	19,362
Conferences, training, meetings	-	48,140	-	48,140	1,375	-	49,515	29,425
Materials & supplies	105,999	14,587	-	120,586	10,054	3,956	134,596	226,291
Processing fees	859	725	403	1,987	12,216	8,045	22,248	15,242
Telephone, cable & internet	7,449	12,163	3,492	23,104	4,655	1,397	29,156	30,142
Facility rental	49,716	-	-	49,716	-	-	49,716	179,922
Equipment rental	-	539	-	539	3,962	-	4,501	4,526
Dues & subscriptions	6,290	4,914	3,342	14,546	5,111	2,418	22,075	6,955
Marketing & advertising	12,308	-	-	12,308	18,972	53,637	84,917	29,417
Insurances	21,103	22,722	9,892	53,717	13,189	3,957	70,863	42,720
Repairs & maintenance	53,117	43,045	28,195	124,357	43,125	-	167,482	132,413
Utilities	36,040	30,408	16,894	83,342	22,525	6,757	112,624	121,498
Licenses, permits and taxes	8,539	-	-	8,539	21,900	-	30,439	17,458
Printing	-	-	-	-	544	13,060	13,604	2,826
Interest	-	-	-	-	17,907	-	17,907	13,601
Depreciation	27,873	21,776	14,808	64,457	22,647	-	87,104	45,084
Bad debt write-off	-	-	-	-	28,168	-	28,168	172,917
Loss/(gain) on asset disposal	-	-	-	-	(15,349)	-	(15,349)	1,600
Subtotal operating expenses	973,260	505,543	228,506	1,707,309	374,338	269,664	2,351,311	2,632,188
<i>Expenses directly related to fundraising event:</i>								
Direct costs of fundraising event	-	-	-	-	-	(6,000)	(6,000)	(64,234)
Total expenses	\$ 973,260	\$ 505,543	\$ 228,506	\$ 1,707,309	\$ 374,338	\$ 263,664	\$ 2,345,311	\$ 2,567,954

See independent auditor's report and notes to the financial statements.

VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 414,075	\$ (649,196)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	87,104	45,084
(Gain) loss on disposal of fixed assets	(15,349)	1,600
Change in operating assets and liabilities		
(Increase) decrease in assets:		
Grants receivable	(962,196)	(64,201)
Promises to give	(809,392)	705,200
Prepaid assets	(12,699)	-
Increase (decrease) in liabilities:		
Accounts payable	627,355	14,643
Tenant security deposits	384	2,574
Deferred revenue	1,047,388	-
Custodian for third-party	-	(134,676)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>376,670</u>	<u>(78,972)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of other fixed assets	(165,041)	(369,405)
Real estate purchases	(1,522,873)	-
Real estate transferred to a related party	465,542	-
Security deposit - earnest money	200,000	-
Construction-in-progress additions	-	(1,057,773)
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,022,372)</u>	<u>(1,427,178)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Security bond	(156,996)	-
Proceeds from PPP loan	160,815	159,900
PPP loan forgiveness	(159,900)	-
Proceeds from line of credit	35,000	321,407
Payments for line of credit	(297,407)	(59,000)
Proceeds from loan	496,180	-
Loan closing costs, net	(5,607)	-
Principal payments on note payable	(26,397)	(8,191)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>45,688</u>	<u>414,116</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(600,014)</u>	<u>(1,092,034)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>656,629</u>	<u>1,748,663</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 56,615</u>	<u>\$ 656,629</u>
Supplemental information:		
Inkind donations	\$ 26,500	\$ 113,134
Interest paid	17,907	13,601

See independent auditor's report and notes to the financial statements.

VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS

Veterans Empowerment Organization Of Georgia, Inc. (VEO) (the "Organization") is a nonprofit corporation established under the laws of the State of Georgia. The Organization is dedicated to improving the living conditions of homeless veterans who are neglected, sick, hungry, and have no place to turn to in the State of Georgia.

The significant accounting policies followed by the VEO are described below:

A. Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred and accordingly reflect all significant receivables, payables, and other liabilities.

B. Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. The Organization maintains its net assets in two classes as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by the donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a donor restriction expires, that is, when the stipulated time restriction ends or the purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

C. New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. Under the new guidance, lessor accounting is largely unchanged. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Management is evaluating the impact of this standard on the entity's financial statements.

VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS:
(Continued)

C. New Accounting Pronouncements (continued)

In September 2020, the FASB issued ASU 2020-07 on Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The amendments should be applied on a retrospective basis and are effective for fiscal years beginning after June 15, 2021. Early adoption is permitted. Management is evaluating the impact of this standard on the entity's financial statements.

D. Cash and Cash Equivalents

For purposes of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash is held in demand accounts at banks, and cash balances may exceed the federally insured limit.

E. Property and Equipment

Property and equipment are recorded at cost at the date of acquisition. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets. VEO uses a \$1,000 capitalization policy.

F. Donated Services

Members of the Board of Directors, certain officers, and a substantial number of volunteers have donated significant amounts of their time to the Organization's operations without compensation. However, no additional amounts have been reported in the accompanying financial statements for donated services because an objective basis is not available to measure the value of such services.

G. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, with donor restricted net assets are reclassified without donor restricted net assets.

VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

**1. SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS:
(Continued)**

H. Federal and State Income Taxes

The Organization is exempt from federal and state income taxes under the provisions of Section 501 (c) (3) of the Internal Revenue Code, as amended. Accordingly, no provisions for federal or state income taxes have been recorded in the accompanying financial statements.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Expense Allocation

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, depreciation, insurance, rent, telephone, information technology and office supplies which are allocated on the basis of estimates of time and effort.

2. LIQUIDITY AND CASH AVAILABILITY

VEO regularly monitors liquidity required to meet its operating needs and other contractual and day-to-day functions.

For the purpose of analyzing resources available to meet general expenditures over a 12-month operating cycle, the organization considers all expenditures related to its ongoing activities of housing, workforce development, and optimal wellness initiatives, as well as the conduct of strategic initiatives that carry cost.

The VEO Executive Leadership team presents a balanced budget to its Board for approval prior to each operating cycle. VEO anticipates collecting sufficient contributions, grant funds, event revenues, and client fees to cover operating expenditures. As of December 31, 2021, the following table shows the total financial assets held by VEO and the amounts of those financial assets, all of which could readily be made available to meet operating expectations and/or expenditures during the next twelve months.

VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

2. LIQUIDITY AND CASH AVAILABILITY (Continued)

Financial assets – current and available for the next twelve months:	
Cash and cash equivalents	\$ 56,615
Refundable security deposit	156,996
Grants receivable	1,036,777
Promises to give	809,392
Financial assets available to meet general expenditures within one year	<u>\$ 2,059,780</u>

3. EFFECTS OF CURRENT ECONOMIC CONDITIONS ON CONTRIBUTIONS

The Organization depends heavily on grants from governments, United Way and contributions. The ability of the organization to continue to receive amounts comparable with this year may be dependent upon current and future overall economic conditions. While the organization's Board of Directors believes the grants and contributions will continue, the ability to do so and the extent to which it continues may be dependent upon the above factors.

4. CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances with banks insured by the Federal Deposit Insurance Corporation (FDIC). These deposits may, from time to time, exceed the balances insured by the FDIC.

5. GRANTS RECEIVABLE

Grants receivable is stated at the amount management expects to collect from outstanding balances. Management has not recorded a provision for uncollectible amount and considers all amounts collectible.

6. PROMISES TO GIVE

Unconditional promises to give at December 31, 2021 are as follows:

Promises to give expected to be collected in:	
Less than one year	\$ 225,000
Two to five years	600,000
Less: allowance for doubtful accounts	-
Less: discount on promises	(15,608)
Net	<u>\$ 809,392</u>

Contributions to be received after one year are discounted at the present value of estimated future cash flows using rates commensurate with the risk involved. The amortization of the discount is recorded as additional contribution revenue.

VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

7. SECURITY DEPOSIT

The \$156,996 security deposit at December 31, 2021 represents a refundable bond related to release of a lien process. The lien was subsequently released and VEO was reimbursed the security deposit.

Also refer to Note 8 – *related party transactions*. The \$200,000 security deposit held at December 31, 2020 was included in the Settlement Agreement and Mutual Release.

8. PROPERTY AND EQUIPMENT

At December 31, 2021, major classes of property and equipment consist of the following:

Land, buildings and improvements	\$ 3,374,095
Vehicles	44,650
Furniture and fixtures	158,346
Subtotal	<u>3,577,091</u>
Less: accumulated depreciation	(219,405)
Net property and equipment	<u><u>\$ 3,357,686</u></u>

Depreciation expense for the year was \$87,104.

Related party transactions – During May 2021, through a Settlement Agreement and Mutual Release ('agreement') between VEO and the VEO's founder and past Executive Director. et al, (recipient parties) certain real estate properties and other transactions were included in the settlement. Terms benefitting the recipient parties included the transfer of certain condos, payment related to a separate real estate property purchased, including the original security deposit and an additional cash pay-out.

9. DEBT OBLIGATIONS

PPP loan #1 forgiveness –

During July 2021, the \$159,900 Payroll Protection Program (PPP) loan was forgiven by the U. S. Small Business Administration. The amount is reflected on the Statement of Activities as loan debt forgiveness revenue.

PPP loan #2 –

On February 16, 2021, VEO executed another PPP loan with a lender for \$160,815. The loan was subject to forgiveness by the U. S. Small Business Administration and was subsequently forgiven.

Loan and line of credit –

VEO executed a \$496,180 loan with a bank on July 13, 2021 for the purpose of replacing the existing line of credit. Terms of the loan include a fixed interest rate of 3.26% and matures on July 31, 2028. Principal loan repayments during the year amounted to \$26,397. During the year, interest expense related to the line of credit and the loan amounted to \$17,907. The unpaid principal loan balance at December 31, 2021 was \$469,783.

VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

9. DEBT OBLIGATIONS (Continued)

The maturity schedule for the loan is as follows:

Year Ending December 31,	Principal Payments
2022	\$ 64,958
2023	67,138
2024	69,361
2025	71,718
2026	74,125
2027	76,613
2028	45,870
Unamortized loan costs	(5,607)
	<u>\$ 464,176</u>

10. RELATED PARTY TRANSACTIONS

Refer to Note 8 - Settlement Agreement and Mutual Release.

Also, due to the departure of the past Executive Director, VEO contracted with a Board Member to temporarily assume certain executive duties on behalf of VEO. During 2021, the Board Member received non-employee compensation.

11. WITH DONOR RESTRICTED NET ASSETS

Net assets with donor restrictions were as follows for the year ended December 31, 2021:

	Balance at December 31, 2020	<u>2021</u>		Balance at December 31, 2021
		Additions	Net Assets Released	
Specific Purpose:				
Capital campaign	\$ 510,333	\$ 121,850	\$ (574,766)	\$ 57,417

12. LEASES

VEO leases office equipment under two lease contracts. The terms are 60-month leases and will expire in fiscal year 2024.

Future minimum lease payments are as follows for the years ending December 31:

2022	\$ 4,895
2023	4,895
2024	2,448

VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

13. CONTINGENCIES

Certain funding received by VEO may require the fulfillment of certain conditions as set forth in the funding instrument. Failure to meet certain conditions could result in the return of the funds to the funders.

14. IMPACT OF COVID-19 PANDEMIC

During 2020, the World Health Organization declared COVID19 as a pandemic. The pandemic has caused global business disruptions and economic uncertainties. Management believes VEO is taking appropriate actions to mitigate the negative impact. The full impact of the COVID19 pandemic is unknown and cannot be reasonably estimated as these events continue to develop. However, during May 2023, the World Health Organization deemed the pandemic, no longer a global health emergency.

15. SUBSEQUENT EVENTS

VEO management evaluated subsequent events through September 12, 2024, the date which the financial statements were available to be issued and concluded that subsequent events occurred that require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements:

- a) During May 2023, VEO executed a revolving term note with a bank for \$750,000.
- b) PPP loan #2 was forgiven amounting to \$160,815.

VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.

COMPLIANCE AND INTERNAL CONTROL REPORT

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*

To the Board of Directors of
Veterans Empowerment Organization of Georgia, Inc.:

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 To the Board of Directors of Veterans Empowerment Organization of Georgia, Inc. ("VEO"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 12, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered VEO's internal control over financial reporting (internal control) to determine the 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 VEO's internal control. Accordingly, we do not express an opinion on the effectiveness of VEO'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 may exist that have not been identified.

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*

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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



Atlanta, Georgia
September 12, 2024