

# People Inc. Housing Group, Inc. and Subsidiaries

Consolidated Financial Statements

Year Ended June 30, 2023



**WIPFLI**

# People Incorporated Housing Group, Inc. and Subsidiaries

Year Ended June 30, 2023

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**People Incorporated Housing Group, Inc. and Subsidiaries  
2022-2023**

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## **Independent Auditor's Report**

Board of Directors  
People Incorporated Housing Group, Inc. and Subsidiaries  
Abingdon, Virginia

### ***Report on the Audit of the Consolidated Financial Statements***

#### ***Opinion***

We have audited the accompanying consolidated financial statements of People Incorporated Housing Group, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of People Incorporated Housing Group, Inc. and Subsidiaries as of June 30, 2023, and the changes in their consolidated net assets and, where applicable, consolidated 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of People Incorporated Housing Group, Inc. and Subsidiaries 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. The financial statements of the subsidiaries of People Incorporated Housing Group, Inc. were not audited in accordance with *Government Auditing Standards*.

#### ***Adjustments to Prior Period Consolidated Financial Statements***

The consolidated financial statements of People Incorporated Housing Group, Inc. as of June 30, 2022, were audited by other auditors whose report dated January 11, 2023, expressed an unmodified opinion on those statements. As discussed in Note 13 to the consolidated financial statements, People Incorporated Housing Group, Inc. has adjusted its 2022 consolidated financial statements to consolidate the various Low Income Housing Tax Credit Projects and correct the net assets balance. The other auditors reported on the consolidated financial statements before the retrospective adjustments. As part of our audit of the 2023 consolidated financial statements, we audited the adjustments to the 2022 consolidated financial statements to retroactively apply these changes. In our opinion, such adjustments were appropriate and have been properly applied.

We were not engaged to audit, review or apply any procedures to People Incorporated Housing Group, Inc.'s 2022 consolidated financial statements other than with respect to these adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2022 consolidated financial statements as a whole.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about People Incorporated Housing Group, Inc. and Subsidiaries' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information, that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 and *Government 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 consolidated financial statements.

In performing an audit in accordance with Generally Accepted Auditing Standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 People Incorporated Housing Group, Inc. and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about People Incorporated Housing Group, Inc. and Subsidiaries' 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities, are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other 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 basic consolidated financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2024 on our consideration of People Incorporated Housing Group, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of People Incorporated Housing Group, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering People Incorporated Housing Group, Inc.'s internal control over financial reporting and compliance.



Wipfli LLP

Madison, Wisconsin  
June 13, 2024

# People Incorporated Housing Group, Inc. and Subsidiaries

## Consolidated Statement of Financial Position

*As of June 30, 2023*

### ASSETS

#### Current assets:

Cash and cash equivalents	\$ 3,254,937
Restricted cash	9,028,141
Accounts receivable, net	196,312
Prepaid expenses and other assets	596,475

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Total current assets	13,075,865
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Property and equipment, net	95,951,134
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<b>TOTAL ASSETS</b>	<b>\$ 109,026,999</b>
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#### Current liabilities:

Mortgages payable, current	\$ 4,218,467
Accounts payable	445,563
Accrued payroll and related expenses	120,217
Security deposits and tenant payable	1,053,290
Accrued interest	205,969
Accrued developer fee	4,164,954

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Total current liabilities	10,208,460
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#### Long-term liabilities:

Mortgages payable, net of current	46,627,713
Due to funding source	2,259,509

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Total long-term liabilities	48,887,222
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Total liabilities	59,095,682
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#### Net assets:

##### Without donor restrictions:

Undesignated	17,534,456
Noncontrolling interest	31,555,289

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Total net assets without donor restrictions	49,089,745
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Net assets with donor restrictions	841,572
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Total net assets	49,931,317
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 109,026,999</b>
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See accompanying notes to consolidated financial statements.

# People Incorporated Housing Group, Inc. and Subsidiaries

## Consolidated Statement of Activities

<i>Year Ended June 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue:</b>			
Interest income	\$ 23,254	\$ -	\$ 23,254
Rental income	7,193,775	-	7,193,775
Interest subsidy	571,484	-	571,484
Other income	258,082	-	258,082
Release from restrictions	485,206	(485,206)	-
<b>Total support and revenue</b>	<b>8,531,801</b>	<b>(485,206)</b>	<b>8,046,595</b>
<b>Expenses:</b>			
Housing	9,065,154	-	9,065,154
Management and general	39,774	-	39,774
<b>Total expenses</b>	<b>9,104,928</b>	<b>-</b>	<b>9,104,928</b>
Changes in net assets	(573,127)	(485,206)	(1,058,333)
Capital contributions	7,188,132	-	7,188,132
Net assets, beginning of year, as previously stated	14,594,486	2,585,560	17,180,046
Prior period adjustments	27,880,254	(1,258,782)	26,621,472
<b>Net assets, beginning of year, as restated</b>	<b>42,474,740</b>	<b>1,326,778</b>	<b>43,801,518</b>
<b>Net assets, end of year</b>	<b>\$ 49,089,745</b>	<b>\$ 841,572</b>	<b>\$ 49,931,317</b>

See accompanying notes to consolidated financial statements.



# People Incorporated Housing Group, Inc. and Subsidiaries

## Consolidated Statement of Functional Expenses

<i>Year Ended June 30, 2023</i>	Program Services	Management and General	Total
Salaries and wages	\$ 906,916	\$ -	\$ 906,916
Fringe benefits	344,913	-	344,913
Travel	33,834	-	33,834
Material and supplies	1,420,308	-	1,420,308
Contractual	400,936	39,774	440,710
Maintenance	80,274	-	80,274
Occupancy	954,437	-	954,437
Insurance	467,687	-	467,687
Interest	662,168	-	662,168
Bad debts	96,179	-	96,179
Other	17,416	-	17,416
Depreciation and amortization	3,680,086	-	3,680,086
<b>Totals</b>	<b>\$ 9,065,154</b>	<b>\$ 39,774</b>	<b>\$ 9,104,928</b>

See accompanying notes to consolidated financial statements.

# People Incorporated Housing Group, Inc. and Subsidiaries

## Consolidated Statement of Cash Flows

*Year Ended June 30, 2023*

Change in cash, cash equivalents and restricted cash:

Cash flows from operating activities:

Change in net assets \$ (1,058,333)

Adjustments to reconcile change in net assets to cash flows from operating activities:

Depreciation and amortization 3,591,270

Amortization of debt issuance costs 88,816

Bad debt expense 96,179

Changes in operating assets and liabilities:

Accounts receivable, net (6,434)

Prepaid expenses and other assets (194,344)

Accounts payable 426,180

Accrued payroll and related expenses 99,214

Security deposits and related expenses (89,336)

Accrued interest (247,584)

Accrued developer fee 805,571

Total adjustments 4,569,532

Net cash flows from operating activities 3,511,199

Cash flows from investing activities:

Capital expenditures (7,725,039)

Capital contributions 7,188,132

Net cash flows from investing activities (536,907)

Cash flows from financing activities:

Principal payments on mortgages payable (7,997,845)

Proceeds from issuance of mortgages payable and due to funding source 5,899,490

Net cash flows from financing activities (2,098,355)

Net changes in cash and cash equivalents and restricted cash 875,937

Cash, cash equivalents and restricted cash, beginning of year, as restated 11,407,141

Cash, cash equivalents and restricted cash, end of year \$ 12,283,078

**Reconciliation of cash, cash equivalents, and restricted cash:**

Cash and cash equivalents \$ 3,254,937

Restricted cash 9,028,141

Total cash, cash equivalents, and restricted cash \$ 12,283,078

**Supplemental schedule of cash and non-cash activities:**

Interest paid \$ 909,752

See accompanying notes to consolidated financial statements.

# People Incorporated Housing Group, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Nature of Activities

People Incorporated Housing Group, Inc. and Subsidiaries (PIHG), is a Virginia not-for-profit organization. Its purpose is to utilize public monies awarded for the good of the community through its programs.

People Incorporated Housing Group, Inc. (People Incorporated Housing Group) has several wholly owned subsidiaries that are either incorporated (Incs) or are limited liability companies (LLCs). The purpose of the subsidiaries listed immediately below is to invest in low-income housing tax credit projects to assist low- to moderate-income families and seniors with affordable housing. The following are wholly owned by People Incorporated Housing Group:

Brunswick Management, LLC	Culpeper Crossing Management, LLC
Dante Crossings Apartments Management, LLC	Deskens Apartments, LLC
Essex Manor Management, LLC	Luray Meadows Management, LLC
Mill Point Apartments, Inc	Milview Management, LLC
Pennington Gap Management, LLC	Rock School Management, Inc
Sweetbriar Apartments Management, Inc	Sweetbriar II Apartments Management, LLC
TRND Portfolio, LLC	Vista Apartments Management, Inc

The wholly owned subsidiaries of People Incorporated Housing Group are general partners in the following low-income housing tax credit partnerships (LIHTC's) where People Incorporated Housing Group has the option of first refusal to acquire the LIHTC and has determined that it appears to be prudent and feasible that they will exercise that option at the end of the compliance period:

Abingdon Green, LLC	Abingdon Terrace Apartments, LLC
Abingdon Village Apartments, LLC	Baileyton Terrace Owner, LLC
Brunswick Manor Apartments, LLC	Buchanan County Housing, LP
Clinch View Manor Apartments, LLC	Culpeper Crossing, LLC
Dante Crossings, LLC	Essex Manor Apartments, LLC
Greenville Owner, LLC	Jamestown Village Owner, LLC
Luray Meadows, LLC	Jonesville Manor, LLC
Millview Apartments, LLC	Mountain City Manor, LLC
Newport Village Owner, LLC	Norton Green, LLC
Pennington Gap Apartments, LLC	Pulaski Village, LLC
Riverside Place Apartments, LLC	Spruce Hill Apartments, LLC
Sweetbriar, LP	Sweetbriar II Apartments, LLC
Tazewell Village Owner, LLC	Tom's Brook School Apartments, LLC
Valley Vista Apartments, LLC	West Lance Apartments, LLC
White's Mill Point, LP	

The investments in the underlying LIHTC's have been consolidated in accordance with the consolidation guidance contained in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2017-02, *Not-for-Profit Entities - Consolidation (Subtopic 958-810): Clarifying When a Not-for-Profit Entity That Is a General*

# People Incorporated Housing Group, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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

#### **Nature of Activities** (Continued)

*Partner or Limited Partner Should Consolidate a For-Profit Limited Partnership or Similar Entity.*

#### **Basis of Presentation**

The accompanying consolidated financial statements of PIHG are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### **Basis of Consolidation**

The consolidated financial statements include People Incorporated Housing Group and all of its wholly owned subsidiaries listed above. The partnership for which the wholly owned subsidiary has a general partner interest and management has determined that it is prudent and feasible to exercise the option to acquire the partnership when the investor exits has also been consolidated in accordance with the consolidation guidance in ASU 2017-02. All material inter-entity transactions and accounts are eliminated in consolidation. Collectively, the entities are referred to as "PIHG."

#### **Classification of Net Assets**

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 PIHG.

**Net assets without donor restrictions:** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**Net assets without donor restrictions – non-controlling interest:** Net assets attributable to noncontrolling interest represent the equity interest of outside owners in the consolidated Low Income Housing Tax Credit Partnerships. These interests are reported as separate components of PIHG's net assets.

**Net assets with donor restrictions:** 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.

#### **Use of Estimates**

The preparation of the accompanying consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

# People Incorporated Housing Group, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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

#### Cash and Cash Equivalents

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

#### Accounts Receivable

Accounts receivable consist primarily of amounts due for rent and are generally uncollateralized. Payments of accounts receivable are allocated to the specific invoices identified on the client's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. Management individually reviews all past due accounts receivable balances and estimates the portion, if any, of the balance that will not be collected. The carrying amount of accounts receivable is reduced by allowances that reflect management's estimate of uncollectible amounts. That allowance was \$165,242 as of June 30, 2023.

#### Allowance for Bad Debts

The allowance for bad debt is a valuation allowance for probable incurred credit losses based on an evaluation of the outstanding accounts receivable. Bad debts are charged against the allowance when management believes the collectability of the principal is unlikely. Subsequent recoveries, if any, are reported as charge off recovery income on the statement of activities. Management regularly evaluates the allowance for bad debts taking into consideration, such as factors as historical loss experience, changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrower's ability to pay.

#### Property and Equipment

Property and equipment are capitalized at cost or, if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset as noted below:

Buildings and building improvements	20 - 40 years
Equipment, vehicles, furniture and appliances	5 - 20 years

PIHG capitalizes property and equipment with a value greater than or equal to \$5,000 and a useful life of greater than one year.

Construction in progress is not depreciated until the project is completed and the related assets have been placed in service. The balance consists of buildings and building improvements in process at the end of the year.

# People Incorporated Housing Group, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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

#### Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, 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 restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Rental income is from residential or commercial leases that are operating leases and are recorded when due, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly.

Interest subsidy is earned based on agreements between PIHG and Rural Housing Services, which reduces the interest rate over the term of the loan. The interest subsidy is treated as income and interest expense.

Other income includes fees for late payments, cleaning, damages, storage, parking, laundry facilities, and other charges and is recorded when earned.

#### Income Taxes

PIHG is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Virginia franchise or income tax. The wholly owned LLCs previously listed are single member LLCs and, therefore, treated as disregarded entities for tax purposes. The wholly owned corporations are taxable as corporations and file returns for federal and state income tax purposes.

# People Incorporated Housing Group, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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

#### **Income Taxes** (Continued)

PIHG is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. PIHG has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

The low-income housing tax credit projects are treated as partnerships for income tax reporting. In accordance with the generally accepted method of presenting partnership financial statements, the financial statements of the consolidated underlying affordable housing projects previously discussed do not include the assets and liabilities of the partners, including their rights to the refunds on their share of the net loss of the partnership, nor any provision for income tax refunds.

#### **Tenant Security Deposits**

PIHG collects security deposits from each tenant to provide for costs incurred or unpaid rent when a tenant vacates the apartment. The cash collected is kept separate from operating funds and interest is paid on the security deposits in accordance with the lease agreement. Tenant security deposits of \$529,619 at June 30, 2023 are included in security deposits and tenant payable on the consolidated statement of financial position.

#### **Impairment of Long-Lived Assets**

PIHG reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. PIHG has not recognized any impairment of long lived assets during 2023.

#### **Deferred Financing Costs**

Permanent loan costs related to issuance of long-term debt is amortized over the life of the related debt using the straight-line method, which approximates the effective interest method. Net deferred financing costs as of June 30, 2023, was \$1,243,253, with accumulated amortization of \$391,384. Amortization expense was \$88,816 during 2023.

#### **Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Certain contractual costs such as audit fees and other professional fees are allocated to management and general.

# People Incorporated Housing Group, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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

#### New Accounting Pronouncements

The FASB has issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, which will significantly change how financial assets measured at amortized cost are presented. Such assets, which include most notes, will be presented at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses will be based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. The standard will also change the accounting for credit losses related to securities available for sale and purchased financial assets with a more-than-insignificant amount of credit deterioration since origination. This new accounting standard is effective for consolidated financial statements issued for annual periods beginning after December 15, 2022 and will be effective for PIHG's fiscal year ended June 30, 2024.

#### Subsequent Events

PIHG has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through June 13, 2024, which is the date the consolidated financial statements were available to be issued.

### Note 2: Concentration of Credit Risk

PIHG maintains cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. A portion of the cash for PIHG is maintained in a consolidated bank account with People Incorporated of Virginia. PIHG maintains other bank accounts based on funder requirements. At certain times during the year, cash balances may be in excess of FDIC coverage. PIHG has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

### Note 3: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise the following as of June 30, 2023:

Cash and cash equivalents	\$ 3,254,937
Accounts receivable, net	196,312
<hr/>	
Subtotal financial assets	3,451,249
Less: Net assets with donor restrictions included in financial assets	(825,314)
<hr/>	
Total	\$ 2,625,935

PIHG does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash and cash equivalents.



# People Incorporated Housing Group, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 4: Restricted Cash

PIHG owns properties that are financed with loans and other funding from the Department of Housing and Community Development and U.S. Department of Agriculture. The loans and other funding require that cash balances be maintained that are restricted for specific purposes as noted below. PIHG maintains balances related to security deposits on rental properties. The restricted cash balances at June 30, 2023 are as follows:

Replacement reserve	\$ 2,401,223
Operating reserves	2,764,552
Security deposits	554,415
Other reserves	2,732,066
Escrow reserves	575,885
<hr/>	
Total	\$ 9,028,141
<hr/>	

### Note 5: Property and Equipment

A summary of property and equipment is as follows as of June 30, 2023:

Land	\$ 5,579,056
Land improvements	3,685,450
Buildings	86,527,485
Building improvements	17,886,891
Furniture and appliances	2,269,420
Construction in progress	7,016,367
<hr/>	
Subtotal	122,964,669
Less: Accumulated depreciation	(27,013,535)
<hr/>	
Property and equipment, net	\$ 95,951,134
<hr/>	

Construction commitments related to the Sweetbriar II Apartments, LLC partnership were \$1,200,327 as of June 30, 2023.

# People Incorporated Housing Group, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 6: Lessor Activity

People Incorporated Housing Group owns housing projects that are a mix of low- to moderate-income housing facilities. Leases are all for one year or less. A summary of the acquisition costs and accumulated depreciation on the above properties is as follows as of June 30, 2023:

Land	\$ 5,579,056
Land improvements	3,685,450
Buildings	86,527,485
Building improvements	17,886,891
Furniture and appliances	2,269,420
<hr/>	
Subtotal	115,948,302
Less: Accumulated depreciation	(27,013,535)
<hr/>	
Investment in property and equipment, net	\$ 88,934,767

Rental income on the housing projects for the year ended June 30, 2023, was \$7,193,775, which consists of \$4,205,672 of direct rental income and \$2,988,103 of rental assistance.

# People Incorporated Housing Group, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### Note 7: Mortgages Payable

Mortgages payable, all of which are secured by property or real estate owned by the PIHG, are as follows at June 30, 2023:

The following naming conventions are used in the below table:

- Community Development Fund (CDF)
- Virginia Housing Development Authority (VHDA)
- Department of Housing and Community Development (DHCD)
- Rural Housing Service (RHS)

	Interest Rate	Term/Due Date	Monthly Payments	Current	Long-Term	Total
<b><u>Abingdon Green</u></b>						
VHDA Note Payable	4.05 %	06/01/2045	\$ 312	\$ 1,567	\$ 52,903	\$ 54,470
DHCD Note Payable	- %	05/28/2025	-	-	170,545	170,545
RHS Note Payable	9.50 %	05/31/2039	2,167	22,713	779,416	802,129
<b><u>Abingdon Terrace</u></b>						
DHCD Note Payable	- %	07/01/2030	-	-	374,000	374,000
RHS Note Payable	4.00 %	02/17/2044	1,742	30,697	732,694	763,391
<b><u>Abingdon Village</u></b>						
DHCD Note Payable	- %	07/01/2030	-	-	425,000	425,000
RHS Note Payable	3.13 %	12/31/2050	2,254	8,526	608,447	616,973
<b><u>Baileyton Terrace</u></b>						
Churchill Mortgage Investment, LLC	4.40 %	12/01/2059	8,907	20,108	1,959,703	1,979,811
RHS Note Payable	3.00 %	12/31/2049	-	-	1,163,294	1,163,294
<b><u>Brunswick Manor</u></b>						
VHDA Note Payable	- %	11/02/2033	-	-	700,000	700,000
RHS Note Payable	2.88 %	11/30/2046	4,003	24,787	1,165,576	1,190,363
<b><u>Clinch View Manor</u></b>						
DHCD Note Payable	- %	10/27/2029	-	-	358,980	358,980
RHS Note Payable	3.13 %	06/26/2041	4,472	23,062	1,191,675	1,214,737
<b><u>Culpeper Crossing</u></b>						
VHDA Note Payable	0.18 %	09/01/2051	10,256	80,781	2,258,201	2,338,982
<b><u>Dante Crossing</u></b>						
VHDA Note Payable	2.75 %	07/01/2045	1,013	6,727	193,742	200,469
DHCD Note Payable	- %	05/06/2025	-	-	304,000	304,000

# People Incorporated Housing Group, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### Note 7: Mortgages Payable (Continued)

	Interest Rate	Term/Due Date	Monthly Payments	Current	Long-Term	Total
<b><u>Essex Manor Apartment</u></b>						
VHDA Note Payable	2.95 %	07/01/2050	\$ 1,114	\$ 6,103	\$ 243,091	\$ 249,194
DHCD Note Payable	- %	06/08/2050	-	-	700,000	700,000
RHS Note Payable	3.75 %	12/17/2048	4,893	21,340	1,258,625	1,279,965
<b><u>Greenville Landing</u></b>						
Churchill Mortgage Investment, LLC	4.40 %	12/01/2059	7,356	16,606	1,618,462	1,635,068
RHS Note Payable	-	12/01/2059	-	-	1,028,599	1,028,599
<b><u>Jamestown Village</u></b>						
Churchill Mortgage Investment, LLC	4.40 %	12/31/2041	5,650	12,755	1,243,095	1,255,850
RHS Note Payable	3.00 %	12/01/2059	-	-	1,031,312	1,031,312
<b><u>Jonesville Manor</u></b>						
VHDA Note Payable	5.95 %	07/31/2041	1,079	4,551	138,714	143,265
RHS Note Payable	8.75 %	02/05/2030	2,912	26,889	1,068,750	1,095,639
<b><u>Luray Meadows</u></b>						
VHDA Note Payable	1.25 %	2/1/2058	10,932	51,448	2,166,745	2,218,193
<b><u>Millview Apartment</u></b>						
VHDA Note Payable	1.25 %	09/01/2051	8,331	70,648	2,307,821	2,378,469
DHCD Note Payable	1.00 %	09/01/2051	-	-	700,000	700,000
<b><u>Mountain City Manor</u></b>						
Churchill Mortgage Investment, LLC	4.40 %	12/01/2059	9,749	22,008	2,144,949	2,166,957
RHS Note Payable	3.00 %	12/31/2070	-	-	1,120,466	1,120,466
<b><u>Newport Village</u></b>						
Churchill Mortgage Investment, LLC	4.40 %	01/01/2052	5,074	11,454	1,116,349	1,127,803
RHS Note Payable	3.00 %	12/01/2059	-	-	1,103,216	1,103,216
<b><u>Norton Green</u></b>						
VHDA Note Payable	4.55 %	04/01/2045	1,481	6,712	239,046	245,758
VHDA Note Payable	3.00 %	06/01/2025	-	-	170,000	170,000
RHS Note Payable	8.75 %	07/01/2041	2,892	26,383	1,062,766	1,089,149
<b><u>Pennington Gap Apartment</u></b>						
DHCD Note Payable	1.00 %	11/13/2048	-	-	700,000	700,000
RHS Note Payable	3.50 %	11/12/2048	4,632	21,607	1,240,827	1,262,434
Note Payable - Virginia Housing Trust Fund	1.00 %	03/27/2050	-	-	340,000	340,000
<b><u>Pulaski Village</u></b>						
VHDA Note Payable	4.55 %	04/01/2045	3,382	15,376	545,681	561,057
VHDA Note Payable	3.00 %	06/01/2030	-	-	107,000	107,000
RHS Note Payable	9.25 %	05/31/2040	26,171	28,908	1,093,757	1,122,665

# People Incorporated Housing Group, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### Note 7: Mortgages Payable (Continued)

	Interest Rate	Term/Due Date	Monthly Payments	Current	Long-Term	Total
<b><u>Riverside (Rock School Apartments)</u></b>						
VHDA Note Payable	2.50 %	03/01/2045	\$ 632	\$ 4,715	\$ 112,276	\$ 116,991
DHCD Note Payable	1.00 %	11/16/2032	-	-	500,000	500,000
VHDA Note Payable	- %	12/31/2041	-	-	413,521	413,521
<b><u>Spruce Hill Apartments</u></b>						
DHCD Note Payable	- %	10/27/2029	-	-	218,917	218,917
RHS Note Payable	3.13 %	04/20/2044	4,065	20,965	1,084,009	1,104,974
<b><u>Sweetbriar</u></b>						
VHDA Note Payable	4.00 %	03/01/2045	2,289	11,740	386,908	398,648
DHCD Note Payable	1.00 %	06/03/2028	-	-	404,955	404,955
<b><u>Sweetbriar II</u></b>						
Construction Note Payable	7.65 %	N/A	-	3,532,877	-	3,532,877
<b><u>Tazewell Village</u></b>						
Churchill Mortgage Investment, LLC	4.40 %	12/01/2059	7,578	17,106	1,667,211	1,684,317
RHS Note Payable	3.00 %	12/31/2070	-	-	1,181,040	1,181,040
<b><u>Toms Brook School</u></b>						
VHDA Note Payable	2.50 %	06/01/2044	1,245	8,942	234,879	243,821
DHCD Note Payable	1.00 %	07/01/2029	-	-	483,167	483,167
<b><u>Valley Vista</u></b>						
VHDA Note Payable	5.30 %	06/01/2041	11,828	56,101	1,587,734	1,643,835
DHCD Note Payable	2.00 %	06/01/2031	-	-	500,000	500,000
<b><u>West Lance Apartments</u></b>						
DHCD Note Payable	- %	10/01/2029	-	-	219,557	219,557
RHS Note Payable	3.13 %	03/17/2043	3,687	19,015	982,308	1,001,323
<b><u>Whites Mill Point</u></b>						
VHDA Note Payable	3.91 %	04/01/2037	2,360	16,810	285,477	302,287
DHCD Note Payable	2.00 %	04/01/2027	-	-	650,000	650,000
Subtotal mortgages payable				\$ 4,250,027	\$47,839,406	\$52,089,433
Less: Permanent loan costs, net of amortization of \$391,384				(31,560)	(1,211,693)	(1,243,253)
Mortgages payable, net				\$ 4,218,467	\$46,627,713	\$50,846,180

# People Incorporated Housing Group, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 7: Mortgages Payable (Continued)

Approximate future annual minimum principal payments as of June 30, 2023 are as follows:

2024	\$ 4,250,027
2025	896,706
2026	755,219
2027	1,436,019
2028	818,694
Thereafter	43,932,768
<hr/>	
Total	\$ 52,089,433

### Note 8: Due to Funding Source

PIHG received funding from the following sources for funding involved with LIHTC partnership. The funds loaned and outstanding are shown as follows as of June 30, 2023:

Department of Housing and Community Development - Culpeper Crossing, LLC	\$ 700,000
Department of Housing and Community Development - Luray Meadows, LLC	700,000
Town of Luray, Virginia - Luray Meadows, LLC	700,000
The Virginia Community Development Fund, Inc	159,509
<hr/>	
Total	\$ 2,259,509

### Note 9: Related Parties

PIHG is the general partner for and holds a .009% ownership interest in the following entities:

Abingdon Green, LLC	Abingdon Terrace Apartments, LLC
Abingdon Village Apartments, LLC	Clinch View Manor Apartments, LLC
Jonesville Manor, LLC	Norton Green, LLC
Pulaski Village, LLC	Spruce Hill Apartments, LLC
Tom's Brook Apartments, LLC	West Lance Apartments, LLC

# People Incorporated Housing Group, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 9: Related Parties (Continued)

The following entities are wholly owned subsidiaries of PIHG, where the entities the general partner for and holds a .009% ownership interest in the follow Low-Income Housing Tax Credit (LIHTC):

<u>Wholly Owned Subsidiary</u>	<u>LIHTC Entity</u>
Brunswick Management, LLC	Brunswick Manor Apartments, LLC
Culpeper Crossing Management, LLC	Culpeper Crossing, LLC
Dante Crossings Apartments Management, LLC	Dante Crossings, LLC
Deskings Apartments, LLC	Buchanan County Housing LP
Essex Manor Management, LLC	Essex Manor Apartments, LLC
Luray Meadows Management, LLC	Luray Meadows, LLC
Mill Point Apartments, Inc	White's Mill Point, LP
Milview Management, LLC	Millview Apartments, LLC
Pennington Gap Management, LLC	Pennington Gap Apartments, LLC
Rock School Management, Inc	Riverside Place Apartments, LLC
Sweetbriar Apartments Management, Inc	Sweetbriar, LP
Sweetbriar II Apartments Management, LLC	Sweetbriar II Apartments, LLC
Vista Apartments Management, Inc	Valley Vista Apartments, LLC

PIHG holds a 100% ownership interest in TNRD MM, LLC; TNRD MM, LLC holds a .009% ownership interest in TNRD Portfolio, LLC as a general partner. TNRD Portfolio, LLC owns 100% of the following LIHTC properties located in Tennessee:

Baileyton Terrace Owner, LLC	Greenville Owner, LLC
Jamestown Village Owner, LLC	Mountain City Manor, LLC
Newport Village Owner, LLC	Tazewell Village Owner, LLC

### Note 10: Net Assets with Donor Restriction

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2023:

Land	\$	16,258
PATH foundation grant		825,314
<hr/>		
Total	\$	841,572
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Net assets were released from donor restrictions by incurring expenses of \$485,206 satisfying the restricted purpose specified by the donors for the year ended June 30, 2023.

# People Incorporated Housing Group, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 11: Noncontrolling Interest

The consolidated statement of financial position presents the noncontrolling interest in the LIHTC partnerships and represents the interest in the partnerships from the limited partners. The following is a summary of the change in net assets without donor restrictions attributable to the controlling, held by PIHG, and noncontrolling interests of the LIHTC partnerships at June 30, 2023:

	Controlling Interest	Noncontrolling Interest	Total
Balance at July 1, 2022	\$ 2,419	\$ 26,901,552	\$ 26,903,971
Capital contributions	7,188	7,180,944	7,188,132
Changes in net assets without donor restrictions	(6,767)	(2,527,207)	(2,533,974)
Balance at June 30, 2023	\$ 2,840	\$ 31,555,289	\$ 31,558,129

### Note 12: Commitments

PIHG's low-income housing credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the Investor Members.



# People Incorporated Housing Group, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 13: Restatement of Previously Issued Financial Statement [Prior Period Adjustment]

PIHG determined that the net assets with donor restrictions balance was not properly recorded to account for the restricted net asset balance. To correct this error, the beginning net assets with donor restrictions as of June 30, 2022, was decreased by \$1,258,782 and net assets without donor restrictions was increased by the same. There was no effect on the total net assets or change in net assets as a result of the correction.

PIHG determined it had not properly recorded transactions related to the parties identified in Note 9 and the resulting consolidation of the partnerships in Note 9 during the year ended June 30, 2022, and in prior years. As a result, a prior period adjustment was posted to increase net assets without donor restrictions to properly record the net assets as of June 30, 2022 as noted below:

Abingdon Green, LLC	\$ 624,067
Abingdon Terrace Apartments, LLC	936,800
Abingdon Village Apartments, LLC	1,147,594
Baileyton Terrace Owner, LLC	610,512
Brunswick Manor Apartments, LLC	1,530,345
Clinch View Manor Apartments, LLC	1,465,843
Culpeper Crossing, LLC	730,715
Dante Crossings, LLC	455,265
Essex Manor Apartments, LLC	1,688,393
Greenville Owner, LLC	1,150,931
Jamestown Village Owner, LLC	1,354,132
Jonesville Manor, LLC	1,250,679
Luray Meadows, LLC	1,213,718
Millview Apartments, LLC	841,557
Mountain City Manor, LLC	282,016
Newport Village Owner, LLC	1,272,136
Norton Green, LLC	689,427
Pennington Gap Apartments, LLC	1,758,616
Pulaski Village, LLC	376,492
Riverside Place Apartments, LLC	69,990
Spruce Hill Apartments, LLC	1,307,918
Sweetbriar, LP	1,402,215
Sweetbriar II, LP	305,035
Tazewell Village Owner, LLC	615,061
Tom's Brook School Apartments, LLC	903,086
Valley Vista Apartments, LLC	1,298,703
West Lance Apartments, LLC	1,340,226
<b>Total</b>	<b>\$ 26,621,472</b>

## **Supplementary Information**

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# People Incorporated Housing Group, Inc. and Subsidiaries

## Consolidating Statement of Financial Position

June 30, 2023

<i>Assets</i>									
	PIHG	Abingdon Green, LLC	Abingdon Terrace Apartments, LLC	Abingdon Village Apartments, LLC	Baileyton Terrace Owner, LLC	Brunswick Manor Apartments, LLC	Clinch View Manor Apartments LLC	Culpeper Crossing, LLC	
<b>Current assets:</b>									
Cash and cash equivalents	\$ 0	\$ 139,278	\$ 57,454	\$ 24,199	\$ 122,840	\$ 185,069	\$ 76,577	\$ 192,484	
Restricted cash	0	317,232	533,946	331,722	320,480	425,160	630,056	170,786	
Accounts receivable, net	6,120,158	1	10	5,307	9,545	10,242	2,606	15,004	
Prepaid expenses and other assets	233	24,670	( 868)	0	24,219	24,561	( 1,292)	21,422	
<b>Total current assets</b>	<b>6,120,391</b>	<b>481,181</b>	<b>590,542</b>	<b>361,228</b>	<b>477,084</b>	<b>645,032</b>	<b>707,947</b>	<b>399,696</b>	
<b>Other assets:</b>									
Loans receivable - Long-term, net	13,108,953	0	0	0	0	0	0	0	
Developer fee receivable	5,265,163	0	0	0	0	0	0	0	
<b>Total other assets</b>	<b>18,374,116</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Property and equipment, net	882,938	1,350,788	2,006,098	3,356,025	3,300,304	3,246,330	2,648,376	4,169,160	
<b>TOTAL ASSETS</b>	<b>\$ 25,377,445</b>	<b>\$ 1,831,969</b>	<b>\$ 2,596,640</b>	<b>\$ 3,717,253</b>	<b>\$ 3,777,388</b>	<b>\$ 3,891,362</b>	<b>\$ 3,356,323</b>	<b>\$ 4,568,856</b>	
<i>Liabilities and Net Assets</i>									
<b>Current liabilities:</b>									
Mortgages payable, current	\$ 0	\$ 24,280	\$ 30,697	\$ 8,526	\$ 20,108	\$ 24,787	\$ 23,062	\$ 80,781	
Accounts payable	440,972	0	( 83)	645	0	14	0	291	
Accrued payroll and related expenses	0	388	384	1,803	6,417	4,754	1,064	5,299	
Security deposits and tenant payable	511,348	15,813	12,753	22,276	21,619	14,640	21,342	33,006	
Accrued interest	0	1,214	1,177	2,132	28,599	2,168	1,629	923	
Due to affiliate	0	5,179	5,323	895,769	15,281	11,664	4,247	7,601	
Accrued developer fee	4,164,954	25,667	264,518	336,000	156,672	176,311	0	102,663	
<b>Total current liabilities</b>	<b>5,117,274</b>	<b>72,541</b>	<b>314,769</b>	<b>1,267,151</b>	<b>248,696</b>	<b>234,338</b>	<b>51,344</b>	<b>230,564</b>	
<b>Long-term liabilities:</b>									
Mortgages payable, net of current	0	987,552	1,103,284	1,028,433	2,995,515	1,858,940	1,480,317	2,926,472	
Due to funding source	2,259,509	0	0	0	0	0	0	0	
Housing loans payable	0	180,000	279,638	396,000	0	366,590	427,000	392,814	
<b>Total long-term liabilities</b>	<b>2,259,509</b>	<b>1,167,552</b>	<b>1,382,922</b>	<b>1,424,433</b>	<b>2,995,515</b>	<b>2,225,530</b>	<b>1,907,317</b>	<b>3,319,286</b>	
<b>Total liabilities</b>	<b>7,376,783</b>	<b>1,240,093</b>	<b>1,697,691</b>	<b>2,691,584</b>	<b>3,244,211</b>	<b>2,459,868</b>	<b>1,958,661</b>	<b>3,549,850</b>	
<b>Net assets without donor restrictions:</b>									
Undesignated	17,159,090	53	81	92	48	129	126	92	
Noncontrolling interest	0	591,823	898,868	1,025,577	533,129	1,431,365	1,397,536	1,018,914	
<b>Total net assets without donor restrictions</b>	<b>17,159,090</b>	<b>591,876</b>	<b>898,949</b>	<b>1,025,669</b>	<b>533,177</b>	<b>1,431,494</b>	<b>1,397,662</b>	<b>1,019,006</b>	
With donor restrictions	841,572	0	0	0	0	0	0	0	
<b>Total net assets</b>	<b>18,000,662</b>	<b>591,876</b>	<b>898,949</b>	<b>1,025,669</b>	<b>533,177</b>	<b>1,431,494</b>	<b>1,397,662</b>	<b>1,019,006</b>	
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 25,377,445</b>	<b>\$ 1,831,969</b>	<b>\$ 2,596,640</b>	<b>\$ 3,717,253</b>	<b>\$ 3,777,388</b>	<b>\$ 3,891,362</b>	<b>\$ 3,356,323</b>	<b>\$ 4,568,856</b>	

See Independent Auditor's Report

# People Incorporated Housing Group, Inc. and Subsidiaries

## Consolidating Statement of Financial Position

June 30, 2023

<b>Assets</b>										
	Dante Crossings, LLC	Buchanan County Housing, LP	Essex Manor Apartments, LLC	Greenville Owner, LLC	Jamestown Village Owner, LLC	Jonesville Manor LLC	Luray Meadows, LLC	Millview Apartments, LLC		
<b>Current assets:</b>										
Cash and cash equivalents	\$ 6,783	\$ 110,499	\$ 206,358	\$ 142,316	\$ 151,221	\$ 99,074	\$ 67,280	\$ 320,131		
Restricted cash	97,364	5,468	369,125	231,432	240,954	571,099	48,784	182,360		
Accounts receivable, net	1,541	0	103	10,287	490	855	1,743	74,897		
Prepaid expenses and other assets	22,638	( 1,710)	24,785	24,121	23,167	23,921	39,243	17,546		
<b>Total current assets</b>	<b>128,326</b>	<b>114,257</b>	<b>600,371</b>	<b>408,156</b>	<b>415,832</b>	<b>694,949</b>	<b>157,050</b>	<b>594,934</b>		
<b>Other assets:</b>										
Loans receivable - Long-term, net	0	0	0	0	0	0	0	0		
Developer fee receivable	0	0	0	0	0	0	0	0		
<b>Total other assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
Property and equipment, net	1,570,198	1,421,333	4,091,081	3,390,875	3,176,643	1,919,158	12,894,831	4,927,138		
<b>TOTAL ASSETS</b>	<b>\$ 1,698,524</b>	<b>\$ 1,535,590</b>	<b>\$ 4,691,452</b>	<b>\$ 3,799,031</b>	<b>\$ 3,592,475</b>	<b>\$ 2,614,107</b>	<b>\$ 13,051,881</b>	<b>\$ 5,522,072</b>		
<b>Liabilities and Net Assets</b>										
<b>Current liabilities:</b>										
Mortgages payable, current	\$ 6,727	\$ 0	\$ 27,443	\$ 16,606	\$ 12,755	\$ 31,440	\$ 51,448	\$ 70,648		
Accounts payable	217	748	( 576)	0	0	0	85	806		
Accrued payroll and related expenses	0	3,074	2,833	9,520	4,768	5,798	0	0		
Security deposits and tenant payable	8,030	5,158	16,667	21,458	22,035	21,626	25,498	27,162		
Accrued interest	723	405,515	3,194	25,287	25,340	1,376	0	3,025		
Due to affiliate	333,109	771,099	130,832	17,235	17,302	8,578	56,538	9,697		
Accrued developer fee	0	0	218,425	119,565	79,086	0	1,000,000	176,188		
<b>Total current liabilities</b>	<b>348,806</b>	<b>1,185,594</b>	<b>398,818</b>	<b>209,671</b>	<b>161,286</b>	<b>68,818</b>	<b>1,133,569</b>	<b>287,526</b>		
<b>Long-term liabilities:</b>										
Mortgages payable, net of current	495,371	716,664	2,190,653	2,522,536	2,163,548	1,169,526	2,087,456	2,973,462		
Due to funding source	506,368	0	0	0	0	0	3,684,400	647,500		
Housing loans payable	0	0	376,336	0	0	173,106	0	500,000		
<b>Total long-term liabilities</b>	<b>1,001,739</b>	<b>716,664</b>	<b>2,566,989</b>	<b>2,522,536</b>	<b>2,163,548</b>	<b>1,342,632</b>	<b>5,771,856</b>	<b>4,120,962</b>		
<b>Total liabilities</b>	<b>1,350,545</b>	<b>1,902,258</b>	<b>2,965,807</b>	<b>2,732,207</b>	<b>2,324,834</b>	<b>1,411,450</b>	<b>6,905,425</b>	<b>4,408,488</b>		
<b>Net assets without donor restrictions:</b>										
Undesignated	31	( 366,668)	155	96	114	108	553	100		
Noncontrolling interest	347,948	0	1,725,490	1,066,728	1,267,527	1,202,549	6,145,903	1,113,484		
<b>Total net assets without donor restrictions</b>	<b>347,979</b>	<b>( 366,668)</b>	<b>1,725,645</b>	<b>1,066,824</b>	<b>1,267,641</b>	<b>1,202,657</b>	<b>6,146,456</b>	<b>1,113,584</b>		
With donor restrictions	0	0	0	0	0	0	0	0		
<b>Total net assets</b>	<b>347,979</b>	<b>( 366,668)</b>	<b>1,725,645</b>	<b>1,066,824</b>	<b>1,267,641</b>	<b>1,202,657</b>	<b>6,146,456</b>	<b>1,113,584</b>		
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,698,524</b>	<b>\$ 1,535,590</b>	<b>\$ 4,691,452</b>	<b>\$ 3,799,031</b>	<b>\$ 3,592,475</b>	<b>\$ 2,614,107</b>	<b>\$ 13,051,881</b>	<b>\$ 5,522,072</b>		

See Independent Auditor's Report

# People Incorporated Housing Group, Inc. and Subsidiaries

## Consolidating Statement of Financial Position

June 30, 2023

<i>Assets</i>									
	Mountain City Manor, LLC	Newport Village Owner, LLC	Norton Green, LLC	Pennington Gap Apartments, LLC	Pulaski Village LLC	Riverside Place Apartments, LLC	Spruce Hill Apartments, LLC	Sweetbriar, LP	
<i>Current assets:</i>									
Cash and cash equivalents	\$ 86,026	\$ 103,160	\$ 182,354	\$ 311,793	\$ 150,569	\$ 9,479	\$ 63,817	\$ 26,391	
Restricted cash	250,510	268,286	411,215	367,585	509,641	130,186	523,081	108,646	
Accounts receivable, net	1,648	10,828	23,392	2,669	1,953	2,095	415	303	
Prepaid expenses and other assets	23,292	23,892	27,278	28,917	30,308	24,430	( 1,020)	22,613	
<b>Total current assets</b>	<b>361,476</b>	<b>406,166</b>	<b>644,239</b>	<b>710,964</b>	<b>692,471</b>	<b>166,190</b>	<b>586,293</b>	<b>157,953</b>	
<i>Other assets:</i>									
Loans receivable - Long-term, net	0	0	0	0	0	0	0	0	
Developer fee receivable	0	0	0	0	0	0	0	0	
<b>Total other assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Property and equipment, net	3,312,049	3,009,754	1,742,734	3,708,874	1,833,691	1,509,810	2,105,900	2,449,520	
<b>TOTAL ASSETS</b>	<b>\$ 3,673,525</b>	<b>\$ 3,415,920</b>	<b>\$ 2,386,973</b>	<b>\$ 4,419,838</b>	<b>\$ 2,526,162</b>	<b>\$ 1,676,000</b>	<b>\$ 2,692,193</b>	<b>\$ 2,607,473</b>	
<i>Liabilities and Net Assets</i>									
<i>Current liabilities:</i>									
Mortgages payable, current	\$ 22,008	\$ 11,454	\$ 33,095	\$ 21,607	\$ 44,284	\$ 4,715	\$ 20,965	\$ 11,740	
Accounts payable	0	( 45)	( 48)	( 100)	( 18)	234	0	0	
Accrued payroll and related expenses	12,193	18,592	0	8,554	1,319	0	455	0	
Security deposits and tenant payable	20,713	21,783	22,034	20,740	24,459	6,991	17,858	11,916	
Accrued interest	27,530	27,106	1,568	2,714	3,324	669	1,596	1,703	
Due to affiliate	19,280	16,193	8,289	5,173	7,121	280,235	6,621	171,070	
Accrued developer fee	213,431	64,787	0	327,546	162,437	248,000	24,409	313,757	
<b>Total current liabilities</b>	<b>315,155</b>	<b>159,870</b>	<b>64,938</b>	<b>386,234</b>	<b>242,926</b>	<b>540,844</b>	<b>71,904</b>	<b>510,186</b>	
<i>Long-term liabilities:</i>									
Mortgages payable, net of current	3,161,290	2,092,375	1,453,791	2,267,361	1,723,150	1,023,019	1,225,898	787,619	
Due to funding source	0	0	0	0	0	0	0	0	
Housing loans payable	0	0	200,000	0	220,000	168,881	198,000	0	
<b>Total long-term liabilities</b>	<b>3,161,290</b>	<b>2,092,375</b>	<b>1,653,791</b>	<b>2,267,361</b>	<b>1,943,150</b>	<b>1,191,900</b>	<b>1,423,898</b>	<b>787,619</b>	
<b>Total liabilities</b>	<b>3,476,445</b>	<b>2,252,245</b>	<b>1,718,729</b>	<b>2,653,595</b>	<b>2,186,076</b>	<b>1,732,744</b>	<b>1,495,802</b>	<b>1,297,805</b>	
<i>Net assets without donor restrictions:</i>									
Undesignated	18	105	60	159	31	( 5)	108	118	
Noncontrolling interest	197,062	1,163,570	668,184	1,766,084	340,055	( 56,739)	1,196,283	1,309,550	
<b>Total net assets without donor restrictions</b>	<b>197,080</b>	<b>1,163,675</b>	<b>668,244</b>	<b>1,766,243</b>	<b>340,086</b>	<b>( 56,744)</b>	<b>1,196,391</b>	<b>1,309,668</b>	
With donor restrictions	0	0	0	0	0	0	0	0	
<b>Total net assets</b>	<b>197,080</b>	<b>1,163,675</b>	<b>668,244</b>	<b>1,766,243</b>	<b>340,086</b>	<b>( 56,744)</b>	<b>1,196,391</b>	<b>1,309,668</b>	
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,673,525</b>	<b>\$ 3,415,920</b>	<b>\$ 2,386,973</b>	<b>\$ 4,419,838</b>	<b>\$ 2,526,162</b>	<b>\$ 1,676,000</b>	<b>\$ 2,692,193</b>	<b>\$ 2,607,473</b>	

See Independent Auditor's Report

# People Incorporated Housing Group, Inc. and Subsidiaries

## Consolidating Statement of Financial Position

June 30, 2023

<b>Assets</b>									
	Sweetbriar II, LP	Tazewell Village Owner, LLC	Tom's Brook School Apartments, LLC	Valley Vista Apartments, LLC	West Lance Apartments, LLC	White's Mill Point, LP	Eliminations	Consolidated	
<b>Current assets:</b>									
Cash and cash equivalents	\$ 13,181	\$ 119,978	\$ 53,092	\$ 17,942	\$ 187,744	\$ 27,848	\$ 0	\$	\$ 3,254,937
Restricted cash	410,403	281,458	96,907	459,278	497,253	237,724	0	0	9,028,141
Accounts receivable, net	1,379	( 94)	2,033	17,616	5,522	2,190	( 6,128,426)	0	196,312
Prepaid expenses and other assets	617	25,467	17,821	79,635	( 942)	27,511	0	0	596,475
<b>Total current assets</b>	<b>425,580</b>	<b>426,809</b>	<b>169,853</b>	<b>574,471</b>	<b>689,577</b>	<b>295,273</b>	<b>( 6,128,426)</b>	<b>0</b>	<b>13,075,865</b>
<b>Other assets:</b>									
Loans receivable - Long-term, net	0	0	0	0	0	0	( 13,108,953)	0	0
Developer fee receivable	0	0	0	0	0	0	( 5,265,163)	0	0
<b>Total other assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>( 18,374,116)</b>	<b>0</b>	<b>0</b>
Property and equipment, net	6,850,224	3,047,566	3,068,643	4,903,255	2,049,024	2,359,887	( 351,073)	0	95,951,134
<b>TOTAL ASSETS</b>	<b>\$ 7,275,804</b>	<b>\$ 3,474,375</b>	<b>\$ 3,238,496</b>	<b>\$ 5,477,726</b>	<b>\$ 2,738,601</b>	<b>\$ 2,655,160</b>	<b>(\$ 24,853,615)</b>	<b>\$</b>	<b>\$ 109,026,999</b>
<b>Liabilities and Net Assets</b>									
<b>Current liabilities:</b>									
Mortgages payable, current	\$ 3,501,317	\$ 17,106	\$ 8,942	\$ 56,101	\$ 19,015	\$ 16,810	\$ 0	\$	\$ 4,218,467
Accounts payable	0	240	39	1,895	257	( 10)	0	0	445,563
Accrued payroll and related expenses	4,889	0	28,113	0	0	0	0	0	120,217
Security deposits and tenant payable	520,595	21,538	11,074	30,961	20,205	13,340	( 511,348)	0	1,053,290
Accrued interest	0	29,019	911	8,211	2,624	2,207	( 405,515)	0	205,969
Due to affiliate	663,231	19,573	443,205	1,050,551	9,103	272,657	( 5,261,756)	0	0
Accrued developer fee	351,073	101,364	350,000	475,228	0	328,900	( 5,616,027)	0	4,164,954
<b>Total current liabilities</b>	<b>5,041,105</b>	<b>188,840</b>	<b>842,284</b>	<b>1,622,947</b>	<b>51,204</b>	<b>633,904</b>	<b>( 11,794,646)</b>	<b>0</b>	<b>10,208,460</b>
<b>Long-term liabilities:</b>									
Mortgages payable, net of current	0	2,731,925	714,461	2,080,201	1,152,569	930,989	( 1,416,664)	0	46,627,713
Due to funding source	821,225	0	889,323	625,051	0	0	( 7,173,867)	0	2,259,509
Housing loans payable	0	0	0	0	239,000	0	( 4,117,365)	0	0
<b>Total long-term liabilities</b>	<b>821,225</b>	<b>2,731,925</b>	<b>1,603,784</b>	<b>2,705,252</b>	<b>1,391,569</b>	<b>930,989</b>	<b>( 12,707,896)</b>	<b>0</b>	<b>48,887,222</b>
<b>Total liabilities</b>	<b>5,862,330</b>	<b>2,920,765</b>	<b>2,446,068</b>	<b>4,328,199</b>	<b>1,442,773</b>	<b>1,564,893</b>	<b>( 24,502,542)</b>	<b>0</b>	<b>59,095,682</b>
<b>Net assets without donor restrictions:</b>									
Undesignated	127	50	71	103	117	1,090,267	( 351,073)	0	17,534,456
Noncontrolling interest	1,413,347	553,560	792,357	1,149,424	1,295,711	0	0	0	31,555,289
<b>Total net assets without donor restrictions</b>	<b>1,413,474</b>	<b>553,610</b>	<b>792,428</b>	<b>1,149,527</b>	<b>1,295,828</b>	<b>1,090,267</b>	<b>( 351,073)</b>	<b>0</b>	<b>49,089,745</b>
<b>With donor restrictions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>841,572</b>
<b>Total net assets</b>	<b>1,413,474</b>	<b>553,610</b>	<b>792,428</b>	<b>1,149,527</b>	<b>1,295,828</b>	<b>1,090,267</b>	<b>( 351,073)</b>	<b>0</b>	<b>49,931,317</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 7,275,804</b>	<b>\$ 3,474,375</b>	<b>\$ 3,238,496</b>	<b>\$ 5,477,726</b>	<b>\$ 2,738,601</b>	<b>\$ 2,655,160</b>	<b>(\$ 24,853,615)</b>	<b>\$</b>	<b>\$ 109,026,999</b>

See Independent Auditor's Report

# People Incorporated Housing Group, Inc. and Subsidiaries

## Consolidating Statement of Activities

Year Ended June 30, 2023

	PIHG	Abingdon Green, LLC	Abingdon Terrace Apartments, LLC	Abingdon Village Apartments, LLC	Baileyton Terrace Owner, LLC	Brunswick Manor Apartments, LLC	Clinch View Manor Apartments LLC	Culpeper Crossing, LLC
<b>Support and revenue:</b>								
Grant revenue	\$ 1,530,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest income	105,641	178	8	28	45	18	51	459
Developer fee	916,848	0	0	0	0	0	0	0
Rental income	0	225,190	214,293	294,747	316,129	252,102	282,702	277,729
Fee for service	5,230,909	0	0	0	0	0	0	0
Interest subsidy	0	71,921	17,127	9,653	15,600	15,646	19,141	0
Other income	125,580	128	184	2,030	1,834	577	1,389	24,279
<b>Total support and revenue</b>	<b>7,908,978</b>	<b>297,417</b>	<b>231,612</b>	<b>306,458</b>	<b>333,608</b>	<b>268,343</b>	<b>303,283</b>	<b>302,467</b>
<b>Expenses:</b>								
<b>Program activities</b>								
Housing	6,090,200	329,608	269,463	428,383	410,943	367,194	371,464	325,375
<b>Total program activities</b>	<b>6,090,200</b>	<b>329,608</b>	<b>269,463</b>	<b>428,383</b>	<b>410,943</b>	<b>367,194</b>	<b>371,464</b>	<b>325,375</b>
<b>Management and general</b>								
	39,774	0	0	0	0	0	0	0
<b>Total expenses</b>	<b>6,129,974</b>	<b>329,608</b>	<b>269,463</b>	<b>428,383</b>	<b>410,943</b>	<b>367,194</b>	<b>371,464</b>	<b>325,375</b>
Changes in net assets	1,779,004	( 32,191)	( 37,851)	( 121,925)	( 77,335)	( 98,851)	( 68,181)	( 22,908)
Capital contributions	0	0	0	0	0	0	0	311,199
Net assets - Beginning of year, as previously stated	16,221,658	0	0	0	0	0	0	0
Prior period adjustments	0	624,067	936,800	1,147,594	610,512	1,530,345	1,465,843	730,715
<b>Net assets - Beginning of year, as restated</b>	<b>16,221,658</b>	<b>624,067</b>	<b>936,800</b>	<b>1,147,594</b>	<b>610,512</b>	<b>1,530,345</b>	<b>1,465,843</b>	<b>730,715</b>
<b>Net assets - End of year</b>	<b>\$ 18,000,662</b>	<b>\$ 591,876</b>	<b>\$ 898,949</b>	<b>\$ 1,025,669</b>	<b>\$ 533,177</b>	<b>\$ 1,431,494</b>	<b>\$ 1,397,662</b>	<b>\$ 1,019,006</b>

See Independent Auditor's Report.

# People Incorporated Housing Group, Inc. and Subsidiaries

## Consolidating Statement of Activities

Year Ended June 30, 2023

	Dante Crossings, LLC	Buchanan County Housing, LP	Essex Manor Apartments, LLC	Greenville Owner, LLC	Jamestown Village Owner, LLC	Jonesville Manor LLC	Luray Meadows, LLC	Millview Apartments, LLC
<b>Support and revenue:</b>								
Grant revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest income	1,849	0	63	23	20	341	30	784
Developer fee	0	0	0	0	0	0	0	0
Rental income	67,264	55,249	277,958	297,826	303,795	262,521	263,229	298,229
Fee for service	0	0	0	0	0	0	0	0
Interest subsidy	0	0	25,010	13,795	13,860	86,738	0	0
Other income	1,674	735	596	(110)	5,604	1,275	1,743	4,738
<b>Total support and revenue</b>	<b>70,787</b>	<b>55,984</b>	<b>303,627</b>	<b>311,534</b>	<b>323,279</b>	<b>350,875</b>	<b>265,002</b>	<b>303,751</b>
<b>Expenses:</b>								
<b>Program activities</b>								
Housing	178,073	226,289	377,618	395,641	409,770	398,897	712,644	411,938
<b>Total program activities</b>	<b>178,073</b>	<b>226,289</b>	<b>377,618</b>	<b>395,641</b>	<b>409,770</b>	<b>398,897</b>	<b>712,644</b>	<b>411,938</b>
<b>Management and general</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total expenses</b>	<b>178,073</b>	<b>226,289</b>	<b>377,618</b>	<b>395,641</b>	<b>409,770</b>	<b>398,897</b>	<b>712,644</b>	<b>411,938</b>
Changes in net assets	( 107,286)	( 170,305)	( 73,991)	( 84,107)	( 86,491)	( 48,022)	( 447,642)	( 108,187)
Capital contributions	0	0	111,243	0	0	0	5,380,380	380,214
Net assets - Beginning of year, as previously stated	0	( 196,363)	0	0	0	0	0	0
Prior period adjustments	455,265	0	1,688,393	1,150,931	1,354,132	1,250,679	1,213,718	841,557
<b>Net assets - Beginning of year, as restated</b>	<b>455,265</b>	<b>( 196,363)</b>	<b>1,688,393</b>	<b>1,150,931</b>	<b>1,354,132</b>	<b>1,250,679</b>	<b>1,213,718</b>	<b>841,557</b>
<b>Net assets - End of year</b>	<b>\$ 347,979</b>	<b>(\$ 366,668)</b>	<b>\$ 1,725,645</b>	<b>\$ 1,066,824</b>	<b>\$ 1,267,641</b>	<b>\$ 1,202,657</b>	<b>\$ 6,146,456</b>	<b>\$ 1,113,584</b>

See Independent Auditor's Report.



# People Incorporated Housing Group, Inc. and Subsidiaries

## Consolidating Statement of Activities

Year Ended June 30, 2023

	Mountain City Manor, LLC	Newport Village Owner, LLC	Norton Green, LLC	Pennington Gap Apartments, LLC	Pulaski Village LLC	Riverside Place Apartments, LLC	Spruce Hill Apartments, LLC	Sweetbriar, LP
<b>Support and revenue:</b>								
Grant revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest income	21	23	237	22	305	2,616	47	2,056
Developer fee	0	0	0	0	0	0	0	0
Rental income	352,412	293,519	307,424	271,275	311,790	95,729	242,070	131,040
Fee for service	0	0	0	0	0	0	0	0
Interest subsidy	15,058	14,826	86,135	22,221	95,698	0	17,401	0
Other income	1,428	926	1,102	4,188	139	2,907	879	1,120
<b>Total support and revenue</b>	<b>368,919</b>	<b>309,294</b>	<b>394,898</b>	<b>297,706</b>	<b>407,932</b>	<b>101,252</b>	<b>260,397</b>	<b>134,216</b>
<b>Expenses:</b>								
<b>Program activities</b>								
Housing	453,855	417,755	416,081	395,175	444,338	227,986	371,924	226,763
<b>Total program activities</b>	<b>453,855</b>	<b>417,755</b>	<b>416,081</b>	<b>395,175</b>	<b>444,338</b>	<b>227,986</b>	<b>371,924</b>	<b>226,763</b>
<b>Management and general</b>								
<b>Total expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Changes in net assets	( 84,936)	( 108,461)	( 21,183)	( 97,469)	( 36,406)	( 126,734)	( 111,527)	( 92,547)
Capital contributions	0	0	0	105,096	0	0	0	0
Net assets - Beginning of year, as previously stated	0	0	0	0	0	0	0	0
Prior period adjustments	282,016	1,272,136	689,427	1,758,616	376,492	69,990	1,307,918	1,402,215
<b>Net assets - Beginning of year, as restated</b>	<b>282,016</b>	<b>1,272,136</b>	<b>689,427</b>	<b>1,758,616</b>	<b>376,492</b>	<b>69,990</b>	<b>1,307,918</b>	<b>1,402,215</b>
<b>Net assets - End of year</b>	<b>\$ 197,080</b>	<b>\$ 1,163,675</b>	<b>\$ 668,244</b>	<b>\$ 1,766,243</b>	<b>\$ 340,086</b>	<b>(\$ 56,744)</b>	<b>\$ 1,196,391</b>	<b>\$ 1,309,668</b>

See Independent Auditor's Report.

# People Incorporated Housing Group, Inc. and Subsidiaries

## Consolidating Statement of Activities

Year Ended June 30, 2023

	Sweetbriar II, LP	Tazewell Village Owner, LLC	Tom's Brook School Apartments, LLC	Valley Vista Apartments, LLC	West Lance Apartments, LLC	White's Mill Point, LP	Eliminations	Consolidated
Support and revenue:								
Grant revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	(\$ 1,530,000)	\$ 0
Interest income	1	36	1,458	6,185	45	6,305	( 105,641)	23,254
Developer fee	50,000	0	0	0	0	0	( 966,848)	0
Rental income	28,091	333,988	97,602	651,109	226,387	162,376	0	7,193,775
Fee for service	0	0	0	0	0	0	( 5,230,909)	0
Interest subsidy	0	15,872	0	0	15,782	0	0	571,484
Other income	320	1,287	1,983	65,105	2,702	1,740	0	258,082
<b>Total support and revenue</b>	<b>78,412</b>	<b>351,183</b>	<b>101,043</b>	<b>722,399</b>	<b>244,916</b>	<b>170,421</b>	<b>( 7,833,398)</b>	<b>8,046,595</b>
Expenses:								
Program activities								
Housing	( 130,027)	412,634	211,701	871,575	289,314	234,905	( 7,482,325)	9,065,154
<b>Total program activities</b>	<b>( 130,027)</b>	<b>412,634</b>	<b>211,701</b>	<b>871,575</b>	<b>289,314</b>	<b>234,905</b>	<b>( 7,482,325)</b>	<b>9,065,154</b>
Management and general								
	0	0	0	0	0	0	0	39,774
<b>Total expenses</b>	<b>( 130,027)</b>	<b>412,634</b>	<b>211,701</b>	<b>871,575</b>	<b>289,314</b>	<b>234,905</b>	<b>( 7,482,325)</b>	<b>9,104,928</b>
Changes in net assets	208,439	( 61,451)	( 110,658)	( 149,176)	( 44,398)	( 64,484)	( 351,073)	( 1,058,333)
Capital contributions	900,000	0	0	0	0	0	0	7,188,132
Net assets - Beginning of year, as previously stated	0	0	0	0	0	1,154,751	0	17,180,046
Prior period adjustments	305,035	615,061	903,086	1,298,703	1,340,226	0	0	26,621,472
<b>Net assets - Beginning of year, as restated</b>	<b>305,035</b>	<b>615,061</b>	<b>903,086</b>	<b>1,298,703</b>	<b>1,340,226</b>	<b>1,154,751</b>	<b>0</b>	<b>43,801,518</b>
<b>Net assets - End of year</b>	<b>\$ 1,413,474</b>	<b>\$ 553,610</b>	<b>\$ 792,428</b>	<b>\$ 1,149,527</b>	<b>\$ 1,295,828</b>	<b>\$ 1,090,267</b>	<b>(\$ 351,073)</b>	<b>\$ 49,931,317</b>

See Independent Auditor's 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***

Board of Directors  
People Incorporated Housing Group, Inc. and Subsidiaries  
Abingdon, Virginia

We have audited, 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, the consolidated financial statements of People Incorporated Housing Group, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2023 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 13, 2024. The financial statements of the subsidiaries of People Incorporated Housing Group, Inc. were not audited in accordance with *Government Auditing Standards*.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered People Incorporated Housing Group, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of People Incorporated Housing Group, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of People Incorporated Housing Group, Inc.'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 reasonable possibility that a material misstatement of People Incorporated Housing Group, Inc.'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 weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control described in the accompanying schedule of audit findings as item 2023-001 that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

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

### **People Incorporated Housing Group, Inc.'s Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on People Incorporated Housing Group, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. People Incorporated Housing Group, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 People Incorporated Housing Group, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering People Incorporated Housing Group, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Wipfli LLP

Madison, Wisconsin  
June 13, 2024

# People Incorporated Housing Group, Inc. and Subsidiaries

## Schedule of Audit Findings

Year Ended June 30, 2023

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### Section I - Summary of Auditor's Results

#### Consolidated Financial Statements

Type of auditor's report issued on whether the consolidated financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   Yes           No
- Significant deficiency(ies) identified?        Yes      X   None Reported

Noncompliance material to financial statements noted

       Yes      X   No

### Section II - Financial Statement Findings

#### Finding 2023-001: Consolidation of LIHTC Partnerships and Classification of Net Assets

**Condition:** As a result of audit procedures, People Incorporated Housing Group, Inc. determined it had not properly recorded transactions related to its Low Income Housing Tax Credit (LIHTC) subsidiaries during the year ended June 30, 2022 and in prior years. In addition, it was determined that the net assets with donor restrictions balance were not properly recorded at June 30, 2022. As a result, Wipfli LLP proposed a prior period adjustment and adjusting entries to consolidate the balances and correct the net assets classifications as of June 30, 2022.

**Criteria:** Internal controls are effective if they are properly designed and implemented to prevent or detect account misstatements prior to the audit.

**Cause:** The internal controls of People Incorporated Housing Group, Inc. were not effective in preventing or detecting and correcting the misstatements described above prior to the audit. People Incorporated Housing Group, Inc. relied on prior service providers to advise on if consolidating of the LIHTC subsidiaries was required.

**Effect:** As a result of the financial reporting matter identified in the condition paragraph, a material weakness exists in People Incorporated Housing Group, Inc.'s internal controls over financial reporting.

**Recommendation:** We recommend People Incorporated Housing Group, Inc. implement procedures to ensure it is accounting for LIHTC subsidiary activity in accordance with generally accepted accounting principles and to properly account for donor restricted net assets.

**View of responsible officials:** Management agrees with the assessment and has committed to a corrective action plan.