

**VETERANS OUTREACH
OF PENNSYLVANIA**

DECEMBER 31, 2021

VETERANS OUTREACH OF PENNSYLVANIA

HARRISBURG, PENNSYLVANIA

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INDEPENDENT AUDITOR'S REPORT

May 17, 2022

The Board of Directors
VETERANS OUTREACH OF PENNSYLVANIA
Harrisburg, Pennsylvania

Opinion

We have audited the accompanying financial statements of **VETERANS OUTREACH OF PENNSYLVANIA** (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.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **VETERANS OUTREACH OF PENNSYLVANIA** and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

Emphasis of a Matter

As further explained in Note 10, **VETERANS OUTREACH OF PENNSYLVANIA** is operating in an environment that has been economically impacted by the COVID-19 pandemic. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, 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.

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May 17, 2022

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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 **VETERANS OUTREACH OF PENNSYLVANIA**'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, 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 **VETERANS OUTREACH OF PENNSYLVANIA**'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 **VETERANS OUTREACH OF PENNSYLVANIA**'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.

Report on Summarized Comparative Information

The comparative information presented herein as of December 31, 2020 and the summarized comparative information presented herein for the year ended December 31, 2020, is the responsibility of management. The comparative information was subject to our compilation engagement. We did not audit or review the comparative information and do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Respectfully submitted,

Goldberg & Balthasar, P.C.

VETERANS OUTREACH OF PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

	AS OF DECEMBER 31,	
	2021	2020
	AUDIT	COMPILATION
	<u> </u>	<u> </u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash & Cash Equivalents	\$ 141,992	\$ 38,849
Prepaid Expenses	<u>780</u>	<u>338</u>
TOTAL CURRENT ASSETS	<u>142,772</u>	<u>39,187</u>
OTHER ASSETS:		
Land - In-Kind Contributions	669,600	-
Land and Development Costs	<u>355,848</u>	<u>141,012</u>
TOTAL OTHER ASSETS	<u>1,025,448</u>	<u>141,012</u>
TOTAL ASSETS	\$ <u>1,168,220</u>	\$ <u>180,199</u>

(CONTINUED)

VETERANS OUTREACH OF PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

	AS OF DECEMBER 31,	
	2021	2020
	AUDIT	COMPILATION
<u>LIABILITIES</u>		
CURRENT LIABILITIES:		
Current Portion of Long-Term Debt	\$ 24,995	\$ 24,628
Accounts Payable	<u>14,293</u>	<u>18,982</u>
TOTAL CURRENT LIABILITIES	<u>39,288</u>	<u>43,610</u>
LONG-TERM LIABILITIES:		
Loan Payable	76,154	100,000
Less - Current Portion of Long-Term Debt	<u>24,995</u>	<u>24,628</u>
TOTAL LONG-TERM LIABILITIES	<u>51,159</u>	<u>75,372</u>
TOTAL LIABILITIES	<u>90,447</u>	<u>118,982</u>
<u>NET ASSETS</u>		
NET ASSETS:		
Without Donor Restrictions	1,044,273	61,217
With Donor Restrictions	<u>33,500</u>	<u>-</u>
TOTAL NET ASSETS	<u>1,077,773</u>	<u>61,217</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,168,220</u>	\$ <u>180,199</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

VETERANS OUTREACH OF PENNSYLVANIA

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31,

	2021 AUDIT			2020 COMPILATION
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	SUMMARIZED INFORMATION TOTAL
	SUPPORT AND REVENUE:			
Contributions	\$ 117,835	\$ -	\$ 117,835	\$ 38,412
In-Kind Contributions	669,600	-	669,600	-
Capital Campaign Income	-	33,500	33,500	-
Grants	100,000	69,000	169,000	36,500
Special Event Income	66,631	-	66,631	-
Investment Income	86	-	86	21
Net Assets Released from Restrictions	69,000	(69,000)	-	-
Total Support and Revenue	1,023,152	33,500	1,056,652	74,933
EXPENSES:				
Program Services	8,116	-	8,116	15,539
Management and General	11,487	-	11,487	1,768
Fundraising	20,493	-	20,493	2,484
Total Expenses	40,096	-	40,096	19,791
CHANGE IN NET ASSETS	983,056	33,500	1,016,556	55,142
NET ASSETS - BEGINNING OF YEAR	61,217	-	61,217	6,075
NET ASSETS - END OF YEAR	\$ 1,044,273	\$ 33,500	\$ 1,077,773	\$ 61,217

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

VETERANS OUTREACH OF PENNSYLVANIA

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31,

	2021 AUDIT				2020 COMPILATION
	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL	SUMMARIZED INFORMATION TOTAL
Accounting Fees	\$ -	\$ 6,650	\$ -	\$ 6,650	\$ 175
Bank Charges	790	-	-	790	155
Apparel	1,275	-	-	1,275	-
Client Relations Management	2,710	-	-	2,710	2,233
Consulting	1,115	-	10,035	11,150	9,000
Fundraising Expense	-	-	3,494	3,494	2,484
Insurance	-	3,362	-	3,362	656
Interest Expense	-	1,475	-	1,475	937
Outreach Supplies	-	-	-	-	148
Printing	138	-	-	138	201
Supplies and Mailings	535	-	536	1,071	302
Special Event Expense	-	-	6,053	6,053	-
Trademark Fee	-	-	-	-	550
Training	128	-	-	128	-
Utilities	300	-	-	300	-
Website	1,125	-	375	1,500	2,950
TOTAL EXPENSES	\$ <u>8,116</u>	\$ <u>11,487</u>	\$ <u>20,493</u>	\$ <u>40,096</u>	\$ <u>19,791</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

VETERANS OUTREACH OF PENNSYLVANIA

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED
DECEMBER 31,

	2021 AUDIT	2020 COMPILATION
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets - Page 5	\$ 1,016,556	\$ 55,142
Adjustments to reconcile change in net assets to cash provided by operating activities -		
In-Kind Contributions	(669,600)	-
(Increase) in Prepaid Expenses	(442)	(338)
Increase (Decrease) in Accounts Payable	<u>(18,862)</u>	<u>1,324</u>
TOTAL ADJUSTMENTS	<u>(688,904)</u>	<u>986</u>
Cash Provided from Operating Activities	<u>327,652</u>	<u>56,128</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Loan Payable	-	100,000
(Repaid) on Loan Payable	<u>(23,846)</u>	<u>-</u>
Cash Provided from (Used for) Financing Activities	<u>(23,846)</u>	<u>100,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Payments) for Land Development Costs	<u>(200,663)</u>	<u>(123,354)</u>
Cash (Used for) Investing Activities	<u>(200,663)</u>	<u>(123,354)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	103,143	32,774
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>38,849</u>	<u>6,075</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ <u>141,992</u>	\$ <u>38,849</u>
INTEREST PAID FOR YEAR	\$ <u>1,144</u>	\$ <u>937</u>
Unrestricted Cash and Cash Equivalents	\$ 108,492	\$ 38,849
Restricted Cash and Cash Equivalents	<u>33,500</u>	<u>-</u>
Total Cash and Cash Equivalents	\$ <u>141,992</u>	\$ <u>38,849</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

VETERANS OUTREACH OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

NATURE OF OPERATIONS -

Veterans Outreach of Pennsylvania (VOPA) was established under the non-profit corporation laws of the Commonwealth of Pennsylvania. VOPA's mission is to stand to combat homelessness among veterans by providing support and services needed to promote an empowered life filled with strength and purpose. VOPA was granted exempt status under Section 501(c)(3) of the Internal Revenue Code on November 8, 2018.

VOPA plans to build a village of 15 tiny homes surrounding a 6,500 square foot community center for homeless veterans on an approximate 5-acre plot along the Susquehanna River in South Harrisburg. This unique but proven concept is specially designed to meet the specific needs of homeless veterans. A calm setting, close to transportation and service providers, is a significant component of the veterans' healing process.

VOPA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no tax liability is incurred unless the entity income is considered to be unrelated business income.

BASIS OF ACCOUNTING -

The financial statements of VOPA have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

BASIS OF PRESENTATION -

VOPA's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). Current US GAAP standards are contained in the Accounting Standards Codification (ASC), as set forth by the Financial Accounting Standards Board (FASB).

US GAAP requires VOPA to report information regarding its financial position and activities according to the following net asset classifications:

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 VOPA. These net assets may be used at the discretion of VOPA's management and the board of directors.

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

CONTRIBUTIONS -

Contributions that are restricted by the donor for some passage of time or event are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

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VETERANS OUTREACH OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

CONCENTRATIONS OF CREDIT RISK -

Financial instruments that potentially subject VOPA to concentrations of credit risk consist principally of cash and cash equivalents. VOPA maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. VOPA's cash and cash equivalent accounts have been placed with high credit quality financial institutions. VOPA has not experienced, nor does it anticipate, any losses with respect to such accounts.

PROPERTY AND EQUIPMENT -

Property and equipment are stated at cost if purchased and at fair value at the date of contribution of assets donated to VOPA. VOPA capitalizes additions of property and equipment in excess of \$2,500 cost or fair value, if donated. Annual depreciation is primarily computed using the straight-line method. There was no depreciation expense for the fiscal years ended December 31, 2021 and 2020.

CASH EQUIVALENTS -

VOPA considers all short-term investments with an original maturity of three months or less to be cash equivalents, except for those amounts, if applicable, that may be held in an investment portfolio, which would be invested for long-term purposes.

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 these estimates.

FUNCTIONAL EXPENSES -

The financial statements may report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

TAXATION -

VOPA is exempt from federal income tax as provided by Code Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by VOPA. Management evaluated the tax positions taken and concluded that VOPA had taken no uncertain tax positions that require recognition or disclosure in the financial statements. No provision or benefit for income taxes has been included in these financial statements.

NOTE 2 - PENDING NEW ACCOUNTING PRONOUNCEMENT:

In February 2016, FASB issued ASU No. 2016-02, *Leases*. The ASU introduces a lessee's model that brings most leases onto the statement of financial position and aligns many of the underlying principles of the new lessor model with those in the new revenue recognition standard (ASU No. 2014-09). ASU No. 2016-02 is effective for annual periods beginning after December 15, 2021. VOPA is currently assessing the impact this standard will have on its financial statements.

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VETERANS OUTREACH OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 - GRANTS:

VOPA was awarded a Gaming Grant from the Dauphin County Industrial Development Authority on July 14, 2021. The grant was for \$69,000 and was restricted for the purpose of expenses incurred with constructing a community of tiny homes for homeless veterans. As of December 31, 2021, all the funds were expended for land development costs.

During the year ended December 31, 2021, VOPA was awarded other unrestricted grants in the amount of \$100,000, of which all the funds were expended as of December 31, 2021.

NOTE 4 - LOAN PAYABLE:

VOPA borrowed funds in the amount of \$100,000 on May 18, 2020. The loan is payable in four equal installments of \$26,139.06, which includes interest at 1.5%. The first annual installment was due December 5, 2021, and the 5th of December annually until paid in full. The loan is not collateralized.

The current portion is \$24,995..... \$ 76,154

NOTE 5 - RELATED PARTY TRANSACTIONS:

The loan payable is due to current Board Members of VOPA.

NOTE 6 - NET ASSETS:

Net assets with donor restrictions are as follows as of:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Capital Campaign	\$ <u>33,500</u>	\$ <u>-0-</u>
TOTAL	\$ <u>33,500</u>	\$ <u>-0-</u>

Net assets without donor restrictions are as follows as of:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Undesignated	\$ 1,044,273	\$ 61,217
Board Designated	<u>-0-</u>	<u>-0-</u>
	\$ <u>1,044,273</u>	\$ <u>61,217</u>

Net assets released from net assets with donor restrictions are as follows for the years ended:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Satisfaction of Purpose Restrictions For Program Services	\$ <u>69,000</u>	\$ <u>25,000</u>

(CONTINUED)

VETERANS OUTREACH OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 - CAPITAL CAMPAIGN:

VOPA plans to build a village of 15 tiny homes surrounding a community center for homeless veterans. This site is above the 100-year flood plain, and within the 500-year flood plain. VOPA is specifically designed to meet the unique needs of veterans while recreating the stable support network last offered to them before they left the service. To fund the acquisition and construction costs, in late 2021, VOPA began a capital campaign to raise \$4.2 million. Construction of the facilities will begin when adequate funding has been received. Cash and promises to give are restricted to payment of the cost of construction of the facilities. As of December 31, 2021, there were no pledge receivables.

NOTE 8 - IN-KIND CONTRIBUTIONS AND CONTRIBUTED SERVICES:

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. VOPA recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. VOPA receives services from a large number of volunteers who give significant amounts of their time to VOPA's programs and fundraising campaigns, but which do not meet the criteria for financial statement recognition.

VOPA received in-kind contributions of 5.0 acres of land on July 30, 2021, with a fair value of \$435,000, and a second parcel of 6.73 acres of land on October 20, 2021, with a fair value of \$234,600. The contributions of land have been reported as in-kind contributions of revenue on the statement of activities and as property and equipment on the statement of financial position.

NOTE 9 - AVAILABILITY AND LIQUIDITY:

The following represents VOPA's financial assets as of:

Financial assets at year-end:	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash and Cash Equivalents	\$ <u>141,992</u>	\$ <u>38,849</u>
Total financial assets	141,992	38,849
Less - amounts not available to be used within one year:		
Net assets with donor restrictions	<u>33,500</u>	<u>-0-</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u><u>108,492</u></u>	\$ <u><u>38,849</u></u>

VOPA uses budgets to monitor its revenue and expense throughout the year, in order to meet their annual cash needs. The VOPA Board of Directors reviews cash available on a monthly basis.

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VETERANS OUTREACH OF PENNSYLVANIA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 - SUBSEQUENT EVENTS:

VOPA has evaluated subsequent events through May 17, 2022, which is the date the financial statements were available to be issued. VOPA is not aware of any material subsequent events.

VOPA has been operating in an environment that has been economically impacted by the COVID-19 pandemic. The full impact of the pandemic on VOPA is not known as of the release of these financial statements. However, management is monitoring the current conditions and their potential impact.