

**PEOPLE INCORPORATED OF VIRGINIA
AND AFFILIATES**

CONSOLIDATED ANNUAL FINANCIAL REPORT

June 30, 2020

PEOPLE INCORPORATED OF VIRGINIA AND AFFILIATES

CONSOLIDATED ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

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PEOPLE INCORPORATED OF VIRGINIA AND AFFILIATES

BOARD OF DIRECTORS, ABINGDON, VIRGINIA

SECTOR I

Abingdon Terrace Apartments

Jean Neal
526 Lowry Drive, Apt. H
Abingdon, VA 24210

Dante Community

Bobbie Gullett
P.O. Box 321
Dante, VA 24237

Section 8 Housing

David McCracken
518 S. Monte Vista Drive, Apt. #6
Glade Spring, VA 24340

VA Cares

VACANT

White Mill Apartments

VACANT

Project Discovery

Nevaeh Griffith
93 Alamont Drive
Lebanon, VA 24266

Kings Mountain Supportive

Housing Community

Tommy Burris
1235 West State St., Unit 12
Bristol, VA 24201

Head Start - Parent

Kevin Blevins
15211 Lee Hwy.
Abingdon, VA 24212

Sweetbriar Apartments

VACANT

Head Start Policy Council

Sally Jones
205 Oak Hill Street, NE
Abingdon, VA 24210

Valley Vista Apartments

James E. Runion III
131 Valley Vista Drive., Apt 101
Woodstock, VA 22664

VACARES-Greater Prince William

Jeffrey Frye
3012 Chinkapin Oak Lane
Woodbridge, VA 22191

Haysi Community

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

Trammel Community

Terry Hale
11342 Dante Mtn. Rd.
Dante, VA 24237

Toms Brook Apartments

Maggie Harris
3232 S Main St., Apt#9
Toms Brook, VA 22660

Culpeper Crossings

VACANT

East Ridge Apartments Resident

Billy P. Taylor
837 Portsmouth Ave., Apt A15
Bristol, VA 24201

SECTOR II

Bristol City Council

Anthony Farnum
300 Lee Street
Bristol, VA 24201

City of Manassas

Michele Gehr
9324 West Street
Manassas, VA 20110

Clarke County

Coleen Hillerson
11 Battletown Drive
Berryville, VA 22611

Dickenson County Board of Supervisors

Peggy Kiser
P.O. Box 1098
Clintwood, VA 24228

Frederick County Board of Supervisors

Linda Gibson
107 N Kent Street
Winchester, VA 22601

Rappahannock County Board of Supervisors

Jennifer Parker
Director Rappahannock Co. Social Services
P.O. Box 87
Washington, VA 22747

Buchanan County Board of Supervisors

Jordan Reynolds
P.O. Box 1188
Vansant, VA 24656

City of Manassas Park

Randi Knights
Acting Director
One Park Center Court
Manassas Park, VA 20111

Culpeper County

Cathy M. Zielinski
524 Tara Ct.,
Culpeper, VA 22701

Fauquier County

Board of Supervisors
Jan Selbo
178 Main St.
Warrenton, VA 20186

Page County

Liz Lewis
103 S Court Street
Luray, VA 22835

Russell County Board of Supervisors

Vicki Porter
Administrative Manager
P.O. Box 1208
Lebanon, Virginia 24266

Shenandoah County Board of Supervisors

John Richard Neese
292 Jiggady Road
New Market, VA 22844

Washington County Board of Supervisors

Phillip McCall
24597 Walden Rd
Abingdon, VA 24210

Warren County Board of Supervisors

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

Prince William County
Board of Supervisors

Elijah Johnson
One County Complex Court
Woodbridge, VA 22192

SECTOR III

United Way of Northern Shenandoah Valley

Nandine Pottinga
135 Westchester Drive
Stephens City, VA 22655

Prince William

Chamber of Commerce

Steve Liga
PO Box 74
Dunfries, VA 22026

Washington County Chamber of Commerce

Mark Nelson
P.O. Box 1000
Abingdon, VA 24212

American Legion Post 114

Larry Laws
American Legion 114
Manassas, VA 20110

Culpeper Chamber of
Commerce

Lisa Peacock
19066 Brandy Fizz Court
Culpeper, VA 22701

Shenandoah County
Healthy Families

John Ayers
214 Millertown Rd.
Edinburg, VA 22824

Southwest Virginia Legal Aid Society

Anita Robinson
P.O. Box 670
Castlewood, VA 24224

Emory and Henry College

Sandra Frederick
17368 Egger Place
Abingdon, VA 24210

Town of Grundy Industrial Development Authority

Chris Shortridge
P.O. Box 288
Grundy, VA 24614

Virginia Highlands
Community College

Winona Fleenor
P.O. Box 828
Abingdon, VA 24212

Greater PWC Human Services Consortium
ACTS Coalition for Human Services
Prince William
Chelsi Conaway
9073 Center Street
Manassas, VA 20110

The Christian Center
Alice D. Meade
28 Major St.
Lebanon, VA 24266

Vietnam Veterans
Steven M. Botello
8290 Wallace Lane
Manassas, VA 20109

Mauriertown Ruritans
Dennis Morris
1685 Brook Creek Rd.
Occoquan, VA 22125

Foothills Housing Network
Tony Hooper
87 Dennison Street
Fredericksburg, VA 22406

EXECUTIVE COMMITTEE

Chairperson
Vice Chairperson
Secretary
Assistant Secretary
Treasurer
Member
Member
Member
Member
Member
Member
Member

Chris Shortridge
David McCracken
Alice Meade
Jean Neal
John Ayers
Jan Selbo
Tommy Burris
Tony Carter
Elijah Johnson
Lisa Peacock
Phillip McCall
John Ayers
Tony Hooper

Thomas M. Hicok, CPA, CVA, MAFF ¹
David B. Brown, CPA
Juan J. Garcia, CPA
Karen L. Jackson, CPA
Rodney P. Jackson, CPA ²



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of People Incorporated of Virginia and Affiliates (a nonprofit organization), which comprise the statement of consolidated financial position as of June 30, 2020, and the related statements of consolidated activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of People Incorporated of Virginia and Affiliates as of June 30, 2020, 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 Matters

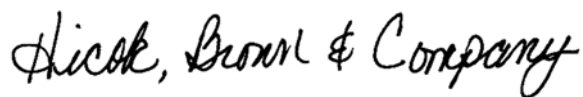
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the 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 financial statements as a whole.

The Head Start Grant Revenue and Expense Detail have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on the Schedules.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020, on our consideration of People Incorporated of Virginia and Affiliates' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering People Incorporated of Virginia and Affiliates' internal control over financial reporting and compliance.



Hicok, Brown and Company
Certified Public Accountants

December 16, 2020

Thomas M. Hicok, CPA, CVA, MAFF ¹
David B. Brown, CPA
Juan J. Garcia, CPA
Karen L. Jackson, CPA
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
People Incorporated of Virginia and Affiliates
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 People Incorporated of Virginia and Affiliates (a nonprofit organization), which comprise of the statement of consolidated financial position as of June 30, 2020, and the related statements of consolidated 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 December 16, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

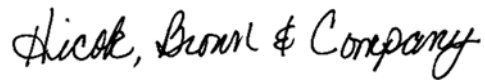
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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, Brown and Company
Certified Public Accountants

December 16, 2020

Thomas M. Hicok, CPA, CVA, MAFF ¹
David B. Brown, CPA
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Directors
People Incorporated of Virginia and Affiliates
Abingdon, Virginia

Report on Compliance for Each Major Federal Program

We have audited People Incorporated of Virginia and Affiliates' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of People Incorporated of Virginia and Affiliates' major federal programs for the year ended June 30, 2020. People Incorporated of Virginia and Affiliates' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings, responses and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of People Incorporated of Virginia and Affiliates' 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 and Affiliates' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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 and Affiliates' compliance.

Opinion on Each Major Federal Program

In our opinion, People Incorporated of Virginia and Affiliates, 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, 2020.

Report on Internal Control Over Compliance

Management of People Incorporated of Virginia and Affiliates 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 and Affiliates' 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 the Uniform Guidance, 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 and Affiliates' 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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Hicok, Brown and Company
Certified Public Accountants

December 16, 2020

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Statement of Consolidated Financial Position
For June 30, 2020

	<u>Assets</u>	<u>Total</u>
Current Assets:		
Cash and cash equivalents		\$ 5,773,619
Cash and cash equivalents - reserved		76,391
Vacation trust account		259,450
Receivables:		
Grants (net of allowance of \$17,546)		2,497,698
Clients		100,307
Contracts		3,026,419
Rents, Interest, and Other (net of allowance of \$20,693)		217,541
Related Party		2,887,543
Inventory		66,730
Prepaid expenses		925,260
Other current assets		16,269
Total Current Assets		<u>15,847,227</u>
Long-term Assets:		
Notes receivable (Net of allowance for bad debts of \$69,411)		3,862,385
Notes receivable - related party		5,173,062
Property, plant, & equipment		28,729,748
Accumulated depreciation		<u>(10,887,184)</u>
Total Long-term Assets		<u>26,878,011</u>
Other Assets:		
Deferred Developer Fees		3,108,661
Investments		558,348
Total Other Assets		<u>3,667,009</u>
Total Assets		<u><u>\$ 46,392,247</u></u>

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

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Statement of Consolidated Financial Position
For June 30, 2020

	<u>Total</u>
<u>Liabilities & Net Assets</u>	
<u>Liabilities</u>	
Current Liabilities:	
Accounts payable	\$ 2,274,238
Accrued expenses	1,249,314
Due to Related Parties	52,671
Deferred revenue	181,345
Retainage Payable	193,257
Refundable deposits	1,311,277
Notes payable - current	2,421,306
Total Current Liabilities	<u>7,683,408</u>
Long-term Liabilities:	
Compensated absences and Severance	2,139,662
Notes payable - net of current	3,693,283
Total Long-term Liabilities	<u>5,832,945</u>
Other Liabilities:	
Deferred Developer Fees	3,108,661
Total Other Liabilities	<u>3,108,661</u>
Total Liabilities	16,625,014
<u>Net Assets</u>	
Without Donor Restrictions	
Undesignated	5,147,983
Board Designated - Reserve Fund	899,929
Total Without Donor Restriction	<u>6,047,912</u>
With Donor Restriction	23,719,321
Total Net Assets	<u>29,767,233</u>
Total Liabilities & Net Assets	<u>\$ 46,392,247</u>

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

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Statement of Consolidated Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Grants	\$ 1,942,009	\$ 11,885,723	\$ 13,827,732
Other	11,097,341	42,094	11,139,435
Interest	157,805	83,910	241,715
Contributions	29,914	-	29,914
In-Kind	163,980	-	163,980
Net assets released from restrictions:			
Satisfaction of program restrictions	10,949,994	(10,949,994)	-
Total Revenues	24,341,043	1,061,733	25,402,776
Expenses:			
Program Services:			
Community Services	1,844,133	-	1,844,133
Community Development	902,092	-	902,092
Community Economic Development	830,915	-	830,915
Children & Family Services	4,507,758	-	4,507,758
Housing	11,147,717	-	11,147,717
Workforce Development	1,596,694	-	1,596,694
Support Services:			-
General & Administrative	2,021,038	-	2,021,038
Fundraising	430,782	-	430,782
Total Expenses	23,281,129	-	23,281,129
Change in Net Assets	1,059,914	1,061,733	2,121,647
Net Assets At Beginning of Year	4,987,998	22,657,588	27,645,586
Net Assets At End of Year	\$ 6,047,912	\$ 23,719,321	\$ 29,767,233

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

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Statement of Functional Expenses
For the Year Ended June 30, 2020

<u>Fund</u>	<u>Expense Classification</u>									<u>Totals</u>
	<u>Salaries & Wages</u>	<u>Fringe Benefits</u>	<u>Travel</u>	<u>Equipment Expense</u>	<u>Material & Supplies</u>	<u>Contractual</u>	<u>Other</u>	<u>Depreciation</u>	<u>In-Kind</u>	
Community Services	\$ 833,368	\$ 365,521	\$ 68,714	\$ 41,059	\$ 57,385	\$ 60,429	\$ 354,302	\$ -	\$ 63,355	\$ 1,844,133
Community Development	428,181	114,036	9,693	-	1,340	201,652	147,190	-	-	902,092
Community Economic Development	405,016	159,809	10,431	988	13,380	16,308	224,983	-	-	830,915
Children & Family Services	2,183,471	998,293	57,562	158,262	385,705	22,553	617,236		84,676	4,507,758
Housing	757,864	330,370	38,857	109,978	438,301	6,031,478	3,424,920		15,949	11,147,717
Workforce Development	329,193	153,059	89,978	22,775	76,206	304,966	620,517	-	-	1,596,694
General & Administration	886,714	229,551	113,167	165,956	148,112	216,478	(852,286)	1,113,346	-	2,021,038
Fundraising	251,373	100,757	6,829	-	12,151	-	59,672	-	-	430,782
Total Expenses	<u>\$ 6,075,180</u>	<u>\$ 2,451,396</u>	<u>\$ 395,231</u>	<u>\$ 499,018</u>	<u>\$ 1,132,580</u>	<u>\$ 6,853,864</u>	<u>\$ 4,592,559</u>	<u>\$ 1,113,346</u>	<u>\$ 163,980</u>	<u>\$ 23,281,129</u>

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

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Statement of Consolidated Cash Flows
For the Year Ended June 30, 2020

	<u>Total</u>
Operating Activities:	
Change in net assets	\$ 2,121,647
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
(Gain) loss on sale of fixed assets	(132,212)
Depreciation	1,113,346
Allowance for bad debt	5,259
Net change in:	
Receivables	(3,612,307)
Other assets	(233,949)
Inventory	(5,637)
Prepaid expense	(13,890)
Accounts payable	1,865,216
Accrued expenses & other payables	833,287
Other Liabilities	(75,561)
Net Cash Provided/(Used) By Operating Activities	<u>1,865,199</u>
Investment Activities:	
Purchase of property, plant & equipment	(1,017,101)
Proceeds from disposition of property, plant & equipment	900
Investment in partnerships	4,074,958
Loans to businesses and consumers	(1,595,079)
Principal repayment on business and consumer loans	945,652
Net Cash Provided/(Used) In Investing Activities	<u>2,409,330</u>
Financing Activities:	
Proceeds from long-term debt	2,090,165
Principal payments made on long-term debt	(3,915,750)
Net Cash Provided/(Used) By Financing Activities	<u>(1,825,585)</u>
Increase In Cash	2,448,944
Cash and cash equivalents at Beginning of Year	<u>3,660,516</u>
Cash and cash equivalents at End of Year	<u><u>\$ 6,109,460</u></u>
Supplemental Schedule of Noncash Investing and Financing Activities:	
Purchase of buildings, equipment, and land with debt proceeds	<u><u>\$ 638,006</u></u>

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

People Incorporated of Virginia (“the Organization”) is a Virginia non-profit corporation organized in 1964. 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, 2020, People Incorporated of Virginia received 40% of its total revenue from federal, state, and local government sources.

People Incorporated Financial Services was organized as a non-profit corporation in 2000. People Incorporated Financial Services is a certified Community Development Financial Institution that offers micro and small business loans, business training and technical assistance, consumer loans in low-income, primarily rural communities in Virginia, and equity-attracting New Market Tax Credits in low-income, primarily rural, communities in the Southeast United States.

People Incorporated Housing Group was organized as a non-profit corporation in 2004 to provide quality, affordable housing to low-income individuals.

Basis of Presentation

The consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Principles of Consolidation

The consolidated financial statements include the accounts of People Incorporated Financial Services, People Incorporated Housing Group, Buchanan County Housing LLP, and Luray Meadows LLC, all of which are affiliates under common control. All significant intercompany transactions and balances have been eliminated in these consolidated financial statements.

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 People Incorporated of Virginia.

Net Assets With Donor Restrictions – 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

grantor imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the organization pursuant to those stipulations.

Net Assets Without Donor Restrictions – The part of net assets of the organization that is not restricted by donor or grantor-imposed stipulations.

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.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified as net assets released from restriction.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Grants are recorded as either grant revenue or exchange transactions based on criteria contained in the grant award. Grant revenues are recorded as invoiced to the funding source and are recognized in the accounting period when the related allowable costs are incurred.

Construction revenues are recognized on the percentage-of-completion method, measured by the percentage of total costs incurred to date to estimated total costs for each contract. Contract costs include all direct materials and labor costs, and those indirect costs related to contract performance. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

The asset “Costs and estimated earnings in excess of billings on uncompleted contracts” represents costs incurred in excess of amounts billed. The liability “Billings in excess of costs and estimated earnings on uncompleted contracts” represent billings in excess of costs incurred. Substantially all contract retainage is expected to be collected within one year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Developer fees for Low-Income Housing Tax Credit (“LIHTC”) projects are recognized when the project is substantially complete. Developer fees for New Market Tax Credit (“NMTC”) projects are recognized as received.

Donated Services and Materials

People Incorporated of Virginia reports gifts of land, buildings and equipment as 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 and supplies held for use in various agency programs.

Receivables

Grants receivable consist of amounts billed under various grant agreements. Amounts are reviewed for collectability by management. Management has assessed the collectability of these receivables and deemed all accounts to be fully collectible; therefore, an allowance has not been recorded.

Client receivables consist of amounts used to provide indoor plumbing assistance to income-eligible individuals in the form of loans. The loans are secured by liens on the property for 120 months. The loans are interest free and repayments are based on household income. Repaid funds are to be used for future indoor plumbing projects. Management has elected not to record an allowance against these receivables since the value of the home exceeds the outstanding receivable.

Contract and Retainage receivables consist of amounts billed under LIHTC rehabilitation projects; the Organization acts as the General Contractor and Developer for the projects. Contract and retainage receivables are recognized as progress billings are submitted to the project owner. Management has assessed the collectability of these receivables and deemed all accounts to be fully collectible; therefore, an allowance has not been recorded.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Developer fee receivables consist of amounts currently due to the Organization under agreements to provide services to LIHTC projects that were substantially complete at the balance sheet date. Management has assessed the collectability of these receivables and deemed all accounts to be fully collectible; therefore, an allowance has not been recorded.

Related party receivables consist of amounts advanced to related parties that operate low-income multi-family housing communities. The advances are for operating expenses and management fees.

Rent, interest, and other receivables consists mainly of operating receivables for management fees, reimbursements for travel and other expenses, and rents on properties owned by the organization. Amounts are reviewed for collectability by management. Management has assessed the collectability of these receivables and determined that an allowance of \$20,693 should be set up for these receivables.

Other Current Assets

Other current assets include costs incurred to investigate the feasibility of future LIHTC projects. Such costs include tax credit reservation fees, legal and consulting fees, and architectural and engineering. These costs are recorded as assets until the project is approved; upon approval of the LIHTC project, the costs are expensed to the project. Any funds expended on a project that does not pass beyond the predevelopment stage are recorded as expenses when activity on the project ceases.

Notes Receivable

The Organization underwrites and processes loan applications, processes funding, and holds and services the loan in portfolio. Terms and rates vary depending upon the borrower's capital requirements and management's assessment of risk. Reserves for loan losses are based on management's review of portfolio performance. Loans are secured by the borrower's collateral.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Party Notes Receivable

The Organization entered into agreements to act as the project sponsor of certain LIHTC projects. As the project sponsor, the Organization received grant funds that were loaned to the project owner. Accounts and Notes Receivable from related parties under these agreements totaled \$8,060,605 as of June 30, 2020.

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.

Investments

The Organization's investment in other companies is recorded using the equity method. The investments are initially recorded at cost and subsequently adjusted for the Organization's share of undistributed earnings or losses.

Deferred Developer Fees

The Organization has entered into development agreements with twenty-seven LIHTC projects. The agreements provide for development fees for services in connection with the rehabilitation of the LIHTC projects. At June 30, 2020, the Organization had successfully completed nineteen LIHTC projects. The Organization recognizes a portion of the developer fees at the close of the construction period. The remainder of the developer fee is deferred and recognized as the LIHTC project pays the deferred fees over the life of the project.

Income Taxes

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

Indirect Cost Rate

The Organization charges an indirect cost rate of 11.7% on grants and contracts with the Federal Government. This rate was established per an agreement with the Department of Health and Human Services.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations, Risks and Uncertainties

As a result of the spread of COVID-19 during 2020, economic uncertainties have arisen, which are likely to negatively impact grant revenue of the Organization over the long-term. Other financial impacts could occur, though such potential impact is unknown at this time.

Subsequent Events

Subsequent events have been evaluated as of December 16, 2020, which is the date the financial statements were issued.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standard Update 2016-02, *Leases*, which requires recognition of lease assets and lease liabilities. The ASU is effective for the Organization on July 1, 2020 and is not expected to have a significant impact on the Organization's financial statements.

In June 2018, the FASB issued Accounting Standards Update 2019-08, *Not-for-Profit Entities*, which clarifies guidance on whether a transfer of assets is a contribution or an exchange transaction. The amendments in this update are effective for the Organization's year ending June 30, 2021 and is not expected to have a significant impact on the Organization's financial statements.

In May 2014, the FASB issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*. ASU 2013-03 clarified revenue recognition principles to depict the transfer of goods or services in amounts that reflect the consideration the Organization expects to receive in exchange for those goods or services. In June 2020, the FASB issued Accounting Standards Update 2020-05 that defers the effective date of ASU 2014-09. ASU 2014-09 is now effective for annual periods beginning after December 15, 2020. The Organization will implement this update for its year ended June 30, 2022 financial statements; the update is not expected to have a significant impact on the Organization's financial statements.

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, 2020 is \$4,408,494.

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

People Incorporated of Virginia and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020

NOTE 2 – CASH (CONTINUED)

The vacation trust account is maintained in a financial institution trust account for the purpose of funding the compensated absences for the Head Start program. This account is not subject to FDIC coverage.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects the Organization's financial assets as of June 30, 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include a board-designated reserve fund. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

Cash and cash equivalents	\$ 6,109,460
Investments	558,348
Accounts receivable	<u>8,729,508</u>
Total financial assets	15,397,316
Cash and cash equivalents not available for general expenditures	(259,450)
Cash and cash equivalents with donor imposed restrictions	(2,390,138)
Investments with liquidity horizons greater than one year	(558,348)
Accounts receivable with liquidity horizons greater than one year	(2,497,698)
Board-designated reserve fund	<u>(2,026,407)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,665,275</u>

NOTE 4 – NOTES RECEIVABLE

Federation of Appalachian Housing Enterprises

The Organization was awarded \$100,000 in loan funds fiscal year 2006-2007 to make home rehabilitation loans to individuals. Notes receivable of \$6,682 at June 30, 2020 have terms ranging from three to ten years and bear interest at 8.25%. No write-offs were taken against these loans during the year ended June 30, 2020 and no loans are considered past due at June 30, 2020.

NOTE 4 – NOTES RECEIVABLE (CONTINUED)

Haysi Downtown Loan Fund

Notes receivable of \$2,031 at June 30, 2020 have terms ranging from four to ten years and bear interest at rates ranging from 3.0% to 6.25%; the loans were made to small businesses located in Haysi, Virginia. No write-offs were taken against these loans during the year ended June 30, 2020 and no loans are considered past due at June 30, 2020.

Tobacco Indemnification Commission (TICR)

Notes receivable of \$193,208 represents money due the program from loans made to organizations located throughout Southwest Virginia. The notes have terms ranging from three to thirteen years and bear interest at rates ranging from 2.25% to 9.5%. No write-offs were taken against these loans during the year ended June 30, 2020 and no loans are considered past due at June 30, 2020.

U.S. Treasury

Notes receivable of \$220,035 represents money due the program from loans made to small businesses throughout Southwest Virginia. The notes have terms ranging from one to six years and bear interest at rates ranging from 6.25% to 8.25%. Write-offs of \$0 were taken against these loans during the year ended June 30, 2020 and \$2 of these loans are considered past due at June 30, 2020.

Smyth/Tazewell CDBG

Notes receivable of \$2,406 have terms ranging from five to six years and bear interest at 6.25%. No write-offs were taken against these loans during the year ended June 30, 2020 and no loans are considered past due at June 30, 2020.

Twin County Microenterprise CDBG

Notes receivable of \$28,425 have terms ranging from three to six years and bear interest at 6.25%; the loans were made to small businesses throughout Carroll County, Grayson County, and the City of Galax. No write-offs were taken against these loans during the year ended June 30, 2020 and no loans are considered past due at June 30, 2020.

SBA Microloan #5

Notes receivable of \$5,640 represents money due the program from loans made to small businesses. The notes have terms ranging from three to six years and bear interest at rates ranging from 6.25% to 8.25%. No write-offs were taken against these loans during the year ended June 30, 2020 and \$86 of these loans are considered past due at June 30, 2020.

SBA Microloan #4182935008

Notes receivable of \$50,902 represents money due the program from loans made to small businesses. The notes have terms ranging from three to six years and bear interest at rates ranging from 6.25% to 8.25%. No write-offs were taken against these loans during the year ended June 30, 2020 and no loans are considered past due at June 30, 2020.

NOTE 4 – NOTES RECEIVABLE (CONTINUED)

SBA Microloan # 6085855005

Notes receivable of \$61,110 represents money due the program from loans made to small businesses with terms ranging from three to six years and bear interest at rates ranging from 6.25% to 8.25%. No write-offs were taken against these loans during the year ended June 30, 2020 and \$88 of these loans are considered past due at June 30, 2020.

SBA Microloan # 9394915007

Notes receivable of \$629,313 represents money due the program from loans made to small businesses with terms ranging from three to six years and bear interest at rates ranging from 6.25% to 8.25%. No write-offs were taken against these loans during the year ended June 30, 2020 and \$1,444 of these loans are considered past due at June 30, 2020.

SBA Microloan # 3644897002

Notes receivable of \$442,100 represents money due the program from loans made to small businesses with terms ranging from three to six years and bear interest at rates ranging from 6.25% to 8.25%. No write-offs were taken against these loans during the year ended June 30, 2020 and no loans are considered past due at June 30, 2020.

Bristol Revolving Loan Fund

Notes receivable of \$81,131 have terms ranging from thirty months to five years and bear interest ranging from 0% to 6.25%; the loans were made to small businesses located in the City of Bristol, Virginia and Bristol, Tennessee. No write-offs were taken against these loans during the year ended June 30, 2020 and no loans are considered past due at June 30, 2020.

Rural Microenterprise Assistance Program

Notes receivable of \$40,686 have terms ranging from two to six years and bear interest at 6.25%; the loans were made to small businesses throughout the Organization's service areas in Virginia. No write-offs were taken against these loans during the year ended June 30, 2020 and no loans are considered past due at June 30, 2020.

Warren-Clark Community Development Block Grant

Notes receivable of \$6,725 have terms of five years and bear interest at 6.25%. No write-offs were taken against these loans during the year ended June 30, 2020 and no loans are considered past due at June 30, 2020.

Deutsche Bank

The Organization was selected by Deutsche Bank to participate in its CDFI Partners Program. The Organization was approved for a loan of up to \$250,000 for use in the Organization's economic development program. Notes receivable of \$151,439 represents money due the program from loans made to consumers with terms of five years and bearing interest at 8.25%. Write-offs of \$4,413 were taken against these loans during the year ended June 30, 2020 and \$3,072 of these loans are considered past due as of June 30, 2020.

NOTE 4 – NOTES RECEIVABLE (CONTINUED)

Friends of Southwest Virginia

Notes receivable of \$675,000 represents money due the program from loans made to Friends of Southwest Virginia. The loans are secured by reserve funds held by the Organization for the Heartwood Artisan Center. The loans bear interest at the rate of .25%.

Offices of Community Services

The Organization received grant funding in the amount of \$750,000 to fund the establishment of the Community Action Financial Institute. Notes receivable of \$600,000 represents money due the program from a loan made to the Community Action Financial Institute. Note A in the amount of \$450,000 bears interest at .5% and is due on December 31, 2029. Note B in the amount of \$150,000 bears interest at .5% and may be subject to forgiveness on the maturity date if no default events occur during the term of the loan. On August 8, 2019, the Organization accepted a note with another Community Action Agency in exchange for full payoff of Note A. The note with the Community Action Agency bears interest at 1%; all other terms remain the same.

Fauquier County Community Development Block Grant

Notes receivable of \$48,245 have terms of five years and bear interest at 6.25%. No write-offs were taken against these loans during the year ended June 30, 2020 and \$9 of these loans are considered past due at June 30, 2020.

General Loan Pool

Notes receivable of \$360,941 have terms of five to ten years and bear interest ranging from 0% to 7.5%. Write-offs of \$17,828 were taken against these loans during the year ended June 30, 2020 and \$916 of these loans are considered past due at June 30, 2020.

Payday Lending Loans

Notes receivable of \$7,148 have terms of one to two years and bear interest at 14.95%. No write-offs were taken against these loans during the year ended June 30, 2020 and \$329 of these loans are considered past due at June 30, 2020.

Appalachian Community Capital Fund

The agency borrowed \$500,000 from Appalachian Community Capital to establish a fund for small businesses in the Appalachian region. Notes receivable of \$152,284 have terms of three to six year and bear interest at 7.5%. No write-offs were taken against these loans during the year ended June 30, 2020 and \$226 of these loans are considered past due at June 30, 2020.

Mortgage Receivable

The Organization holds a mortgage receivable of \$96,934 for a home built under a homebuyer program. The mortgage bears interest at 1% for a term of 30 years.

NOTE 5 – ALLOWANCE FOR DOUBTFUL ACCOUNTS

An allowance for bad debts has been provided as follows:

	Allowance for Bad Debts June 30, 2020
Notes Receivable	\$ 69,411
Receivables - Rents, Interest, and Other	38,239
TOTAL	\$ 107,650

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

The Organization is owed \$2,887,543 from related party Low-Income Housing Tax Credit entities for management fees and operating expenses. Management has evaluated the collectability of these receivables and has determined that an allowance against these receivables is not necessary.

NOTE 6 – NOTES RECEIVABLE – RELATED PARTY

The Organization entered into agreements with related party LIHTC entities to provide secured loans to the entities. The notes are secured by a deed of trust on the properties.

Abingdon Green, LLC

Note receivable of \$180,000, bearing no interest and due upon the earlier of 30 years, conveyance of the property or refinancing of the property.

Abingdon Terrace, LLC

Note receivable of \$279,638, bearing no interest and due upon the earlier of 30 years, conveyance of the property, or refinancing of the property.

Abingdon Village Apartments, LLC

Note receivable of \$396,000, bearing no interest and due upon the earlier of 30 years, conveyance of the property, or refinancing of the property.

Brunswick Manor Apartments, LLC

Note receivable of \$366,590, bearing no interest and due upon the earlier of 30 years, conveyance of the property, or refinancing of the property.

Clinch View Manor Apartments, LLC

Note receivable of \$427,000, bearing no interest and due upon the sale or conveyance of the property.

NOTE 6 – NOTES RECEIVABLE – RELATED PARTY (CONTINUED)

Dante Crossings Apartments, LLC

Note receivable of \$446,387, bearing interest at 4.21% and due upon the sale or conveyance of the property. Interest income of \$18,420 was recognized on the note during the year.

Jonesville Manor, LLC

Note receivable of \$170,000, bearing no interest and due upon the sale or conveyance of the property.

Norton Green, LLC

Note receivable of \$200,000, bearing no interest and due upon the earlier of 30 years, conveyance of the property or refinancing of the property.

Pulaski Village, LLC

Note receivable of \$220,000, bearing no interest and due upon the earlier of 30 years, conveyance of the property or refinancing of the property.

Rock School Management, LLC

Note receivable of \$168,881, bearing no interest and has a 30-year term.

Spruce Hill Apartments, LLC

Note receivable of \$198,000, bearing no interest and due upon the sale or conveyance of the property.

Toms Brook School Apartments, LLC

Notes receivable of \$889,323, bearing no interest and due upon the earlier of 30 years, conveyance of the property, or refinancing of the property.

Valley Vista, LLC

Note receivable of \$148,408, bearing interest at 2% and due upon the earlier of 30 years, conveyance of the property, or refinancing of the property. Note receivable of \$467,500, bearing no interest and due upon the earlier of October 30, 2039 or the sale of the property. Interest income of \$2,944 was recognized on these notes during the year.

West Lance, LLC

Note receivable of \$239,000, bearing no interest and due upon the sale or conveyance of the property.

Essex Manor, LLC

Note receivable of \$376,335, bearing no interest and due upon the sale of conveyance of the property

NOTE 7 – 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, 2020 amounted to \$1,113,346.

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

Summary of changes in fixed assets follows:

	Balance June 30, 2019	Additions	Disposals	Balance June 30, 2020
Land	\$ 2,163,888	-	-	\$ 2,163,888
Real Property	26,403,621	44,457	(4,053,888)	22,394,189
Equipment	774,552	30,292	(1,375)	803,469
Vehicles	2,447,641	349,513	(35,595)	2,761,559
Software	15,900	6,000	-	21,900
Construction in Progress	-	584,742	-	584,742
Totals	<u>\$ 31,805,602</u>	<u>1,015,004</u>	<u>(4,090,858)</u>	<u>\$ 28,729,748</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 \$266,084 in property & equipment through federal grants for the year ending June 30, 2020.

NOTE 8 – DEFERRED DEVELOPER FEES

The Organization entered into agreements with related party LIHTC entities to act as developer for certain LIHTC projects. The agreements allow for a portion of the developer fee to be paid upon substantial completion of the projects and a portion to be deferred over the life of the tax credits. During the year ended June 30, 2020, the Organization recognized \$630,940 in developer fee revenue and deferred \$322,653 in developer fees related to projects in process.

NOTE 9 – INVESTMENTS

The Organization holds ownership interests in twenty-four LIHTC partnerships and sixteen NMTC partnerships. Losses from the LIHTC entities were \$150 for the year ended June 30, 2020 and capital contributions totaled \$100. Revenues from the NMTC entities were \$247 and net capital contributions was \$96.

People Incorporated of Virginia and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020

NOTE 9 – INVESTMENTS (CONTINUED)

Investments in other companies as of June 30, 2020 consisted of the following:

Abingdon Green LLC	\$ 48,736
Abingdon Terrace LLC	(40)
Abingdon Village Apartments LLC	(86)
Brunswick Manor LLC	(25)
Buchanan County Housing LP	(205)
Deskens Holdings, Inc.	(687)
Clinch View Manor Apartments LLC	(60)
Culpeper Crossing	29,998
Dante Crossings Apartments Management, Inc.	149,919
Essex Manor Apartments, LLC	(3)
Jonesville Manor LLC	(69)
Millview	(51,248)
Norton Green LLC	(56)
Pennington Gap Apartments LLC	(5)
Pulaski Village LLC	(75)
Rock School Management, Inc.	143,045
Spruce Hill Apartments LLC	(42)
Sweetbriar Apartment Management, Inc.	50,899
TNRD Portfolio	1
Toms Brook School Apartments LLC	(93)
Valley Vista Apartments LLC	(150)
West Lance Apartments LLC	(36)
Mill Point Apartments, Inc.	177,885
PIFS Sub-CDE IX, LLC	2
PIFS Sub-CDE X	570
PIFS Sub-CDE XI	1,004
PIFS Sub-CDE XII	37
PIFS Sub-CDE XIII	717
PIFS Sub-CDE XIV	851
PIFS Kentucky XIV Investment Fund	219
PIFS Sub-CDE XV	1,149
PIFS Sub-CDE XVI	891
PIFS Sub-CDE XVII	1,004
PIFS Sub-Cde XVIII	991
PIFS Sub-CDE XIX	856
PIFS Sub-CDE XIX Investment Fund	144

People Incorporated of Virginia and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020

NOTE 9 – INVESTMENTS (CONTINUED)

PIFS XX	500
PIFS XX Investment Fund	70
PIFS Sub-CDE XXI	600
PIFS Sub-CDE XXII	540
PIFS Sub-CDE XXIV	600
	<u>\$ 558,348</u>

No impairment losses were recorded on these investments during the year ended June 30, 2020.

NOTE 10 – CONTINGENT LIABILITIES

Federal programs in which the Organization participates were audited in accordance with the provisions of U.S. Office of Management and Budget Omni Circular. 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.

The Organization is a guarantor for debt incurred by the NMTC investment entities.

The Organization is a guarantor for the construction loan of the LIHTC projects in progress at June 30, 2020.

As of the statement of financial position date, the Organization is contingent on two loans held by Rural Development for the purpose of purchasing buildings in Abingdon, VA and Woodstock, VA. The Organization is required to set aside reserves in the amount of \$46,308 for the Abingdon building and \$30,083 for the Woodstock building in case of default. As of June 30, 2020, neither loan is in default and a total of \$76,391 in reserves has been set aside for both locations.

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 11 – COMPENSATED ABSENCES AND SEVERANCE PAY

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, 2020 was \$985,949.

The Organization has a severance agreement with a key employee. The agreement grants the employee severance pay based on the number of months of service to the Organization and is paid at the compensation rate in effect at the time of termination. The liability for severance pay at June 30, 2020 was \$1,153,713.

People Incorporated of Virginia and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020

NOTE 12 – NOTES PAYABLE OBLIGATIONS

Notes payable obligations consist of the following:

	<u>Principal Balance as of June 30, 2020</u>
Purchase of an office building and land in Lebanon, VA. There are two notes, each with a 10-year amortization. The notes were refinanced in 2010 at 6.0% with monthly payments of \$1,980.	\$ 5,041
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%. Principal payments began in February 2015.	145,070
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%. Principal payments begin in July 2018.	742,457
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.	8,966
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.	253,073
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.	23,116
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.	753,703
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	61,096
Purchase and renovation of office building in Abingdon, VA. The note has a 30-year amortization with interest payable at 4.00%.	673,970
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.	40,000

People Incorporated of Virginia and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020

NOTE 12 – NOTES PAYABLE OBLIGATIONS (CONTINUED)

Financing of renovations of affordable housing buildings. The loan is for a period of ten years with an interest rate of 4.5%. Principal payments began in October 2016.	62,863
Assumption of mortgage on an affordable housing property. The loan matures in September 2020 and bears an interest rate of 2%. Interest only payments are due monthly. The principal repayment may be extended for an additional twenty years in exchange for keeping the property as an affordable housing community.	750,000
Program loan from Virginia Community Capital. The loan is for a period of three years with an interest rate of 6%. Principal repayment is due June 2022. Secured by certain loan documents, assignment of rents, and a second lien on certain real property in Manassas, VA.	159,508
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 0.5%. Principal payments begin in October 2020.	500,000
Program loan from Appalachian Community Capital. The loan is for a period of three years with an interest rate of 3.65% and can be used for originating loans to small businesses in the Appalachian Region. Interest only payments began October 2019.	500,000
Payroll Protection Program loan. If the conditions are met, the loan is expected to convert to grant funds prior to December 2020.	296,900
Purchase of three vehicles. The loans mature in June 2025 and bear an interest rate of 0%.	98,006
Purchase of real estate in Abingdon, VA. The note is unsecured and is for a period of one year. The note bears an interest rate of 3.65%.	540,000
Purchase of land in Luray, VA. The note bears interest at 4.5% and matures in November 2020.	500,820
Total notes payable obligations	6,114,589
Less current portion	2,421,306
Long-term debt	<u>\$ 3,693,283</u>

NOTE 12 – NOTES PAYABLE OBLIGATIONS (CONTINUED)

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

Year Ending June 30	Principal
2021	\$ 2,421,306
2022	461,661
2023	852,229
2024	256,696
2025	255,300
2026-2030	889,742
2031-2035	297,959
2036-2040	343,471
2041-2045	158,553
2046-2050	177,672
	<u>\$ 6,114,589</u>

The Organization has a line of credit with First Bank & Trust with maximum borrowings of \$250,000, of which \$0 was outstanding at June 30, 2020. Advances on the line of credit carry a rate of Prime + 1%, currently 6.75%. The credit line is secured by a deed of trust.

On April 23, 2020, the Organization received loan proceeds in the amount of approximately \$296,900 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. For financial statement purposes, the Organization has elected to defer revenue recognition until notification of forgiveness, following FASB Accounting Standards Codification Topic 470 relating to the treatment of debt.

Interest expense incurred on notes payable and lines of credit for 2020 was \$273,171.

As discussed in Note 22, during the prior year, the Organization became the sole member in three LIHTC entities; accordingly, the balances and transactions as of and for the period ended June 30, 2019 for these three entities were consolidated with the Organization. Two of the entities admitted investor members during FY20 and the balance sheet accounts for those entities are not consolidated with the Organization as of June 30, 2020. \$3,266,383 was received for these two entities to pay off remaining note payable balances. Included in notes payable are \$500,820 related to the consolidation of one LIHTC entity. The maturities on the note payable is \$500,820 in the year ending 2021.

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purpose:

	Amount
Business loans and related expenditures	\$ 2,760,395
Time or purpose restricted for period after June 30, 2020	20,958,926
	<u>\$ 23,719,321</u>

NOTE 14 – 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, inventory, prepaid expenses, other current assets, deferred developer fees, investments, 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 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.

NOTE 14 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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 15 – 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	Homeless Programs	Project Discovery	Domestic Violence
July 2019	\$ 500	\$ 589	\$ -	\$ 3,681
August 2019	21,190	635	-	4,095
September 2019	6,798	899	3,207	3,375
October 2019	7,225	627	3,310	3,393
November 2019	6,758	601	3,134	5,409
December 2019	6,905	1,465	3,033	11,565
January 2020	6,918	929	3,083	4,212
February 2020	6,548	2,417	3,335	1,938
March 2020	5,458	1,684	3,058	2,526
April 2020	5,458	3,706	1,000	-
May 2020	5,458	1,033	-	-
June 2020	5,458	1,363	-	-
	<u>\$ 84,676</u>	<u>\$ 15,949</u>	<u>\$ 23,161</u>	<u>\$ 40,194</u>

NOTE 16 – LEASE OBLIGATIONS

On July 1, 2019 the Organization entered into a twelve-month 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 July 1, 2019, the Organization entered into a seven-month 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.

On December 6, 2019, the Organization entered into a twelve-month lease for the Head Start program with Salt Trail Professional Building. The lease relates to real property located in Glade Spring, VA.

NOTE 16 – LEASE OBLIGATIONS (CONTINUED)

On October 15, 2015, the Organization entered into a five-year lease for office space in Manassas, Virginia.

On September 1, 2019, the Organization entered into a one-year lease for storage and maintenance space in Abingdon, Virginia.

The future minimum lease payments due under operating leases existing as of June 30, 2020:

Year ending June 30:

2020	<u>\$16,327</u>
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NOTE 18 – USDA REIMBURSEMENTS

The Organization’s Head Start and day care programs 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, 2020 are:

Head Start/Early Head Start	<u>\$ 136,075</u>
Day Care Centers	<u><u>\$ 5,754</u></u>

NOTE 18 – 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 offset against the interest earned on the note receivable from Friends of Southwest Virginia; the remainder is due to the Commission. Interest earned on the reserve funds during the year ended June 30, 2020 was \$3,276.

NOTE 19 – 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, 2020 was \$9,050,861.

NOTE 20 – 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 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 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 holds a .009% ownership interest in Pulaski Village, LLC as a general partner through People Incorporated Housing Group.

The Organization holds a .009% ownership interest in Jonesville Manor, LLC as a general partner through People Incorporated Housing Group.

The Organization holds a .009% ownership interest in Abingdon Green, LLC as a general partner through People Incorporated Housing Group.

The Organization holds a .009% ownership interest in Norton Green, LLC as a general partner through People Incorporated Housing Group.

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 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 holds a .009% ownership interest in Tom's Brook Apartments, LLC as a general partner through People Incorporated Housing Group.

The Organization holds a .009% ownership interest in Abingdon Village Apartments, LLC as a general partner through People Incorporated Housing Group.

The Organization holds a .009% ownership interest in Abingdon Terrace Apartments, LLC as a general partner through People Incorporated Housing Group.

The Organization holds a .009% ownership interest in Clinch View Manor Apartments, LLC as a general partner through People Incorporated Housing Group.

NOTE 20 – RELATED PARTIES (CONTINUED)

The Organization holds a .009% ownership interest in Spruce Hill Apartments, LLC as a general partner through People Incorporated Housing Group.

The Organization holds a .009% ownership interest in West Lance Apartments, LLC as a general partner through People Incorporated Housing Group.

The Organization holds a .009% ownership interest in Brunswick Manor Apartments, LLC as a general partner through People Incorporated Housing Group.

The Organization holds a .009% ownership interest in Culpeper Crossing, LLC as a general partner through People Incorporated Housing Group.

The Organization holds a .009% ownership interest in Millview Apartments, LLC as a general partner through People Incorporated Housing Group.

The Organization 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 through People Incorporated Housing Group. TNRD Portfolio, LLC owns 100% of six Low-Income Housing Tax Credit properties located in Tennessee.

The Organization holds a .01% ownership interest in PIFS Sub-CDE IX, LLC as a general partner through People Incorporated Financial Services.

The Organization holds a .01% ownership interest in PIFS Sub-CDE X, LLC as a general partner through People Incorporated Financial Services.

The Organization holds a .01% ownership interest in PIFS Sub-CDE XI, LLC as a general partner through People Incorporated Financial Services.

The Organization holds a .01% ownership interest in PIFS Sub-CDE XII, LLC as a general partner through People Incorporated Financial Services.

The Organization holds a .01% ownership interest in PIFS Sub-CDE XIII, LLC as a general partner through People Incorporated Financial Services.

The Organization holds a .01% ownership interest in PIFS Sub-CDE XIV, LLC as a general partner through People Incorporated Financial Services.

The Organization holds a .027% ownership interest in PIFS Kentucky XIV Investment Fund, LLC as a general partner through People Incorporated Financial Services.

The Organization holds a .01% ownership interest in PIFS Sub-CDE XV, LLC as a general partner through People Incorporated Financial Services.

NOTE 20 – RELATED PARTIES (CONTINUED)

The Organization holds a .01% ownership interest in PIFS Sub-CDE XVI, LLC as a general partner through People Incorporated Financial Services.

The Organization holds a .01% ownership interest in PIFS Sub-CDE XVII, LLC as a general partner through People Incorporated Financial Services.

The Organization holds a .01% ownership interest in PIFS Sub-CDE XVIII, LLC as a general partner through People Incorporated Financial Services.

The Organization holds a .01% ownership interest in PIFS Sub-CDE XIX, LLC as a general partner through People Incorporated Financial Services.

The Organization holds a .01% ownership interest in PIFS Kentucky XIX Investment Fund, LLC as a general partner through People Incorporated Financial Services

The Organization holds a .01% ownership interest in PIFS Sub-CDE XX, LLC as a general partner through People Incorporated Financial Services.

The Organization holds a .01% ownership interest in PIFS Kentucky XX Investment Fund, LLC as a general partner through People Incorporated Financial Services.

The Organization holds a .01% ownership interest in PIFS XXI, LLC as a general partner through People Incorporated Financial Services.

The Organization holds a .01% ownership interest in PIFS XXII, LLC as a general partner through People Incorporated Financial Services.

The Organization holds a .01% ownership interest in PIFS XXIV, LLC as a general partner through People Incorporated Financial Services.

The Organization holds 100% ownership in Luray Meadows, LLC through People Incorporated Housing Group.

NOTE 21 – EMPLOYEE BENEFIT PLANS

Effective July 1, 2015, the Organization adopted a 403(b) plan which covers substantially all of the Organization's employees. The plan allows participants to make tax deferred investment contributions and requires the Organization to make a non-matching contribution equal to 1% of each eligible employee's compensation. Total contributions made by the Organization for the year ended June 30, 2020 were \$53,018.

NOTE 22 - ACQUISITIONS

In December 2016, the Organization acquired the investor's ownership interest in Buchanan County Housing, LLC, an affordable housing property located in Deskins, Virginia. Buchanan County Housing, LLC was created in 2000 to own and operate an affordable housing property comprised of 20 units. The LLC received Low Income Housing Tax Credits (LIHTC) and reached the end of its LIHTC compliance period in December 2015. The Organization acquired the property to maintain the property as an affordable housing community. Total consideration of \$10,000 in cash was transferred to the investor owner for acquisition of all of the assets of the LLC and assumption of all debt. No goodwill was recognized in the acquisition. The acquisition added \$1,922,116 in building and building improvements to the balance sheet, as well as cash, rent receivables, escrow balances and the assumption of a \$750,000 mortgage payable. Results of operations from Buchanan County Housing, LLC have been consolidated since the acquisition.

In November 2018, the Organization became the sole member in Luray Meadows, LLC. The LLC acquired land for the purpose of a new construction 52-unit Low-Income Housing Tax Credit project. The land was acquired for \$575,000 and was financed with seller financing. Upon completion of the pre-development work and an allocation of Low-Income Housing Tax Credits, the LLC will admit limited liability investor members and the Organization will own .09% of the LLC as general partner.

In December 2018, the Organization became the sole member in Culpeper Crossing, LLC. The LLC acquired an existing 28 unit, market rate multi-family property for \$1,550,000. The acquisition was financed with a short-term facility; upon completion of the pre-development work, the LLC will admit limited liability investor members and the Organization will own .09% of the LLC as general partner. In December 2019, limited liability investor members were admitted to the LLC. For the six month period from July 1, 2019 through December 31, 2019, the revenues and expenses of the LLC were consolidated into the Organizations' financial statements.

In January 2019, the Organization became the sole member in Millview Apartments, LLC. The LLC acquired an existing 28 unit, market rate multi-family property for \$2,450,000. The acquisition was financed with a short-term facility; upon completion of the pre-development work, the LLC will admit limited liability investor members and the Organization will own .09% of the LLC as general partner. In December 2019, limited liability investor members were admitted to the LLC. For the six month period from July 1, 2019 through December 31, 2019, the revenues and expenses of the LLC were consolidated into the Organizations' financial statements.

SUPPLEMENTARY INFORMATION

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Schedule of Expenditures of Federal Awards
For June 30, 2020

<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 *	\$ 4,118,760
Health Resources and Services Administratio	93.110	50,190
Pass Through Payments:		
Virginia Department of Social Services:		
CSBG	93.569	1,418,340
CSBG TANF	93.558 *	879,925
Domestic Violence	93.592	150,000
Workforce TANF	93.558	254,880
VA. Department of Housing and Community Development:		
LIHEAP	93.568	220,053
Rent and Mortgage Relief Program		
CHIP of Virginia:		
TANF	93.558	334,859
Department of Health:		
Maternal, Infant & Early Childhood Home	93.505	192,371
Department Total		<u>7,619,378</u>
Department of Energy:		
Pass Through Payments:		
VA. Department of Housing and Community Development:		
Weatherization	81.042	74,979
Department Total		<u>74,979</u>
Department of Housing and Urban Development:		
Direct Payments:		
Section 8	14.871	352,143
Mainstream Vouchers	14.879	117,112
HUD Counseling	14.169	53,152
Homeless Assistance	14.267	171,480
Pass Through Payments:		
VA. Department of Housing and Community Development:		
Homeless Solutions	14.231	67,820
HOME Partnership	14.239	121,460

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Schedule of Expenditures of Federal Awards
For June 30, 2020

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal Catalog Number</u>	<u>Expenditures</u>
City of Bristol Virginia:		
Homeless Solutions	14.218	4,500
Court Appointed Special Advocate	14.218	5,000
Department Total		<u>892,667</u>
Department of Labor:		
Pass Through Payments		
New River/Mt Rogers Workforce Investment Board		
WIOA Adult Program	17.258	246,168
WIOA Youth Program	17.259	361,489
Dislocated Worker	17.278	541,075
Department Total		<u>1,148,732</u>
Department of Agriculture		
Direct Payments:		
Child and Adult Care Food Program	10.558	141,829
Department Total		<u>141,829</u>
U.S. Small Business Administration:		
Direct Payments:		
Technical Assistance	59.046	219,896
Department Total		<u>219,896</u>
Appalachian Regional Commission:		
Direct Payments:		
Project Discovery Program	23.002	114,500
Department Total		<u>114,500</u>
Department of Justice:		
Pass Through Payments		
Domestic Violence Program	16.588	10,400
Crime Victim Assistance	16.575 *	390,625
Sexual Assault Services Formula Program	16.017	7,321
Department Total		<u>408,346</u>

People Incorporated of Virginia and Affiliates
 Abingdon, Virginia
 Schedule of Expenditures of Federal Awards
 For June 30, 2020

Federal Grantor/ Pass-Through Grantor/ <u>Program Title</u>	Federal Catalog <u>Number</u>	<u>Expenditures</u>
Department of Treasury:		
Direct Payments:		
Capital Magnet Fund	21.011	317,362
Volunteer Income Tax Assistance	21.009	<u>35,637</u>
Department Total		<u>352,999</u>
Grand Total		<u><u>\$ 10,973,326</u></u>

* Denotes Major Program

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Schedule of Findings, Responses and Questioned Costs
For June 30, 2020

I. SUMMARY OF AUDIT RESULTS:

FINANCIAL STATEMENTS

Type of Auditors' report issued:	Unmodified
Prepared in accordance with GAAP	Yes
Internal control over financial reporting:	
Material Weakness(es) identified?	No
Significant deficiency(es) identified?	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material Weakness(es) identified?	No
Significant deficiency(es) identified?	None Reported
Type of auditors' report issued on compliance for major program?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No
Dollar threshold used to distinguish between Type A and Type B programs?	\$750,000
Auditee qualified as low-risk auditee?	Yes

Identification of Federal Programs:

<u>PROGRAM</u>	<u>CATALOG NUMBER</u>	<u>FINDINGS</u>	<u>QUESTIONED COST</u>
Head Start	93.600	None	No
Crime Victim Assistance	16.575	None	No
Community Services Block Grant	93.558	None	No

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Head Start Grant
Revenue and Expenses Detail
For the Year Ended June 30, 2020

7/01/2019 through
6/30/2020

Revenue

Grant	\$ 4,118,760
Grantee's in-kind	84,676
Total Revenue	<u>4,203,436</u>

Expenses

Federal Expenses:

HHS share:

Head Start training tech-assistance	<u>47,859</u>
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Total	<u>47,859</u>
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Head Start

Personnel salary	1,267,472
Personnel fringe benefits	593,020
Travel	1,048
Supplies	84,316
Other	<u>581,633</u>

Total	<u>2,527,489</u>
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Early Head Start

Personnel salary and fringes	1,095,091
Supplies and other	<u>317,035</u>

Total	<u>1,412,126</u>
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Food Services

Personnel salary	40,783
Personnel fringe benefits	31,938
Other	<u>10,079</u>

Total	<u>82,800</u>
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Total In-Kind Expenses	<u>133,162</u>
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Total Expenses	<u>4,203,436</u>
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Excess (deficiency) of revenue over expenses	<u><u>\$ -</u></u>
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