

**VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT**

**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, 2019, 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, 2019, 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.

**Emphasis of Matter**

As discussed in Note 1C to the financial statements, in fiscal year 2019, VEO adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2022, 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.

  
Atlanta, Georgia  
July 14, 2022

**VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2019**

**ASSETS**

Cash and cash equivalents	\$	1,748,663
Grants receivable		10,380
Promises to give (Note 6)		705,200
Security deposit (Note 12b)		200,000
Property and equipment (Note 7)		826,575
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>3,490,818</b>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$	87,645
Custodian for a third-party (Note 10)		134,676
Note payable (Note 8)		8,191
<b>TOTAL LIABILITIES</b>		<b>230,512</b>

**NET ASSETS**

Without donor restrictions		1,981,328
With donor restrictions (Note 9)		1,278,978
<b>TOTAL NET ASSETS</b>		<b>3,260,306</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>3,490,818</b>

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, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Government grants	\$ 199,734	\$ -	\$ 199,734
Contributions	858,249	700,000	1,558,249
United Way	505,360	-	505,360
Program income	477,559	-	477,559
Merchandise sales	33,027	-	33,027
Inkind donations	29,990	-	29,990
Interest income	11,135	-	11,135
Fundraising event - gross revenue	319,564	-	319,564
Less: cost of direct benefit to donors	(61,133)	-	(61,133)
Net fundraising revenue	<u>258,431</u>	<u>-</u>	<u>258,431</u>
Subtotal	<u>2,373,485</u>	<u>700,000</u>	<u>3,073,485</u>
Net assets released from restrictions -			
Satisfaction of program restrictions (Note 9)	<u>133,260</u>	<u>(133,260)</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<u>2,506,745</u>	<u>566,740</u>	<u>3,073,485</u>
<b>EXPENSES</b>			
Program services	1,641,590	-	1,641,590
General and administrative	576,633	-	576,633
Fundraising	304,827	-	304,827
<b>TOTAL EXPENSES</b>	<u>2,523,050</u>	<u>-</u>	<u>2,523,050</u>
<b>CHANGE IN NET ASSETS</b>	<u>(16,305)</u>	<u>566,740</u>	<u>550,435</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,997,633</u>	<u>712,238</u>	<u>2,709,871</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,981,328</u>	<u>\$ 1,278,978</u>	<u>\$ 3,260,306</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, 2019**

	Program Services	Support Services		Totals
		Management & General	Fundraising	
Salaries	\$ 459,461	\$ 210,735	\$ 119,760	\$ 789,956
Payroll taxes	37,078	16,981	9,665	63,724
Fringe benefits	96,152	5,200	937	102,289
Printing	-	12,493	-	12,493
Contracted services	209,993	111,919	130,666	452,578
Information technology	-	27,660	682	28,342
Travel & transportation	22,067	-	1,409	23,476
Conferences, training, meetings	1,604	3,471	-	5,075
Materials & supplies	39,048	14,483	32,808	86,339
Professional fees	-	61,232	-	61,232
Processing fees	-	10,105	-	10,105
Telephone, cable & internet	16,966	4,450	1,527	22,943
Facility leases	230,403	11,311	-	241,714
Equipment leases	1,217	1,081	4,326	6,624
Client participant services	256,723	-	-	256,723
Dues & subscriptions	6,926	4,256	-	11,182
Marketing & advertising	-	3,941	250	4,191
Insurance	34,468	32,653	2,797	69,918
Repairs & maintenance	88,641	2,499	-	91,140
Utilities	102,370	11,374	-	113,744
Licenses, fees and permits	4,868	119	-	4,987
Interest	-	680	-	680
Depreciation	33,605	-	-	33,605
Inkind expenses	-	29,990	-	29,990
Total expenses	<u>\$ 1,641,590</u>	<u>\$ 576,633</u>	<u>\$ 304,827</u>	<u>\$ 2,523,050</u>

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, 2019**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 550,435
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Depreciation	33,605
<b>Change in operating assets and liabilities</b>	
(Increase) decrease in assets:	
Grants receivable	18,950
Promises to give	(303,200)
Accounts receivable	5,000
Inventory	
Employee advances	20,803
Prepays	14,547
Increase (decrease) in liabilities:	
Accounts payable	76,297
Custodian for third-party	134,676
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>551,113</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of fixed assets	(262,468)
Security deposit - earnest money for real estate	(200,000)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(462,468)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal payments on note payable	(3,089)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>(3,089)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>85,556</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,663,107</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,748,663</b>
<b>Supplemental information:</b>	
Inkind donations	\$ 29,990
Interest paid	680

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



**VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**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. Adopted Accounting Pronouncement**

During the year, VEO adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*.

**D. 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, 2019**

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

**D. 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.

In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of the guidance in Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU is effective for private entities for fiscal years beginning after December 15, 2018. Management is evaluating the impact of this standard on the entity's financial statements.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying The Scope And The Accounting Guidance For Contributions Received And Contributions Made*. This update applies to both resource recipients and resource providers and assists in evaluating whether a transfer of assets is an exchange transaction or a contribution and also assists with distinguishing between conditional and unconditional contributions. Distinguishing between contributions and exchange transactions determines which guidance should be applied. For contributions, the guidance in Subtopic 958-605 should be followed and for exchange transactions, Topic 606 should be followed. The ASU is effective for the Organization for the year ended December 31, 2019. Management is evaluating the impact of this standard on the entity's financial statements.

**E. 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.

**F. 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.

**VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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

**G. Change in Accounting Principle**

The Organization adopted Accounting Standards Update (ASU) 2016-14, *Not for Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, and has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standard changes the following aspects of the Organization's financial statements:

1. The temporarily restricted net asset class has been renamed net assets with donor restrictions.
2. The unrestricted net asset class has been renamed net assets without donor restrictions.

<u>Net Asset Classifications</u>	<u>Before Adoption of ASU 2016-14 December 31, 2019</u>	<u>Reclassification</u>	<u>After Adoption of ASU 2016-14 December 31, 2019</u>
Unrestricted	\$ 2,560,306	\$ (2,560,306)	\$ -
Without Donor Restrictions	-	2,560,306	2,560,306
Temporarily Restricted	712,238	(712,238)	-
With Donor Restrictions	-	712,238	712,238
Total Net Assets	<u>\$ 2,709,871</u>	<u>\$ -</u>	<u>\$ 2,709,871</u>

**H. 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.

**I. 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, 2019**

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

**J. 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 and state income taxes have been recorded in the accompanying financial statements.

**K. 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.

**2. LIQUIDITY AND CASH AVAILABILITY**

VEO regularly monitors liquidity required to meet its operating needs and other contractual and day to day functions, while also striving to maximize any potential cash surpluses via high interest income earning opportunities.

VEO has multiple cash accounts with liquidity at its disposal, one of which holds unrestricted funds to be used at VEO's discretion. 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 housing fees to cover operating expenditures. As of December 31, 2019, 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.

Financial assets – current and available for the next twelve months:

Cash and cash equivalents	\$ 1,748,663
Grants receivable	10,380
Promises to give	705,200
Financial assets available to meet general expenditures within one year	<u>\$ 2,464,243</u>

**VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**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**

At December 31, 2019, unconditional promises to give consist of the following:

Amounts due in:	
One year or less	\$ 705,200
More than one year	-
	<u>\$ 705,200</u>

Management estimates that all promises to give are fully collectible; therefore, no allowance for uncollectible accounts have been recorded.

**7. PROPERTY AND EQUIPMENT**

At December 31, 2019, major classes of property and equipment consist of the following:

Land, buildings and improvements	\$ 701,226
Vehicles	41,000
Furniture and fixtures	69,031
Construction in progress	133,260
Subtotal	<u>944,517</u>
Less: accumulated depreciation	(117,942)
Net property and equipment	<u>\$ 826,575</u>

**VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**8. NOTE PAYABLE**

Note payable to Wells Fargo Bank, with a fixed interest rate of 10.25% is due in monthly installments of principal and interest of \$342 until March 5, 2022. The outstanding principal balance at December 31, 2019 was \$8,191.

The maturity schedule for the loan is as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>
2020	\$ 3,497
2021	3,798
2022	896

**9. WITH DONOR RESTRICTED NET ASSETS**

With donor restricted net assets consist of the following at December 31, 2019:

Capital campaign	\$ 903,978
Other programmatic	375,000
Total	<u>\$ 1,278,978</u>

During the year, VEO released \$133,260 of the capital campaign funds for construction in progress.

**10. CUSTODIAN FOR A THIRD-PARTY**

VEO acts as the fiduciary for funds provided by United Way. The balance held at December 31, 2019 was \$134,676. During fiscal year 2020, the funds were fully disbursed.

**11. LEASES**

Facility -

Related party transaction – effective June 1, 2013, VEO executed a rental agreement for a facility affiliated with the Founder /CEO of VEO. The lease term period is June 1, 2013 to June 30, 2028 at \$11,700 per month. The facility rent expense is included on the Statement of Functional Expenses. Effective May 25, 2021, VEO purchased the real property from the Founder/CEO.

Office equipment -

VEO leases office equipment under two leases. The terms are 60-month leases and will expire in fiscal years 2021 and 2024. The lease amounts are \$290 and 239 per month.

Future minimum lease payments are as follows for fiscal years ending:

2020	\$ 146,748
2021	64,848
2022	5,153
2023	3,480
2024	1,740

**VETERANS EMPOWERMENT ORGANIZATION OF GEORGIA, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**12. SUBSEQUENT EVENTS**

VEO management evaluated subsequent events through July 14, 2022, the date which the financial statements were available to be issued and concluded that subsequent events occurred that requires recognition in the Financial Statements or disclosure in the Notes to the Financial Statements:

- a) 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. However, the full impact of the COVID19 pandemic is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.
- b) Real estate purchase from a related party - effective May 25, 2021, VEO purchased the real property from the Founder/CEO.

**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, 2019, 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 July 14, 2022.

**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***

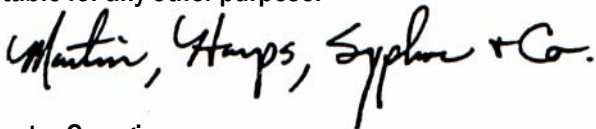
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**Compliance and Other Matters**

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  
July 14, 2022