

PEOPLE INCORPORATED OF VIRGINIA
CONSOLIDATED ANNUAL FINANCIAL REPORT

June 30, 2013

PEOPLE INCORPORATED OF VIRGINIA
CONSOLIDATED ANNUAL FINANCIALS REPORT
YEAR ENDED JUNE 30, 2013

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PEOPLE INCORPORATED OF VIRGINIA

BOARD OF DIRECTORS, ABINGDON, VIRGINIA

SECTOR I

Head Start Policy Council
Christy Whitaker
14 Heritage Drive, Apt 28
Bristol, VA 24201

Project Discovery
Ms. Mary Cook
206 Old Fincastle Rd.
Lebanon, VA 24266

Haysi Community
Mr. Larry D. Yates
P.O. Box 278
Haysi, VA 24256

Dante Community
Ms. Bobbie Gullet
P.O. Box 321
Dante, VA 24237

Project Discovery - NSV
Vacant

Client Council
Mr. David McCracken
P.O. Box 490
Glade Spring, VA 24340

Abingdon Green
Vacant

Head Start- Parent
Bristol B/B Parent-HS/EHS
Amanda Ball
30404 Micah Lane
Meadowview, VA 24361

Valley Vista
Melissa Melchor
135 Valley Vista Drive
Apt # 103
Woodstock, VA 22664

Sweetbriar Apartments
Ms. Anne Murray
16173 Gilbert Drive
Abingdon, VA 24210

Domestic Violence
Connie Royal
P.O. Box 502
Grundy, VA 24614

Valley Vista
Tina Watson
141 Valley Vista Apt # 202
Woodstock, VA 22664

White Mill
Evelyn McCracken
15365 Whites Mill Road
Abingdon, VA 24210

King's Mountain Supportive Housing
Tommy Burris
1235 West State Street
Bristol, VA 24201

Tom's Brook
Vacant

PEOPLE INCORPORATED OF VIRGINIA

BOARD OF DIRECTORS, ABINGDON, VIRGINIA

SECTOR II

Page County

Robert Griffith
1100 Kibler Hill Road
Luray, VA 22835

Buchanan Co. Bd. of Supervisors

Mr. Trey Adkins
P.O. Box 350
Grundy, VA 24614

Washington Co. Bd. of Supervisors

Mr. Phillip McCall
24597 Walden Road
Abingdon, VA 24210

Bristol City Council

Ms. Catherine Brillhart
213 Autumn Drive
Bristol, VA 24201

Russell Co. Bd. of Supervisors

Ms. Alice Meade
P.O. Box 1208
Lebanon, VA 24266

Dickenson Co. Bd. of Supervisors

Mr. G. David Moore, Jr.
County Administrator
P.O. Box 1098
Clintwood, VA 24228

Warren County Bd.
of Supervisors

Mr. Tony F. Carter
P.O. Box 1355
Front Royal, VA 22630

Shenandoah County Bd.
of Supervisors

Mr. Dennis Morris
1685 Brook Creek Rd.
Toms Brook, VA 22660

Clarke County

Coleen Hillersons
11 Battletowns Drive
Berryville, VA 22611

Bristol City Council

Catherine Brillhart
213 Autumn Drive
Bristol, VA 24201

Rappahannock County
Board of Supervisors

Ms. Beverly Dunford
Director of Social Services
P.O. Box 87
Washington, VA 22747

City of Manassas

Ronald King
Director of Family Services
9324 West Street
Manassas, VA 20110

Fauquier County Board of Supervisors

Jan Selbo
320 Hospital Drive
Warrenton, VA 20186

City of Manassas Park

Addie Whitaker
One Park Center Court
Manassas Park, VA 20111

PEOPLE INCORPORATED OF VIRGINIA

BOARD OF DIRECTORS, ABINGDON, VIRGINIA

SECTOR III

Town of Grundy

Industrial Development Authority

Mr. Chris Shortridge

P.O. Box 288

Grundy, VA 24614

Washington County

Chamber of Commerce

Ms. Denise Stanley, CPA

P.O. Box 886

Emory, VA 24327

Russell County

Chamber of Commerce

Mr. Greg Bailey

3108 5th Avenue

St. Paul, VA 24283

Dickenson County

Chamber of Commerce

Mr. Doug Ratliff

P.O. Drawer Z

Haysi, VA 24256

Southwest Virginia Legal Aid

Society

Ms. Yvette Goode

P.O. Box 670

Castlewood, VA 24224

Virginia Highlands

Community College

Ms. Winona Fleenor

P.O. Box 828

Abingdon, VA 24212

Lord Fairfax Community College

Ms. Liv Heggoy

173 Skirmisher Lane

Middletown, VA 22645

Shenandoah County

Dept. of Social Services

Mr. John Ayers

115 Lou Jake Lane

Edinburg, VA 22824

Emory and Henry College

Early Childhood Education Specialist

Dr. Janet L. Justice Crickmer

21360 Crosswinds Drive

Abingdon, VA 24211

Greater PWC Human

Services Consortium

Vacant

Fauquier Health System

Vacant

Foothills Housing Network

Tony Hooper

87 Dennison Street

Fredricksburg, VA 22406

Loudon, Fauquier, Prince William, &

Rappahannock Public Defender

Vacant

Warren County EDA

Vacant

PEOPLE INCORPORATED OF VIRGINIA

BOARD OF DIRECTORS, ABINGDON, VIRGINIA

EXECUTIVE COMMITTEE

Chairperson	Chris Shortridge
Vice Chairperson	David McCracken
Treasurer	John Ayers
Secretary	Alice Meade
Assistant Secretary	Christy Whitaker
Member	Colleen Hillerson
Member	Doug Ratliff
Member	Liv Heggoy
Member	Robert Griffith
Member	Janine Sewell
Member	Beverly Dunford
Member	Addie Whitaker
Member	Ron King
Member	Tony Carter
Member	Jan Selbo

Hicok, Fern, Brown & Garcia

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
People Incorporated of Virginia
Abingdon, Virginia

We have audited the accompanying financial statements of People Incorporated of Virginia (a nonprofit organization) which comprise the statement of financial position as of June 30, 2013, and the related statements of activities 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

Hicok, Fern, Brown & Garcia
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of People Incorporate of Virginia as of June 30, 2013, 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 Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Federal Awards which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the Schedule of Expenditures which is presented for purposes of additional analysis has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Schedules on pages 32-34 have not been subjected to the auditing procedures applied in the audit of the basic statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued a report, dated December 16, 2013, on our consideration of People Incorporated of Virginia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 internal control over financial reporting or compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering People Incorporated of Virginia's internal control over financial reporting and compliance.

Hicok, Fern, Brown & Garcia

HICOK, FERN, BROWN & GARCIA
CERTIFIED PUBLIC ACCOUNTANTS

December 16, 2013

Hicok, Fern, Brown & Garcia

Certified Public Accountants

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
People Incorporated of Virginia
Abingdon, Virginia

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 the financial position, activities, and cash flows of People Incorporated of Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise People Incorporated of Virginia's basic financial statements, and have issued our report thereon dated December 16, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered People Incorporated of Virginia'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of People Incorporated of Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of People Incorporated of Virginia'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.

Hicok, Fern, Brown & Garcia
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether People Incorporated of Virginia'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 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*.

We have reported other matters to the Board of Directors in a separate letter dated December 16, 2013.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hicok, Fern, Brown & Garcia
HICOK, FERN, BROWN & GARCIA
CERTIFIED PUBLIC ACCOUNTANTS

December 16, 2013

Hicok, Fern, Brown & Garcia

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Directors
People Incorporated of Virginia
Abingdon, Virginia

Report on Compliance for Each Major Federal Program

We have audited People Incorporated of Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of People Incorporated of Virginia's major federal programs for the year ended June 30, 2013. People Incorporated of Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of People Incorporated of Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. 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 *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about People Incorporated of Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of People Incorporated of Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, People Incorporated of Virginia, 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 June 30, 2013.

Report on Internal Control Over Compliance

Management of People Incorporated of Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered People Incorporated of Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of People Incorporated of Virginia's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Hicok, Fern, Brown & Garcia
Certified Public Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Hicok, Fern, Brown & Garcia

HICOK, FERN, BROWN & GARCIA
CERTIFIED PUBLIC ACCOUNTANTS

December 16, 2013

<u>Assets</u>	<u>Total</u>
Current Assets:	
Cash and cash equivalents (Note 1 & 2)	\$ 1,095,985
Vacation trust account	207,663
Due from grantor	1,829,390
Accounts receivable	392,270
Inventory (Note 1)	66,617
Prepaid expenses	309,910
Other current assets	515
Total Current Assets	<u>3,902,350</u>
Long-term Assets:	
Notes receivable (Net of allowance for bad debts of \$17,057) (Note 3)	3,061,328
Property, plant, & equipment (Note 4)	24,272,938
Accumulated depreciation	(4,958,103)
Total Long-term Assets	<u>22,376,163</u>
 Total Assets	 <u>\$ 26,278,513</u>
 <u>Liabilities & Net Assets</u>	
 <u>Liabilities</u>	
Current Liabilities:	
Accounts payable	\$ 685,554
Accrued expenses	322,939
Deferred revenue	147,464
Refundable deposits	1,289,155
Notes payable - current	550,686
Total Current Liabilities	<u>2,995,798</u>
 Long-term Liabilities:	
Compensated absences (Note 6)	714,279
Notes payable - net of current (Note 7)	3,297,764
Total Long-term Liabilities	<u>4,012,043</u>
 Total Liabilities	 7,007,841

The Notes to Financial Statements are an integral part of this statement.

People Incorporated of Virginia
Abingdon, Virginia
Statement of Consolidated Financial Position
For June 30, 2013

EXHIBIT 1
Page 2 of 2

	<u>Total</u>
<u>Net Assets</u>	
Unrestricted	1,832,634
Temporarily restricted (Note 8)	<u>17,438,038</u>
Total Net Assets	<u>19,270,672</u>
Total Liabilities & Net Assets	<u>\$ 26,278,513</u>

The Notes to Financial Statements are an integral part of this statement.

People Incorporated of Virginia
 Abingdon, Virginia
 Statement of Consolidated Activities
 For the Year Ended June 30, 2013

EXHIBIT 2

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Grants	\$ 1,113,582	\$ 9,851,554	\$ 10,965,136
Other	4,484,051	206,750	4,690,801
Interest	60,286	128,782	189,068
Contributions	15,983	-	15,983
In-Kind	-	369,762	369,762
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>10,260,548</u>	<u>(10,260,548)</u>	<u>-</u>
Total Revenues	<u>15,934,450</u>	<u>296,300</u>	<u>16,230,750</u>
Expenses:			
Program Services:			
Community Services	1,107,790	-	1,107,790
Community Development	292,416	-	292,416
Community Economic Development	573,224	-	573,224
Children & Family Services	4,187,431	-	4,187,431
Housing	6,800,418	-	6,800,418
Workforce Development	1,951,960	-	1,951,960
Support Services:			
General & Administrative	1,394,375	-	1,394,375
Fundraising	<u>515,967</u>	<u>-</u>	<u>515,967</u>
Total Expenses	<u>16,823,581</u>	<u>-</u>	<u>16,823,581</u>
Change in Net Assets	(889,131)	296,300	(592,831)
Net Assets At Beginning of Year	<u>2,721,765</u>	<u>17,141,738</u>	<u>19,863,503</u>
Net Assets At End of Year	\$ 1,832,634	\$ 17,438,038	\$ 19,270,672

The Notes to Financial Statements are an integral part of this statement.

People Incorporated of Virginia
 Abingdon, Virginia
 Statement of Consolidated Cash Flows
 For the Year Ended June 30, 2013

EXHIBIT 3

	<u>Total</u>
Operating Activities:	
Change in net assets	\$ (592,831)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Loss on sale of fixed assets	7,194
Depreciation	889,043
Allowance for bad debt	(112,210)
Net change in:	
Due from grantor & accounts receivable	4,128
Inventory	537
Prepaid expense	(77,184)
Accounts payable	(237,467)
Accrued expenses & other payables	(23,280)
Other Liabilities	<u>(109,041)</u>
Net Cash Used By Operating Activities	<u>(251,111)</u>
Investment Activities:	
Purchase of property, plant & equipment	(656,926)
Proceeds from disposition of property, plant & equipment	247,363
Loans to businesses and consumers	(1,198,249)
Principal repayment on business and consumer loans	<u>833,069</u>
Net Cash Used By Investing Activities	<u>(774,743)</u>
Financing Activities:	
Proceeds from long-term debt	715,796
Principal payments made on long-term debt	<u>(723,424)</u>
Net Cash Used By Financing Activities	<u>(7,628)</u>
Decrease In Cash	(1,033,482)
Cash and cash equivalents at Beginning of Year	<u>2,337,130</u>
Cash and cash equivalents at End of Year	<u>\$ 1,303,648</u>

The Notes to Financial Statements are an integral part of this statement.

People Incorporated of Virginia
Notes to Consolidated Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

People Incorporated of Virginia (“the Organization”) is a Virginia non-profit corporation. Its purpose is to utilize public monies awarded for the good of the community through its various programs.

During the fiscal year ended June 30, 2013, People Incorporated of Virginia received 64% of its total revenue from federal and state sources.

Financial Statement Presentation

People Incorporated of Virginia’s financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Codification 958-205. Net assets of the organization are reported based on the existence of donor or grantor imposed restrictions. The following classifications are used to report the net assets of People Incorporated of Virginia.

Temporarily Restricted – The part of the net assets of the organization resulting (a) from inflows of assets whose use by the organization is limited by donor or grantor imposed stipulations that either expires by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and from reclassification to or (c) from other classes of net assets as a consequence of donor or grantor imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the organization pursuant to those stipulations.

Unrestricted – The part of net assets of the organization that is not temporarily restricted by donor or grantor imposed stipulations.

The Organization reports grants of cash and other assets as restricted support if they are received with grantor stipulations that limit the use of the grant asset. When the grantor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounting is maintained for each fund.

People Incorporated of Virginia
Notes to Consolidated Financial Statements
June 30, 2013

Basis of Accounting

People Incorporated of Virginia uses the accrual method of accounting for financial reporting. Under this method, revenues and expenses are reflected in the accounts in the period in which they are considered to have been earned or incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Organization to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment and intangibles; valuation allowances for receivables and inventories; and assets and obligations related to employee benefits. Accordingly, actual results could differ from those estimates.

Donated Services and Materials

People Incorporated of Virginia reports gifts of land, buildings and equipment and unrestricted support 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 or grants of cash or 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, People Incorporated of Virginia reports expirations of donor restrictions starting in the year the asset is placed in service.

Cash and Cash Equivalents

For purposes of reporting cash flows, People Incorporated of Virginia considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market. Inventories consist of materials, supplies and land held for use in various agency programs.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value. Property and equipment are depreciated using the straight-line method.

People Incorporated of Virginia
Notes to Consolidated Financial Statements
June 30, 2013

Income Taxes

People Incorporated of Virginia is a tax exempt, non-profit organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, a provision for income taxes is not required.

Allowance for Bad Debts

FASB Codification 310-10, *Accounting by Creditors for Impairment of a Loan*, is applicable to all creditors and to all loans, uncollateralized as well as collateralized, and requires that impaired loans be measured based on the present value of expected future cash flows discounted at the loans effective interest rate.

The Organization uses the allowance method to determine uncollectible notes receivable. The allowance is based on prior years' experience and management's analysis of specific loans.

Grants and Contracts

The Organization receives grants and contracts from state and federal agencies, as well as from private organizations, to be used for specific purposes. The excess of reimbursable expenditures over cash receipts is included in Due from Grantor. Any excess of cash receipts over reimbursement expenditures is included in net assets for that fund.

Principles of Consolidation

The Organization has elected to report on a consolidated financial statement. The affiliates, which are consolidating, are all relating companies. This is an acceptable consolidation as set forth by GAAP. The affiliated organizations included in the consolidated financial statements are People Incorporated Financial Services and People Incorporated Housing Group.

Indirect Cost Rate

In accordance with the provisions of Circular A-122 of the U.S. Office of Management and Budget, the Organization charges an indirect cost rate of 10% on grants and contracts with the Federal Government. This rate was established per an agreement with the Department of Health and Human Services.

Subsequent Events

Subsequent events have been evaluated as of December 16, 2013, which is the date the financial statements were issued.

Recent Accounting Pronouncements

In October 2012, the FASB issued Accounting Standards Update 2012-05, Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows, (ASU 2012-05). ASU 2012-05 amended ASC 230-10 to clarify how cash received

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from the sale of donated securities should be presented in the statement of cash flows. The ASU requires a not-for-profit to classify cash receipts from the sale of donated securities in a manner consistent with cash donations received. The provisions of ASU 2012-05 will be effective for annual periods beginning after June 15, 2013. The Organization will incorporate the provisions of ASU 2012-05 in its financial statements for the year ended June 30, 2014 and does not anticipate a significant impact from this change.

In February 2013, the FASB issued Accounting Standards Update 2013-03, Financial Instruments (Topic 825): Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities, (ASU 2013-03). ASU 2013-03 clarified that the intended scope of the fair value disclosures required by ASU 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (IFRSs), applies to nonpublic entities that have total assets of \$100 million or more or that have one or more derivative instruments. ASU 2013-03 was effective upon issuance. This update has no impact on the Organization.

In April 2013, the FASB issued Accounting Standards Update 2013-06, Not-for-Profit Entities (Topic 958): Services Received from Personnel of an Affiliate, (ASU 2013-06). ASU 2013-06 specifies the guidance that not-for-profit entities apply for recognizing and measuring services received from personnel of an affiliate. The provisions of ASU 2013-06 will be effective for annual periods beginning after June 15, 2014 and does not anticipate a significant impact from this change.

NOTE 2 – CASH

Cash for the Organization is maintained in five separate banks. Some of the banks have secured the Organization's deposits in excess of FDIC coverage. The amount in excess of FDIC coverage at June 30, 2013 is \$1,216,674.

Small Business Administration contracts require the Organization to maintain separate bank accounts.

NOTE 3 – NOTES RECEIVABLE

Smyth/Tazewell CDBG

Notes receivable of \$12,552 represents money due the program from loans made to businesses in Smyth and Tazewell County, Virginia.

Federation of Appalachian Housing Enterprises

Notes receivable of \$27,594 represents money due the program from loans made to individuals for home rehabilitation.

Haysi Downtown Loan Fund

Notes receivable of \$49,694 represents money due the program from loans made to small businesses in Haysi, Virginia.

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Page/Shenandoah CDBG

Notes receivable of \$81,551 represents money due the program from loans made to small businesses located in Page and Shenandoah County

Tobacco Indemnification Commission (TICR)

Notes receivable of \$1,056,109 represents money due the program from loans made to organizations located throughout Southwest Virginia.

U.S. Treasury

Notes receivable of \$641,244 represents money due the program from loans made to small businesses throughout Southwest Virginia.

Twin County Microenterprise CDBG

Notes receivable of \$69,538 represents money due the program from loans made to small businesses throughout Carroll County, Grayson County and the City of Galax

U.S. Treasury Consumer Loans

Notes receivable of \$274,069 represents money due the program from loans made to individuals for debt consolidation and transportation and home purchases.

SBA Microloan #4

Notes receivable of \$18,533 represents money due the program from loans made to small businesses.

SBA Microloan #5

Notes receivable of \$226,310 represents money due the program from loans made to small businesses.

SBA Microloan #4182935008

Notes receivable of \$411,414 represents money due the program from loans made to small businesses.

Virginia Enterprise Initiative

Notes receivable of \$9,139 represents money due the program from loans made to small businesses.

Wise/Norton CDBG

Notes receivable of \$24,853 represents money due the program from loans made to small businesses in Wise County and the City of Norton.

Bristol Community Development Block Grant

Notes receivable of \$7,460 represents money due the program from loans made to small businesses located in the City of Bristol, Virginia.

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Bristol Revolving Loan Fund

Notes receivable of \$55,014 represents money due the program from loans made to small businesses located in the City of Bristol, Virginia and Bristol, Tennessee

Opportunity Finance Network

Notes receivable of \$22,362 represents money due the program from loans made to small businesses throughout our service regions in Virginia.

Rural Microenterprise Assistance Program

Notes receivable of \$86,629 represents money due the program from loans made to small businesses throughout our service regions in Southwest Virginia and Northern Virginia.

United States Department of Agriculture

Notes receivable of \$4,320 represents money due the program from loans made to homeowners in Southwest Virginia and the Northern Shenandoah Valley to repair or replace water well systems.

An allowance for bad debts has been provided as follows:

FUND	Allowance for Bad Debts
	June 30, 2013
Bristol CDBG	\$ 325
Bristol Revolving Loan Fund	696
Opportunity Finance Network	43
Page/Shenandoah CDBG	286
Rural Microenterprise Assistance Program	178
Wise/Norton CDBG	5,781
Tobacco Indemnification Commission	723
U.S. Treasury	6,552
Twin County Microenterprise CDBG	686
SBA Microloan #5	467
SBA Microloan #4182935008	1,320
TOTAL	\$ 17,057

The allowance is based on prior years' experience and management's analysis of specific loans.

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NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

Property and equipment purchased is stated at cost or estimated cost. Donated property is recorded at market value prevailing at date of donation. Depreciation for fixed assets has been provided over the following estimated useful lives using the straight-line method. Depreciation for the period ending June 30, 2013 amounted to \$889,043.

Buildings 20 – 40 years
 Equipment, vehicles and
 Furniture and fixtures 5 – 20 years

Summary of changes in fixed assets follows:

	Balance			Balance
	June 30, 2012	Additions	Dispositions	June 30, 2013
Land	\$ 1,189,573	\$ -	\$ -	\$ 1,189,573
Real Property	19,334,814	721,736	(26,193)	20,030,357
Equipment	370,846	72,360	(30,482)	412,724
Vehicles	2,019,589	14,866	(145,739)	1,888,716
Totals	<u>22,914,822</u>	<u>808,962</u>	<u>(202,414)</u>	<u>23,521,370</u>
Construction in Progress	<u>1,131,969</u>			<u>751,568</u>
Totals	<u>\$ 24,046,791</u>			<u>\$ 24,272,938</u>

Federal programs require that all assets disposed of during the year that were obtained with restricted money must be accounted for if the sale price exceeds \$5,000.

The Organization acquired \$516,173 in property & equipment through federal grants for the year ending June 30, 2013.

NOTE 5 – CONTINGENT LIABILITIES

Federal programs in which the Organization participates were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133. All major programs and certain other programs were tested for compliance with applicable grant requirements. While no material instances of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

As of the statement of financial position date, the Organization is contingent on two loans held by Rural Development for the purpose of purchasing a building in Abingdon and a building in Clintwood. The Organization is required to set aside reserves in the amount of \$46,308 for the Abingdon building and \$14,016 for the Clintwood building in case of default. As of June 30, 2013, neither loan is in default and a total of \$63,485 in reserves has been set aside for both locations.

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There are possible litigations with past clients. It is expected that if any payments are required that the amount will be covered entirely by insurance companies.

NOTE 6 – COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation, depending on length of service and other factors. The liability for compensated absences at June 30, 2013 was \$714,279.

NOTE 7 – NOTES PAYABLE OBLIGATIONS

Notes payable obligations are installment loans of the Organization and relate to the following:

	<u>Principal Balance as of June 30, 2013</u>
• Purchase and renovation of Abingdon office building. The note has a 20-year amortization with interest payable at 4.50%. Monthly payments of \$3,859 began October 1996.	\$ 24,917
• Microloan Program loan from the U.S. Small Business Administration. The note has a 10-year amortization with varying interest with the current rate at 0.875%.	1,733
• Purchase of an office building and land in Lebanon, VA. There are two separate notes, each with a 10-year amortization. The notes were refinanced in 2010 at 6.00% with monthly payments of \$1,980.	138,146
• Microloan Program loan from the U.S. Small Business Administration. The note has a 10-year amortization with varying interest with the current rate at 0.09%. Payments of \$4,746 began in July 2010.	334,737
• Notes payable to Housing Assistance Council, with interest rate of 0% per annum, due upon sale of property, secured by deed of trust.	47,401
• Microloan Program loan from the U.S. Small Business Administration. The note has a 10-year amortization with varying interest with the current rate at 1.125%. Principal and interest payments began in July 2007.	22,091
• Financing of an office building in Bristol, VA. The note matures August 2020 with interest. The interest rate is 1% with payments of \$4,489 per month.	372,371

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• Financing of an office building in Grundy, VA. The note has a 20-year amortization with interest payable at the 5 year Treasury rate plus 2.45%. Principal and interest payments began in April 2006. The note was refinanced in April 2011.	475,329
• Rural Microenterprise Assistance Program loan from the U.S. Department of Agriculture. The note has a 20-year amortization with a 2.00% interest rate.	122,649
• Purchase of an office building in Woodstock, VA. Note is in the amount of \$365,796 to be used for purchase and renovation. Term of note is 20 years with a 5 year balloon. Interest only payments accumulating at 6.00% for the first 12 months; monthly payments thereafter will be \$3,096.	365,796
• Purchase of an office building and land in Clintwood, VA. The note has a 20-year amortization with interest payable at 5.125%. Principal and interest payments of \$1,168 began in September 2000.	82,798
• Purchase of Benham's Head Start Center building in Bristol, VA. The note is being amortized over a 15-year period at 6.00% interest	87,874
• Microloan Program loan from the U.S. Small Business Administration. The note has a 10-year amortization with varying interest beginning at 0%. Principal and interest payments began July 2011.	669,184
• Purchase and renovation of office building in Abingdon, VA. The note has a 30-year amortization with interest payable at 4.00%.	811,819
• Purchase of 2011 Ford Ranger. Note is for a period of 5 years with a 0% interest rate. Payments began in February 2011.	9,455
• Purchase of (2) GMAC Silverados. Notes are for a period of 5 years with a 0% interest rate. Principal payments began in September 2008.	1,774
• Purchase of (4) 2010 Toyota Corollas. Notes are for a period of 5 years with a 0% interest rate. Principal payments began in February 2011.	34,982
• Program loans from community banks in the amount of \$25,000 each from Bank of Tennessee, Green Bank, Citizens Bank, First Tennessee Bank and Eastman Credit Union for the revitalization of downtown Bristol. The loans are for a period of 10 years at 0% interest with principal repayable at the end of the 10 years. The notes will be renewed if program objectives are met.	125,000

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• Program loan from Virginia Community Capital. The loan is for a period of 10 years with a variable interest rate. Payments began in November 2007.	9,881
• Purchase of (2) Jeep Liberty vehicles. There are two separate notes, each with a 5-year amortization at 0% interest. Principal payments of \$373 for each note began in March 2009.	6,355
• Purchase of a GMAC Impala. Note is for a period of 5 years with a 0% interest rate. Principal payments of \$378 began in June 2009.	4,158
• Line of Credit for operating cash flow. Total credit amount of \$250,000 at a rate of 5.25%. The line of credit was originally issued December 2008 with options to renew each year.	<u>100,000</u>
TOTAL	<u>\$ 3,848,450</u>

Annual requirements to amortize long-term debt are as follows:

Year Ending June 30	Principal
2014	\$ 550,686
2015	270,916
2016	263,662
2017	256,579
2018	264,257
2019-2023	1,393,786
2024-2028	362,246
2029-2033	195,352
2034 and beyond	<u>290,966</u>
Total	<u><u>\$ 3,848,450</u></u>

Interest expense incurred on notes payable and lines of credit for 2013 was \$121,960.

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NOTE 8 – RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purpose:

	Amount
Business loans and related expenditures	\$ 1,804,825
Time or purpose restricted for period after	
June 30, 2013	<u>15,633,213</u>
TOTAL	<u>\$ 17,438,038</u>

NOTE 9 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of financial instruments under FASB Codification 825-10, *Disclosures About Fair Value of Financial Instruments*, as amended by FASB Codification 820-10, are determined based on relevant market information. These estimates involve uncertainty and cannot be determined with precision. The following methods and assumptions are used to estimate the fair value of each class of financial instrument:

The carrying amounts of cash, receivables, accrued liabilities, and payables on the consolidated statement of financial position approximate fair value due to the short-term nature of these items.

The carrying amounts of debt, compensated absences and notes receivable on the consolidated statement of financial position approximate fair value, which is estimated based on current market rates offered to or by the Organization for similar instruments.

FASB Codification 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB Codification 820-10 also establishes a fair value hierarchy which requires the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly or indirectly through corroboration with observable market data. Level 2 inputs include (a)quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in markets that are not active, (c)inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss

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severities, credit risks, and default rates), and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Unobservable inputs used to measure fair value to the extent that observable inputs are not available and that are supported by little or no market activity for the asset or liability at the measurement date.

NOTE 10 – IN-KIND

The Head Start program is required to contribute 20% of the cost of the program through non-federal cash or in-kind contributions. Other programs also require matching funds similar to Head Start. The following is a breakdown of in-kind received by program and month:

	Head Start	Project Discovery	Domestic Violence	Transitional Housing
Jul-12	\$ 15,909	\$ -	\$ 5,960	\$ 2,305
Aug-12	29,727	-	8,114	2,160
Sep-12	61,721	12,234	6,730	2,900
Oct-12	80,612	53,250	8,989	2,977
Nov-12	246,741	200	6,514	2,747
Dec-12	85,890	1,480	2,747	12,191
Jan-13	103,899	50	4,604	2,775
Feb-13	105,971	542	2,576	3,025
Mar-13	121,653	180	5,333	3,325
Apr-13	130,305	-	2,629	7,773
May-13	63,081	-	3,572	2,296
Jun-13	29,704	4,455	24,652	77,042
	<u>\$ 1,075,213</u>	<u>\$ 72,391</u>	<u>\$ 82,420</u>	<u>\$ 121,516</u>

NOTE 11 – LEASE OBLIGATIONS

On January 27, 2004, the Organization entered into a one year lease for the Head Start program with Dickenson County of Dickenson County, Virginia. The lease relates to real property located at Dickenson County Technology Park in Dickenson County, Virginia. The lease can be terminated by either party with one year written notice.

On December 1, 2012, the Organization entered into a one year lease for the Head Start program with Damascus Presbyterian Church of Damascus, Virginia. The lease relates to real property located at Laurel Avenue in Damascus, Virginia. The lease can be terminated by either party with sixty days written notice.

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On December 1, 2012, the Organization entered into a one year lease for the Head Start program with the Hayters Gap Community Center of Washington County, Virginia. The lease relates to real property located at the Hayters Gap Elementary School in Washington County, Virginia. The lease can be terminated by either party with sixty days written notice.

On December 1, 2012, the Organization entered into a one year lease for the Head Start program with Russell County, Virginia. The lease relates to real property located at Route 80, Russell County, Virginia in the Swords Creek Community Center. The lease can be terminated by either party with ninety days written notice.

On December 1, 2012, the Organization entered into a one year lease for the Head Start program with Cumberland Plateau Housing Authority. The lease relates to real property located in the Fox Meadows community. The lease can be terminated by either party with ninety days written notice.

NOTE 12 – USDA REIMBURSEMENTS

Head Start, Dickenson Day Care, Infant Toddler and Abingdon Day Care receive reimbursements from the United States Department of Agriculture for meals served to children. Reimbursements received for Head Start and the day care centers for the year ended June 30, 2012 are:

Head Start/Early Head Start	\$ 214,209
Day Care Centers	<u>\$ 15,440</u>

NOTE 13 – REFUNDABLE DEPOSITS

The Organization holds a deposit from the Southwest Virginia Cultural Heritage Commission in the amount of \$1,283,200. This deposit is being held as a reserve fund to be used for all major repairs and extraordinary maintenance fees related to the Heartwood Artisan Center. Interest earned on these funds are returned to Round the Mountain quarterly. Interest earned on the reserve funds during FY13 was \$3,266.

NOTE 14 – CONTRIBUTED ASSET

The Organization entered into an agreement with the Southwest Virginia Cultural Heritage Commission (“the Commission”) to oversee the construction of the Heartwood Artisan Center in Abingdon, Virginia. Upon completion of construction in July 2011, the Organization assumed complete ownership of the building and its improvements. The Organization has a 30-year lease from the Commission on the 8-acre tract of land on which the building is situated and has a lease to the Commission for the building with the same 30-year term. The depreciated value of the building at June 30, 2013 was \$12,055,891.

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NOTE 15 – RELATED PARTIES

The Organization holds a .009% ownership interest in Riverside Place Apartments, LLC as a general partner through Rock School Management, Inc., a corporation owned 100% by People Incorporated Housing Group. The Organization's portion of capital in Riverside Place Apartments, LLC is immaterial to the financial statements as a whole.

The Organization holds a .009% ownership interest in White's Mill Point, LP as a general partner through Mill Point Apartments, Inc., a corporation owned 100% by People Incorporated Housing Group. The Organization's portion of capital in White's Mill Point, LP is immaterial to the financial statements as a whole.

The Organization holds a .009% ownership interest in Valley Vista Apartments, LLC as a general partner through Vista Apartments Management, Inc., a corporation owned 100% by People Incorporated Housing Group. The Organization's portion of capital in Valley Vista Apartments, LLC is immaterial to the financial statements as a whole.

The Organization holds a .009% ownership interest in Pulaski Village, LLC as a general partner through People Incorporated Housing Group. The Organization's portion of capital in Pulaski Village, LLC is immaterial to the financial statements as a whole.

The Organization holds a .009% ownership interest in Jonesville Manor, LLC as a general partner through People Incorporated Housing Group. The Organization's portion of capital in Jonesville Manor, LLC is immaterial to the financial statements as a whole.

The Organization holds a .009% ownership interest in Abingdon Green, LLC as a general partner through People Incorporated Housing Group. The Organization's portion of capital in Abingdon Green, LLC is immaterial to the financial statements as a whole.

The Organization holds a .009% ownership interest in Norton Green, LLC as a general partner through People Incorporated Housing Group. The Organization's portion of capital in Norton Green, LLC is immaterial to the financial statements as a whole.

The Organization holds a .009% ownership interest in Dante Crossing, LLC as a general partner through Dante Crossing Apartments Management, Inc., a corporation owned 100% by People Incorporated Housing Group. The Organization's portion of capital in Dante Crossing, LLC is immaterial to the financial statements as a whole.

The Organization holds a .009% ownership interest in Sweetbriar, LP as a general partner through Sweetbriar Apartments Management, Inc., a corporation owned 100% by People Incorporated Housing Group. The Organization's portion of capital in Sweetbriar, LP is immaterial to the financial statements as a whole.

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The Organization holds a .01% ownership interest in Buchanan County Housing, LP as a general partner through Deskins Apartments, LLC, a corporation owned 100% by People Incorporated Housing Group. The Organization's portion of capital in Buchanan County Housing, LP is immaterial to the financial statements as a whole.

The Organization holds a .009% ownership interest in Tom's Brook Apartments, LLC as a general partner through People Incorporated Housing Group. The Organization's portion of capital in Tom's Brook Apartments, LLC is immaterial to the financial statements as a whole.

Expense Classification

<u>Fund</u>	<u>Salaries & Wages</u>	<u>Fringe Benefits</u>	<u>Travel</u>	<u>Equipment Expense</u>	<u>Material & Supplies</u>	<u>Contractual</u>	<u>Others</u>	<u>Depreciation</u>	<u>In-Kind</u>	<u>Totals</u>
Community Services	\$ 506,522	\$ 189,013	\$ 42,980	\$ 4,894	\$ 26,581	\$ 8,169	\$ 199,182	\$ -	\$ 130,449	\$ 1,107,790
Community Development	59,602	21,991	7,059	1,535	21,480	69,060	111,689	-	-	\$ 292,416
Community Economic Development	350,195	135,462	9,868	873	25,249	9,341	42,236	-	-	\$ 573,224
Children & Family Services	1,886,725	881,077	26,328	44,612	251,886	158,522	718,406	51,326	168,549	\$ 4,187,431
Housing	1,069,437	448,728	53,471	31,923	841,276	2,592,867	1,653,686	38,266	70,764	\$ 6,800,418
Workforce Development	437,170	128,852	32,784	-	63,650	265,275	1,015,201	9,028	-	\$ 1,951,960
General & Administration	773,447	248,887	37,814	58,303	78,758	59,761	(653,018)	790,423	-	\$ 1,394,375
Fundraising	266,661	84,709	13,362	3,718	6,466	82,537	58,514	-	-	\$ 515,967
Total Expenses	<u>\$ 5,349,759</u>	<u>\$ 2,138,719</u>	<u>\$ 223,666</u>	<u>\$ 145,858</u>	<u>\$ 1,315,346</u>	<u>\$ 3,245,532</u>	<u>\$ 3,145,896</u>	<u>\$ 889,043</u>	<u>\$ 369,762</u>	<u>\$ 16,823,581</u>

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal Catalog Number</u>	<u>Expenditures</u>
Department of Health and Human Services:		
Direct Payments:		
Head Start	93.600 *	\$ 3,368,831
Healthy Marriage Promotion	93.086	35,985
Community Economic Development	93.570	572
Healthy Tomorrows	93.110	26,040
Pass Through Payments:		
Virginia Department of Social Services:		
CSBG	93.569 *	1,034,677
LIHEAP	93.568	133,960
Domestic Violence	93.592	82,961
Department of Health:		
Maternal, Infant & Early Childhood Home	93.505	74,503
Resource Mothers	93.778	36,744
Department Total		<u>4,794,273</u>
Department of Energy:		
Pass Through Payments:		
VA. Department of Housing and Community Development:		
Weatherization - ARRA	81.042 *	419,260
Weatherization Assistance Program	81.042 *	101,997
Sustainable Energy Resources for Consumers	81.042 *	181,848
Department Total		<u>703,105</u>
Department of Education:		
Pass Through Payments:		
Project Discovery	84.378	<u>59,838</u>
Department Total		<u>59,838</u>
Department of Housing and Urban Development:		
Direct Payments:		
Section 8	14.871 *	283,355
HUD Counseling	14.169	26,222
Permanent Supportive Housing	14.235	19,585

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal Catalog Number</u>	<u>Expenditures</u>
Pass Through Payments:		
VA. Department of Housing and Community Development:		
Emergency Shelter Grants	14.231	154,952
HOME Partnership	14.239	16,300
Northern Shenandoah Valley Regional Commission		
HOME Investment Partnership	14.239	101,301
Department Total		<u>601,715</u>
Department of Labor:		
Pass Through Payments		
New River/Mt Rogers Workforce Investment Board		
WIA Adult Program	17.258 *	467,411
WIA Youth Program	17.259 *	532,137
Dislocated Worker/One Stop Operator	17.260 *	623,977
Southwest VA Workforce Investment Board		
WIA Youth Program	17.259 *	314,728
Department Total		<u>1,938,253</u>
Department of Agriculture		
Direct Payments:		
Child and Adult Care Food Program	10.558	229,649
RD Rural Microenterprise Assistance	10.870	29,416
Household Well Water System	10.862	4,320
Department Total		<u>263,385</u>
Department of Homeland Security:		
Pass Through Payments:		
Emergency Food & Shelter National Board Program	97.024	<u>14,656</u>
Department Total		<u>14,656</u>
U.S. Small Business Administration:		
Direct Payments:		
Technical Assistance	59.046	167,988
Prime Technical Assistance	59.050	49,766
Department Total		<u>217,754</u>

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal Catalog Number</u>	<u>Expenditures</u>
Department of Justice:		
Pass Through Payments		
Domestic Violence Program	16.588	13,315
Sex Assault Program	16.575	22,454
Sexual Assault Services Formula Program	16.017	6,818
Department Total		<u>42,587</u>
Department of Treasury:		
Direct Payments:		
Community Development Financial Institutions Program	21.020	224,446
Volunteer Income Tax Assistance	21.009	11,500
Pass Through Payments		
National Foreclosure Mitigation	21.000	15,000
Department Total		<u>250,946</u>
Department of Veterans Affairs:		
Direct Payments:		
Supportive Services for Veterans Families	64.033	<u>37,708</u>
Department Total		<u>37,708</u>
Grand Total		<u>\$ 8,924,220</u>

* Denotes Major Program

I. SUMMARY OF AUDIT RESULTS:

FINANCIAL STATEMENTS

Type of Auditors' report issued: Unmodified

Internal control over financial reporting:

Material Weakness(es) identified? No

Significant deficiency(es) identified? No

Noncompliance material to financial statements noted? No

FEDERAL AWARDS

Internal control over major programs:

Material Weakness(es) identified? No

Significant deficiency(es) identified? No

Type of auditors' report issued on compliance
 for major program? Unmodified

Any audit findings disclosed that are required to be reported
 in accordance with Circular A-133 Section .510(a)? No

Dollar threshold used to distinguish between
 Type A and Type B programs? \$300,000

Auditee qualified as low-risk auditee? No

Identification of Federal Programs:

PROGRAM	CATALOG NUMBER	FINDINGS	QUESTIONED COST
Head Start	93.600	None	No
Section 8 Rental Assistance	14.871	None	No
Community Services Block Grant	93.569	None	No
Weatherization Assistance Program	81.042	None	No
Workforce Investment-Youth	17.259	None	No
Workforce Investment-Adult	17.258	None	No
Dislocated Worker	17.260	None	No

People Incorporated of Virginia
 Abingdon, Virginia
 Head Start Grant
 Revenue and Expenses Detail
 For the Year Ended June 30, 2013

SCHEDULE 4

	<u>12/01/2011 through 11/30/2012</u>	<u>12/01/2012 through 6/30/2013</u>
Revenue		
Grant	\$ 3,848,544	\$ 1,795,437
Grantee's in-kind	<u>954,174</u>	<u>631,266</u>
Total Revenue	<u>4,802,718</u>	<u>2,426,703</u>
 Expenses		
Federal Expenses:		
HHS share:		
Head Start training tech-assistance	<u>36,044</u>	<u>26,295</u>
Total	<u>36,044</u>	<u>26,295</u>
 Head Start		
Personnel salary	1,319,830	631,076
Personnel fringe benefits	583,826	295,604
Travel	19,985	6,844
Supplies	56,887	20,370
Others	<u>739,339</u>	<u>317,881</u>
Total	<u>2,719,867</u>	<u>1,271,775</u>
 Early Head Start		
Personnel salary and fringes	616,858	314,207
Supplies and other	<u>172,215</u>	<u>76,529</u>
Total	<u>789,073</u>	<u>390,736</u>
 Food Services		
Personnel salary	171,789	67,463
Personnel fringe benefits	106,048	40,014
Other	<u>25,723</u>	<u>(846)</u>
Total	<u>303,560</u>	<u>106,631</u>
 Total In-Kind Expenses	<u>954,174</u>	<u>631,266</u>
 Total Expenses	<u>4,802,718</u>	<u>2,426,703</u>
 Excess (deficiency) of revenue over expenses	<u>\$ -</u>	<u>\$ -</u>

People Incorporated of Virginia
 Abingdon, Virginia
 Community Services Block Grant
 Revenue and Expenses Detail - Budget and Actual
 For the Year Ended June 30, 2013

SCHEDULE 5

	<u>Budget</u>	<u>Actual</u>
Revenue		
Federal CSBG	1,034,677	1,034,677
STATE CSBG	54,772	54,772
Total Revenue	1,089,449	1,089,449
 Expenses		
CSBG Federal		
Salaries and wages	534,417	534,417
Fringe benefits	259,682	259,682
Contractual	2,471	2,471
Travel	2,039	2,039
Space	71,119	71,119
Supplies	25,686	25,686
Lease/purchase	49,660	49,660
Indirect	67,697	67,697
Other	21,906	21,906
Total CSBG Federal	1,034,677	1,034,677
 STATE CSBG		
Salaries and wages	38,000	38,000
Fringe benefits	16,772	16,772
Contractual	-	-
Travel	-	-
Space	-	-
Supplies	-	-
Lease/purchase	-	-
Indirect	-	-
Other	-	-
Total TANF CSBG	54,772	54,772
 Total Expenses	1,089,449	1,089,449
 Excess (deficiency) of revenue		
over expenses	\$ -	\$ -

People Incorporated of Virginia
 Abingdon, Virginia
 Weatherization
 Schedule of Sources and Uses of Sub-grant Fund
 For the Year Ended June 30, 2013

SCHEDULE 6

	<u>DOE</u>	<u>LIHEAP EXT</u>	<u>LIHEAP 2012</u>	<u>Crisis</u>	<u>ARRA</u>	<u>Total</u>
Revenue	\$ 101,997	\$ 133,960	\$ 25,038	\$ 14,086	\$ 434,626	\$ 709,707
<u>Expenses</u>						
Materials	13,236	-	-	-	25,821	39,057
Program support	52,558	-	-	-	202,270	254,828
Training & Tech Assistance	9,058	-	-	-	15,150	24,208
Health & Safety	5,417	-	-	-	68,666	74,083
Equipment	-	-	-	-	-	-
Other	-	-	-	-	88,683	88,683
Crisis wages	-	-	-	-	-	-
Crisis fringes	-	-	-	-	-	-
Crisis materials	-	-	-	4,785	-	4,785
Crisis other	-	-	-	9,301	-	9,301
LIHEAP wage	-	20,123	2,040	-	-	22,163
LIHEAP fringes	-	12,378	669	-	-	13,047
LIHEAP materials	-	21,857	1,618	-	-	23,475
LIHEAP other	-	71,149	15,723	-	-	86,872
Admin cost pool	<u>21,728</u>	<u>8,453</u>	<u>1,210</u>	<u>-</u>	<u>18,670</u>	<u>50,061</u>
Total Expenses	<u>101,997</u>	<u>133,960</u>	<u>21,260</u>	<u>14,086</u>	<u>419,260</u>	<u>\$ 690,563</u>
Excess (deficiency) of revenue over expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,778</u>	<u>\$ -</u>	<u>\$ 15,366</u>	<u>\$ 19,144</u>