

**PEOPLE INCORPORATED OF VIRGINIA
AND AFFILIATES**

CONSOLIDATED ANNUAL FINANCIAL REPORT

June 30, 2022

PEOPLE INCORPORATED OF VIRGINIA AND AFFILIATES

CONSOLIDATED ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2022

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PEOPLE INCORPORATED OF VIRGINIA AND AFFILIATES

BOARD OF DIRECTORS, ABINGDON, VIRGINIA

SECTOR I- Client Sector

Abingdon Terrace Apartments Resident

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

Dante Community

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

White Mill Apartments

Pam Horn
15375 Whites Mill Rd Apt. #116
Abingdon, VA 24210

Project Discovery

Lizzie Deel
1041 Mockingbird Rd.
Grundy, VA 24614

Kings Mountain Supportive Housing

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

Section 8 Housing

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

Sweetbriar Apartments

Albert Breeding
19321 Arden Court
Abingdon, VA 24210

VA Cares

VACANT

Head Start Policy Council

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

Head Start Policy Council

Elvis Vasquez
211 Montgomery Circle
Stephens City, VA 22659

VA CARES-Greater Prince William

Jeffrey Frye
3012 Chinkapin Oak Lane
Woodbridge, VA 22191

Toms Brook Apartment Resident

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

East Ridge Apartments Resident

Billy P. Taylor
245 Eastridge Rd. Apt 208
Bristol, VA 24201

Culpepper Crossings Apartment Resident

Darlene White
658 North East Street Apt #101
Culpeper, VA 22701

Valley Vista Apartments

VACANT

Head Start - Parent

Amanda Lane-Stump
20328 Wood Howell Road
Bristol, VA 24202

SECTOR II- Government Sector

Bristol City Council

Becky Nave
405 Pace Drive
Bristol, VA 24201

Buchanan County Board of Supervisors

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

City of Manassas Park

Randi Knights
One Park Center Court
Manassas Park, VA 20111

Clarke County Board of Supervisors

Matt Petterson
284 Mill Lane
Boyce, VA 22620

Culpeper County

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

Dickenson County Board of Supervisors

Peggy Kiser
710 Dyers Chapel Rd
Clinchco, VA 24226

Frederick County Board of Supervisors

Nadine Pottinga
135 Westchester Drive
Stephens City, VA 22655

Prince William County Board of Supervisors

Elijah Johnson
One County Complex Court
Woodbridge, VA 22192

Fauquier County Board of Supervisors

Jan Selbo
178 Main Street
Warrenton, VA 20186

Page County Board of Supervisors

Nina Fox
103 South Court St., Ste F
Luray, VA 22835

Russell County Board of Supervisors

Vicki Porter
P.O. Box 1208
Lebanon, VA 24266

Rappahannock County Board of Supervisors

Gail Crooks
PO Box 87
Washington, VA 22747

Shenandoah County Board of Supervisors

Karl Roulston
154 N. Church St,
Woodstock, VA 22664

Warren County Board of Supervisors

Walt Mabe
220 North Commerce Ave., Suite 100
Front Royal, VA 22630

Washington County Board of Supervisors

Phillip McCall
24597 Walden Rd
Abingdon, VA 24210

City Of Manassas

VACANT

SECTOR III- Community Sector

Washington County Chamber of Commerce

Mark Nelson
PO Box 1000
Abingdon, VA 24212

American Legion Post 114

Larry Laws
3203 Graham Road
Falls Church, VA 22042

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

Jennifer Pearce
30461 Garnard Dr.
Emory, VA 24327

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

United Way of Northern Shenandoah Valley
VACANT

Human Services Alliance of Greater Prince William

Chelsi Conaway
9073 Center Street
Manassas, VA 20110

Mauriertown Ruritans

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

The Christian Center

Alice D. Meade
28 Major St.
Lebanon, VA 24266

Foothills Housing Network

Tony Hooper
87 Dennison Street
Fredericksburg, VA 22406

Culpeper Chamber of Commerce

Lisa Peacock, Director
19066 Brandy Fizz Court
Culpeper, VA 22701

Reaching Out Now

Teketia Smith
159 Hunter Ave
Chester Gap, VA 22623

Frederick County Schools

Angie White
1415 Amherst St.
Winchester, VA 22601

Prince William County Chamber of
Commerce
VACANT

EXECUTIVE COMMITTEE

Chairperson	Chris Shortridge
Vice Chairperson	David McCracken
Secretary	Alice Meade
Assistant Secretary	Jean Neal
Treasurer	John Ayers
Member	Jan Selbo
Member	Tommy Burris
Member	Randi Knights
Member	Elijah Johnson
Member	Lisa Peacock
Member	Phillip McCall
Member	Angie White
Member	Cathy Zielinski
Member	Sally Jones

Thomas M. Hicok, CPA, CVA, MAFF ^{1*}
David B. Brown, CPA
Juan J. Garcia, CPA
Karen L. Jackson, CPA
Michael W. Pennington, CPA
Tracy S. Garcia, CPA, CGMA, CIA¹¹



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, 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.

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, 2022, 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.

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of People Incorporated of Virginia and Affiliates 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about People Incorporated and Affiliates' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of People Incorporated and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about People Incorporated and Affiliates' 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 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 January 11, 2023, 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

January 11, 2023

Thomas M. Hicok, CPA, CVA, MAFF ^{1*}
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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, 2022, 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 January 11, 2023.

Report on 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.

Report on 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

January 11, 2023

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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

Opinion on 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of People Incorporated and Affiliates and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of People Incorporated and Affiliates' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to People Incorporated and Affiliates' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on People Incorporated and Affiliates' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about People Incorporated and Affiliates' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 People Incorporated and Affiliates' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of People Incorporated and Affiliates' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 People Incorporated and Affiliates' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

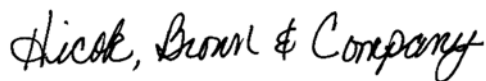
Report on Internal Control Over Compliance

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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

January 11, 2023

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Statement of Consolidated Financial Position
For June 30, 2022

	<u>Total</u>
<u>Assets</u>	
Current Assets:	
Cash and cash equivalents	\$ 5,366,685
Cash and cash equivalents - reserved	87,822
Vacation trust account	284,385
Receivables:	
Grants	2,948,100
Clients	93,653
Contracts	3,006,251
Rents, Interest, and Other (net of allowance of \$85,054)	405,440
Related Party	3,235,453
Inventory	84,025
Prepaid expenses	698,765
Other current assets	42,747
Total Current Assets	<u>16,253,326</u>
Long-term Assets:	
Notes receivable (Net of allowance for bad debts of \$99,112)	4,856,468
Notes receivable - related party	8,773,551
Property, plant, & equipment	34,416,318
Accumulated depreciation	<u>(14,561,450)</u>
Total Long-term Assets	<u>33,484,887</u>
Other Assets:	
Deferred Developer Fees	3,144,383
Investments	901,022
Total Other Assets	<u>4,045,405</u>
Total Assets	<u><u>\$ 53,783,618</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, 2022

	<u>Total</u>
<u>Liabilities & Net Assets</u>	
<u>Liabilities</u>	
Current Liabilities:	
Accounts payable	\$ 1,348,357
Accrued expenses	932,489
Deferred revenue	93,519
Retainage payable	611,901
Refundable deposits	1,317,533
Notes payable - current	2,604,329
Total Current Liabilities	<u>6,908,128</u>
Long-term Liabilities:	
Compensated absences and severance	1,066,115
Notes payable - net of current	3,505,172
Total Long-term Liabilities	<u>4,571,287</u>
Other Liabilities:	
Deferred Developer Fees	3,144,409
Total Other Liabilities	<u>3,144,409</u>
Total Liabilities	14,623,824
<u>Net Assets</u>	
Without Donor Restrictions	
Undesignated	14,156,462
Board Designated - Reserve Fund	2,332,243
Total Without Donor Restriction	<u>16,488,705</u>
With Donor Restriction	22,671,089
Total Net Assets	<u>39,159,794</u>
Total Liabilities & Net Assets	<u>\$ 53,783,618</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, 2022

	<u>Without</u> <u>Donor Restrictions</u>	<u>With</u> <u>Donor Restrictions</u>	<u>Total</u>
Revenues:			
Grants	\$ 1,985,187	\$ 16,694,831	\$ 18,680,018
Other	15,167,196	129,045	15,296,241
Interest	140,216	93,199	233,415
Contributions:			
General donations and grants	46,592	-	46,592
In-Kind	136,572	-	136,572
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>16,867,616</u>	<u>(16,867,616)</u>	<u>-</u>
Total Revenues	<u>34,343,379</u>	<u>49,459</u>	<u>34,392,838</u>
Expenses:			
Program Services:			
Community Development	700,975	-	700,975
Community Economic Development	983,836	-	983,836
Children & Family Services	7,306,558	-	7,306,558
Housing	13,988,928	-	13,988,928
Workforce Development	1,924,990	-	1,924,990
Support Services:			
General & Administrative	3,454,137	-	3,454,137
Fundraising	<u>473,100</u>	<u>-</u>	<u>473,100</u>
Total Expenses	<u>28,832,524</u>	<u>-</u>	<u>28,832,524</u>
Change in Net Assets	5,510,855	49,459	5,560,314
Net Assets At Beginning of Year	<u>10,977,850</u>	<u>22,621,630</u>	<u>33,599,480</u>
Net Assets At End of Year	<u>\$ 16,488,705</u>	<u>\$ 22,671,089</u>	<u>\$ 39,159,794</u>

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, 2022

<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 Development	283,071	156,537	6,004	-	2,715	139,777	112,871	-	-	\$ 700,975
Community Economic Development	467,889	178,424	6,505	357	40,845	20,659	269,157	-	-	\$ 983,836
Children & Family Services	3,441,081	1,613,820	65,046	442,164	636,873	242,074	802,335	-	63,165	\$ 7,306,558
Housing	1,460,208	620,399	46,897	48,131	673,113	8,504,420	2,604,666	-	31,094	\$ 13,988,928
Workforce Development	650,238	261,519	75,265	11,993	81,467	189,003	613,192	-	42,313	\$ 1,924,990
General & Administration	1,771,110	161,208	103,953	194,295	208,786	289,420	(621,057)	1,346,422	-	\$ 3,454,137
Fundraising	275,336	109,866	7,929	4,382	17,764	-	57,823	-	-	\$ 473,100
Total Expenses	<u>\$ 8,348,933</u>	<u>\$ 3,101,773</u>	<u>\$ 311,599</u>	<u>\$ 701,322</u>	<u>\$ 1,661,563</u>	<u>\$ 9,385,353</u>	<u>\$ 3,838,987</u>	<u>\$ 1,346,422</u>	<u>\$ 136,572</u>	<u>\$ 28,832,524</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, 2022

	<u>Total</u>
Operating Activities:	
Change in net assets	\$ 5,560,314
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
(Gain) loss on sale of fixed assets	(217,292)
Depreciation	1,346,422
Allowance for bad debt	93,605
Net change in:	
Receivables	(17,572)
Other assets	469,834
Inventory	(14,196)
Prepaid expense	25,747
Accounts payable	(240,288)
Accrued expenses & other payables	(457,385)
Compensated absences and severance	(1,485,642)
Other Liabilities	9,018
Net Cash Provided By Operating Activities	<u>5,072,565</u>
Investment Activities:	
Purchase of property, plant & equipment	(770,261)
Proceeds from disposition of property, plant & equipment	434,584
Investment in partnerships	(2,403)
Loans to businesses and consumers	(5,509,635)
Principal repayment on business and consumer loans	1,267,611
Net Cash Used In Investing Activities	<u>(4,580,104)</u>
Financing Activities:	
Proceeds from long-term debt	900,000
Principal payments made on long-term debt	(458,445)
Net Cash Provided By Financing Activities	<u>441,555</u>
Non-cash transactions	
Asumption of Whites Mill Point	(625,023)
Total non-cash transactions	<u>(625,023)</u>
Increase (Decrease) In Cash	308,993
Cash and cash equivalents at Beginning of Year	<u>5,429,899</u>
Cash and cash equivalents at End of Year	<u><u>\$ 5,738,892</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, 2022, People Incorporated of Virginia received 59% 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, and Buchanan County Housing LLP, 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 Without Donor Restrictions – The part of net assets of the organization that are not restricted by donor or grantor-imposed stipulations. Certain Net Assets Without Donor Restrictions have been designated by the Board of Directors to be maintained in a reserve fund.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 \$85,054 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 \$8,773,551 as of June 30, 2022.

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-nine LIHTC projects. The agreements provide for development fees for services in connection with the rehabilitation of the LIHTC projects. At June 30, 2022, the Organization had successfully completed twenty-seven 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 10.7% on grants and contracts with the Federal Government. This rate was established per an agreement with the Department of Health and Human Services.

Subsequent Events

Subsequent events have been evaluated as of January 11, 2023, which is the date the financial statements were issued.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842), which will require the recognition of right-to-use assets and lease liabilities for leases previously classified as operating leases by lessees. Since the issuance of this standard, there have been several additional standards issued relative to this topic. These standards will be effective for the fiscal year ending June 30, 2023. Early application will be permitted. The Organization is currently in the process of evaluating the impact of adoption of these standards on the 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, 2022 is \$2,923,190.

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

The paid time off 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, 2022, 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.

People Incorporated of Virginia and Affiliates
Notes to Consolidated Financial Statements
June 30, 2022

NOTE 3 – LIQUIDITY AND AVAILABILITY (CONTINUED)

Cash and cash equivalents	\$ 5,738,892
Investments	901,022
Accounts receivable	9,688,897
Total financial assets	<u>16,328,811</u>
Cash and cash equivalents not available for general expenditures	(284,385)
Cash and cash equivalents with donor imposed restrictions	(1,117,760)
Investments with liquidity horizons greater than one year	(901,022)
Accounts receivable with liquidity horizons greater than one year	(3,235,453)
Board-designated reserve fund	<u>(2,332,243)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,457,948</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 \$2,682 at June 30, 2022 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, 2022, and no loans are considered past due at June 30, 2022.

Tobacco Indemnification Commission (TICR)

Notes receivable of \$103,943 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, 2022 and no loans are considered past due at June 30, 2022.

U.S. Treasury

Notes receivable of \$593,655 represents money due the program from loans made to small businesses and consumers throughout 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, 2022 and \$39,887 of these loans are considered past due at June 30, 2022.

During the fiscal year, the Organization received a grant of \$1,400,000 to provide loans to businesses and consumers in response to the COVID pandemic. Notes receivable of \$147,586 are outstanding at June 30, 2022 with terms ranging from one to ten years and bear interest at rates ranging from 4.5% to 7.5%. Write-offs of \$4,640 were taken against these loans during the year ended June 30, 2022 and \$2,968 of these loans are considered past due at June 30, 2022.

NOTE 4 – NOTES RECEIVABLE (CONTINUED)

Twin County Microenterprise CDBG

Notes receivable of \$9,439 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, 2022, and no loans are considered past due at June 30, 2022.

SBA Microloan # 6085855005

Notes receivable of \$19,830 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, 2022, and \$242 of these loans are considered past due at June 30, 2022.

SBA Microloan # 9394915007

Notes receivable of \$363,501 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, 2022, and \$14,136 of these loans are considered past due at June 30, 2022.

SBA Microloan # 3644897002

Notes receivable of \$806,453 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, 2022, and \$43,354 of these loans are considered past due at June 30, 2022.

SBA Microloan # 6373458209

Notes receivable of \$182,955 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, 2022, and \$60,715 of these loans are considered past due at June 30, 2022.

Bristol Revolving Loan Fund

Notes receivable of \$39,361 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, 2022, and \$5,417 of these loans are considered past due at June 30, 2022.

Rural Microenterprise Assistance Program

Notes receivable of \$37,279 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, 2022, and no loans are considered past due at June 30, 2022.

NOTE 4 – NOTES RECEIVABLE (CONTINUED)

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 \$18,511 represents money due the program from loans made to consumers with terms of five years and bearing interest at 8.25%. Write-offs of \$6018 were taken against these loans during the year ended June 30, 2022, and \$14,993 of these loans are considered past due as of June 30, 2022.

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.

During the fiscal year, the Organization received a grant to establish a revolving loan fund in the amount of \$700,000. A note receivable of \$677,310 represents a single loan made to a manufacturing entity; the terms of the loan are 10 years at 3% interest. No write-offs were taken against this loan during the year ended June 30, 2022 and the loan is not past due at June 30, 2022.

Fauquier County Community Development Block Grant

Notes receivable of \$17,083 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, 2022 and \$6,370 of these loans are considered past due at June 30, 2022.

General Loan Pool

Notes receivable of \$320,052 have terms of five to ten years and bear interest ranging from 0% to 7.5%. Write-offs of \$38,726 were taken against these loans during the year ended June 30, 2022, and \$59,442 of these loans are considered past due at June 30, 2022.

Payday Lending Loans

Notes receivable of \$1,047 have terms of one to two years and bear interest at 14.95%. Write-offs of \$939 were taken against these loans during the year ended June 30, 2022 and \$1,047 of these loans are considered past due at June 30, 2022.

NOTE 4 – NOTES RECEIVABLE (CONTINUED)

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 \$339,891 have terms of three to six years and bear interest at 7.5%. Write-offs of \$1,910 were taken against these loans during the year ended June 30, 2022 and \$3,698 of these loans are considered past due at June 30, 2022.

NOTE 5 – ALLOWANCE FOR DOUBTFUL ACCOUNTS

An allowance for bad debts has been provided as follows:

	Allowance for Bad Debts June 30, 2022
Notes Receivable	\$ 99,112
Receivables - Rents, Interest, and Other	85,054
TOTAL	\$ 184,166

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

The Organization is owed \$3,235,453 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.

NOTE 6 – NOTES RECEIVABLE – RELATED PARTY (CONTINUED)

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.

Dante Crossings Apartments, LLC

Note receivable of \$485,529, bearing interest at 4.21% and due upon the sale or conveyance of the property. Interest income of \$19,982 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 \$154,434, 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 \$3,056 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.

NOTE 6 – NOTES RECEIVABLE – RELATED PARTY (CONTINUED)

Essex Manor, LLC

Note receivable of \$376,336, bearing no interest and due upon the sale or conveyance of the property.

Millview Apartments, LLC

Note receivable of \$500,000, bearing no interest and due upon the sale or conveyance of the property.

Note receivable of \$647,500, bearing no interest and due upon the sale or conveyance of the property.

Culpeper Crossing, LLC

Note receivable of \$325,314, bearing no interest and due upon the sale or conveyance of the property.

Note receivable of \$700,000, bearing 1% interest and due upon the sale or conveyance of the property.

Note receivable of \$67,500, bearing no interest and due upon the sale or conveyance of the property.

Luray Meadows, LLC

Note receivable of \$493,782, bearing no interest and due upon the sale or conveyance of the property.

Sweetbriar II

Note receivable of \$821,225 from Capital Magnet Funds, bearing no interest and due upon the sale or 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, 2022 amounted to \$1,346,422.

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

People Incorporated of Virginia and Affiliates
Notes to Consolidated Financial Statements
June 30, 2022

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Summary of changes in fixed assets follows:

	Balance June 30, 2021	Additions	Disposals	Balance June 30, 2022
Land	\$ 1,583,587	\$ 88,984	\$ (201,218)	\$ 1,471,353
Real Property	23,860,662	4,113,102	-	27,973,764
Equipment	888,015	200,431	(4,783)	1,083,663
Vehicles	2,798,685	508,867	(176,359)	3,131,193
Software	21,900	-	-	21,900
Assets in Progress	655,643	112,215	(33,413)	734,445
Totals	<u>\$ 29,808,492</u>	<u>\$ 5,023,599</u>	<u>\$ (415,773)</u>	<u>\$ 34,416,318</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 \$643,484 in property & equipment through federal grants for the year ending June 30, 2022.

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, 2022, the Organization recognized \$969,089 in developer fee revenue and deferred \$0 in developer fees related to projects in process.

NOTE 9 – INVESTMENTS

The Organization holds ownership interests in twenty-eight LIHTC partnerships and nineteen NMTC partnerships. Losses from the LIHTC entities were \$164 for the year ended June 30, 2022 and capital contributions totaled \$0. Income from the NMTC entities was \$127 and net capital contributions were \$2,441.

Investments in other companies as of June 30, 2022 consisted of the following:

People Incorporated of Virginia and Affiliates
Notes to Consolidated Financial Statements
June 30, 2022

NOTE 9 – INVESTMENTS (CONTINUED)

Abingdon Green LLC	\$ 48,730
Abingdon Terrace LLC	(50)
Abingdon Village Apartments LLC	(112)
Brunswick Manor LLC	(38)
Buchanan County Housing LP	(160)
Deskins Holdings, Inc.	(687)
Clinch View Manor Apartments LLC	(80)
Culpeper Crossing	105
Dante Crossings Apartments Management, Inc.	149,899
Essex Manor Apartments, LLC	317,342
Jonesville Manor LLC	(78)
Millview	(5)
Norton Green LLC	(65)
Pennington Gap Apartments LLC	(23)
Pulaski Village LLC	(84)
Rock School Management, Inc.	143,034
Spruce Hill Apartments LLC	(56)
Sweetbriar Apartment Management, Inc.	50,879
TNRD Portfolio	(35)
Toms Brook School Apartments LLC	(116)
Valley Vista Apartments LLC	(202)
West Lance Apartments LLC	(49)
Mill Point Apartments, Inc.	177,873
PIFS Sub-CDE X	581
PIFS Sub-CDE XI	1,052
PIFS Sub-CDE XII	37
PIFS Sub-CDE XIII	709
PIFS Sub-CDE XIV	899
PIFS Kentucky XIV Investment Fund	211
PIFS Sub-CDE XV	1,166
PIFS Sub-CDE XVI	883
PIFS Sub-CDE XVII	1,008
PIFS Sub-Cde XVIII	981
PIFS Sub-CDE XIX	432
PIFS Sub-CDE XIX Investment Fund	142
PIFS XX	522
PIFS XX Investment Fund	68
PIFS Sub-CDE XXI	601
PIFS Sub-CDE XXII	555
PIFS Sub-CDE XXIII	1,005
PIFS Sub-CDE XXIV	605
PIFS Sub-CDE XXV	993
PIFS Sub-CDE XXVI	750
PIFS Sub-CDE XXVII	950
PIFS Sub-CDE XXVIII	850
	<u>\$ 901,022</u>

NOTE 9 – INVESTMENTS (CONTINUED)

No impairment losses were recorded on these investments during the year ended June 30, 2022.

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 loans of the LIHTC projects in progress at June 30, 2022.

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 \$49,572 for the Abingdon building and \$34,167 for the Woodstock building in case of default. As of June 30, 2022, neither loan is in default and a total of \$87,822 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, 2022 was \$1,066,115.

The Organization had a severance agreement with a key employee; the key employee retired on December 31, 2021 and the severance liability was liquidated in the amount of \$1,318,101.

People Incorporated of Virginia and Affiliates
Notes to Consolidated Financial Statements
June 30, 2022

NOTE 12 – NOTES PAYABLE OBLIGATIONS

Notes payable obligations consist of the following:

	<u>Principal Balance as of June 30, 2022</u>
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.	\$ 563,104
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.	174,531
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.	7,186
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.	723,881
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	50,653
Purchase and renovation of office building in Abingdon, VA. The note has a 30-year amortization with interest payable at 4.00%.	626,983
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.	44,805
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

People Incorporated of Virginia and Affiliates
Notes to Consolidated Financial Statements
June 30, 2022

NOTE 12 – NOTES PAYABLE OBLIGATIONS (CONTINUED)

	<u>Principal Balance as of June 30, 2022</u>
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.	\$ 812,368
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 0.0%. Principal payments begin in October 2014.	50,942
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
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 0.0%. Principal payments began December 2021.	187,037
HOME Loan for Affiliated Housing Entity	700,000
Assumption of mortgage on an affordable housing property. The loan matures in and bears an interest rate of 1.25%. The property is expected to be sold in 2023 and the debt retired.	318,503
Assumption of mortgage on an affordable housing property. The loan matures on and bears an interest rate of 1%. The property is expected to be sold in 2023 and	650,000
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
TOTAL	<u>\$ 6,109,501</u>

People Incorporated of Virginia and Affiliates
Notes to Consolidated Financial Statements
June 30, 2022

NOTE 12 – NOTES PAYABLE OBLIGATIONS (CONTINUED)

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

Year Ending June 30	Principal
2023	\$ 2,604,329
2024	341,561
2025	344,291
2026	337,489
2027	296,154
2028-2032	620,340
2033-2037	1,021,539
2038-2042	267,620
2043-2047	170,032
2048-2052	106,146
	<u>\$ 6,109,501</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, 2022. Advances on the line of credit carry a rate of Prime + .5%, currently 3.75%. The credit line is secured by a deed of trust.

Interest expense incurred on notes payable and lines of credit for 2022 was \$151,660.

As discussed in Note 22, during the year, the Organization became the sole member in a LIHTC entity; accordingly, the balances and transactions as of and for the period ended June 30, 2022 for this entity were consolidated with the Organization.

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS

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

	Amount
Business loans and related expenditures	\$ 2,694,760
Time or purpose restricted for period after June 30, 2022	19,976,329
	<u>\$ 22,671,089</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, 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.
- 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:

People Incorporated of Virginia and Affiliates
Notes to Consolidated Financial Statements
June 30, 2022

NOTE 15 – IN-KIND (CONTINUED)

	Head Start	Homeless Programs	Project Discovery	Domestic Violence
July 2021	\$ 5,458	\$ -	\$ -	\$ 22,456
August 2021	5,458	8,638	-	-
September 2021	5,533	-	5,034	-
October 2021	5,878	-	5,549	-
November 2021	5,888	-	4,350	-
December 2021	460	-	4,350	-
January 2022	5,838	-	4,350	-
February 2022	5,477	-	4,630	-
March 2022	5,938	-	4,350	-
April 2022	5,869	-	4,350	-
May 2022	5,909	-	5,350	-
June 2022	5,459	-	-	-
	<u>\$ 63,165</u>	<u>\$ 8,638</u>	<u>\$ 42,313</u>	<u>\$ 22,456</u>

NOTE 16 – LEASE OBLIGATIONS

On July 1, 2021 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, 2021, the Organization entered into a twelve 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, 2021, 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.

On April 6, 2022, the Organization entered into a twelve month lease for office space in Manassas, Virginia.

On April 1, 2022, the Organization entered into a twelve month lease for office space in Abingdon, Virginia.

On September 1, 2021, the Organization entered into a one year lease for storage and maintenance space in Abingdon, Virginia.

NOTE 16 – LEASE OBLIGATIONS (CONTINUED)

The future minimum lease payments due under operating leases existing as of June 30, 2022:

Year ending June 30:

2022	<u>\$ 50,730</u>
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NOTE 17 – 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, 2022 are:

Head Start/Early Head Start	<u>\$ 86,287</u>
Day Care Centers	<u>\$ 4,099</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, 2022 was \$3,284.

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, 2022 was \$8,192,281.

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.

NOTE 20 – RELATED PARTIES (CONTINUED)

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.

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

NOTE 20 – RELATED PARTIES (CONTINUED)

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 .009% ownership interest in Luray Meadows, 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 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.

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

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 2% of each eligible employee's compensation. Total contributions made by the Organization for the year ended June 30, 2022 were \$191,114.

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.

On January 1, 2022, the Organization became the sole member in Whites Mill Apartments, LLC. The LLC owns a 32 unit multi-family apartment property. In May 2022, a successor LLC was awarded low-income tax credits to rehabilitate the property; once the successor LLC completes the acquisition of the property, Whites Mill Apartments, LLC will cease to exist. This acquisition brought in \$968,502 in notes payable related to the Whites Mill project that will be repaid in 2023. Additionally, there was a \$1,167,683 adjustment to net assets for the transfer of ownership to the Organization at January 1, 2022.

SUPPLEMENTARY INFORMATION

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Schedule of Expenditures of Federal Awards
For June 30, 2022

Federal Grantor/ Pass-Through Grantor/ <u>Program Title</u>	Federal Catalog <u>Number</u>	<u>Expenditures</u>
Department of Health and Human Services:		
Direct Payments:		
Head Start	93.600 *	\$ 6,718,001
Community Economic Development	93.570	700,000
Health Resources and Services Administration	93.110	60,353
Pass Through Payments:		
Virginia Department of Social Services:		
CSBG	93.569	1,222,756
CARES Act - CSBG	93.569	764,420
CSBG TANF	93.558	1,032,341
Domestic Violence	93.592	170,000
Workforce TANF	93.558	348,072
VA. Department of Housing and Community Development:		
LIHEAP	93.568	319,000
CHIP of Virginia:		
TANF	93.558	277,273
Department of Health:		
Maternal, Infant & Early Childhood Home	93.505	285,400
Department Total		<u>11,897,616</u>
Department of Energy:		
Pass Through Payments:		
VA. Department of Housing and Community Development:		
Weatherization	81.042	<u>91,570</u>
Department Total		<u>91,570</u>
Department of Housing and Urban Development:		
Direct Payments:		
Section 8	14.871	374,555
CARES - Section 8	14.871	12,229
Mainstream Vouchers	14.879	202,969
HUD Counseling	14.169	39,993
Homeless Assistance	14.267	113,495
Pass Through Payments:		
VA. Department of Housing and Community Development:		
Homeless Solutions	14.231	74,871
CARES Act - Homeless Solutions	14.231	793,826
HOME Partnership	14.239	17,975

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Schedule of Expenditures of Federal Awards
For June 30, 2022

Federal Grantor/ Pass-Through Grantor/ <u>Program Title</u>	Federal Catalog <u>Number</u>	<u>Expenditures</u>
City of Bristol Virginia:		
Homeless Solutions	14.218	\$ 2,500
Court Appointed Special Advocate	14.218	608
Department Total		<u>1,633,021</u>
Department of Labor:		
Pass Through Payments		
New River/Mt Rogers Workforce Investment Board		
WIOA Adult Program	17.258 *	279,367
WIOA Youth Program	17.259 *	363,101
Dislocated Worker	17.278 *	300,553
Department Total		<u>943,021</u>
Department of Agriculture		
Direct Payments:		
Child and Adult Care Food Program	10.558	88,807
Department Total		<u>88,807</u>
U.S. Small Business Administration:		
Direct Payments:		
Technical Assistance	59.046	295,273
Department Total		<u>295,273</u>
Appalachian Regional Commission:		
Direct Payments:		
Appalachian Area Development	23.002	95,579
Department Total		<u>95,579</u>
Department of Justice:		
Pass Through Payments		
Domestic Violence Program	16.588	13,677
Crime Victim Assistance	16.575	265,315
Sexual Assault Services Formula Program	16.017	19,331
Department Total		<u>298,323</u>

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Schedule of Expenditures of Federal Awards
For June 30, 2022

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	\$ 871,464
Community Development Financial Institutions Financial Assistance	21.020 *	568,649
Community Development Financial Institutions Rapid Response	21.024	304,411
Community Development Financial Institutions Program	21.025	10,482
Volunteer Income Tax Assistance	21.009	26,265
Department Total		<u>1,781,271</u>
Grand Total		<u>\$ 17,124,481</u>

Basis of Accounting

This schedule of expenditures of federal awards includes the federal award activity of People Incorporated of Virginia and Affiliates under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirement, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets or cash flows of People Incorporated of Virginia and Affiliates.

Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the costs principles contained in the Uniformed Guidance and OMB Circular A-122 Cost Principles for Non-Profit Organizations wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Indirect Cost Rate

People Incorporated of Virginia and Affiliates has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

Pass-Through Entities

Pass-through entity identifying numbers are presented when available.

Awards to Subrecipients

No awards were passed to subrecipients for year ended June 30, 2022.

*Denotes a major program

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Schedule of Findings, Responses and Questioned Costs
For June 30, 2022

I. SUMMARY OF AUDIT RESULTS:

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs:	
Material Weakness(es) identified?	None Reported
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)?	None Reported
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>
Community Development Financial Institutions	21.020	None	No
Head Start	93.600	None	No
Workforce Innovation and Opportunity	17.258	None	No
	17.259		
	17.278		

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Head Start Grant
Revenue and Expenses Detail
For the Year Ended June 30, 2022

	7/01/2021 through 6/30/2022
Revenue	
Grant	\$ 6,718,001
Grantee's in-kind	63,165
Total Revenue	<u>6,781,166</u>
Expenses	
Federal Expenses:	
HHS share:	
Head Start training tech-assistance	<u>42,464</u>
Total	<u>42,464</u>
Head Start	
Personnel salary	2,091,737
Personnel fringe benefits	1,013,611
Travel	6,492
Supplies	263,716
Other	<u>1,093,979</u>
Total	<u>4,469,535</u>
Early Head Start	
Personnel salary and fringes	1,206,047
Supplies and other	<u>617,039</u>
Total	<u>1,823,086</u>
Food Services	
Personnel salary	144,505
Personnel fringe benefits	83,583
Other	<u>154,828</u>
Total	<u>382,916</u>
Total In-Kind Expenses	<u>63,165</u>
Total Expenses	<u>6,781,166</u>
Excess (deficiency) of revenue over expenses	<u><u>\$ -</u></u>