

People Incorporated Housing Group, Inc. and Subsidiaries

Consolidated Financial Statements and
Supplementary Information

Years Ended June 30, 2025



People Incorporated Housing Group, Inc. and Subsidiaries

Year Ended June 30, 2025

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**People Incorporated Housing Group
Board of Directors Listing
2024-2025**

David McCracken - Chair

Billy Taylor-**Vice-Chair**

Phil McCall-**Treasurer**

Jennifer Parker

John Ayers

Walter Mahala

Winona Fleenor

Chris Shortridge

Tommy Burris-**Secretary**

Jan Selbo

Anita Robinson

Peggy Kiser

Cathy Zielinski

Independent Auditor's Report

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

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

We have audited the accompanying consolidated financial statements of People Incorporated Housing Group, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of People Incorporated Housing Group, Inc. and Subsidiaries as of June 30, 2025, and the changes in their net assets and their 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 Consolidated Financial Statements section of our report. We are required to be independent of People Incorporated Housing Group, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of the Subsidiaries were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of People Incorporated Housing Group, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about People Incorporated Housing Group, Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all materiality respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2025 on our consideration of People Incorporated Housing Group, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of People Incorporated Housing Group, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering People Incorporated Housing Group, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Madison, Wisconsin
December 16, 2025

People Incorporated Housing Group, Inc. and Subsidiaries

Consolidated Statement of Financial Position

As of June 30, 2025

<i>Assets</i>	
Current assets:	
Cash and cash equivalents	\$ 3,706,971
Accounts receivable, net of allowance of \$107,345	247,684
Prepaid expenses and other assets	589,540
Total current assets	4,544,195
Restricted cash	9,967,951
Property and equipment, net	104,605,055
TOTAL ASSETS	\$ 119,117,201
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Mortgages payable, current	\$ 676,715
Accounts payable	1,333,567
Accrued payroll and related expenses	38,964
Security deposits and tenant payable	642,737
Accrued interest	389,206
Due to affiliates	6,399,134
Total current liabilities	9,480,323
Long-term liabilities:	
Mortgages payable, net of current	58,007,498
Due to funding source	2,328,292
Total long-term liabilities	60,335,790
Total liabilities	69,816,113
Net assets without donor restrictions:	
Undesignated	16,922,007
Noncontrolling interest	32,379,081
Total net assets	49,301,088
TOTAL LIABILITIES AND NET ASSETS	\$ 119,117,201

See accompanying notes to consolidated financial statements.

People Incorporated Housing Group, Inc. and Subsidiaries

Consolidated Statement of Activities

Year Ended June 30, 2025

Support and revenue without donor restrictions:		
Grant revenue	\$	900,000
Interest income		158,320
Developer fee		110,149
Rental income		8,230,656
Fee for service		1,624,081
Interest subsidy		568,109
Contributed nonfinancial assets		780,000
Other income		231,200
Total support and revenue		12,602,515
Expenses:		
Program activities:		
Housing		12,092,244
Management and general		15,000
Total expenses		12,107,244
Changes in net assets without donor restrictions		495,271
Capital contributions		2,334,221
Capital distributions	(1,269,934)
Net assets without donor restrictions - Beginning of year		47,741,530
Net assets without donor restrictions - End of year	\$	49,301,088

See accompanying notes to consolidated financial statements.

People Incorporated Housing Group, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses

<i>Year Ended June 30, 2025</i>	Program Services	Management and General	Total
Salaries and wages	\$ 1,118,479	\$ -	\$ 1,118,479
Fringe benefits	463,443	-	463,443
Travel	71,040	-	71,040
Material and supplies	578,049	-	578,049
Contractual	795,642	15,000	810,642
Maintenance	180,082	-	180,082
Occupancy	1,867,902	-	1,867,902
Insurance	408,890	-	408,890
Interest	1,656,957	-	1,656,957
Bad debts	49,270	-	49,270
Dues and licenses	112,605	-	112,605
Other	1,047,585	-	1,047,585
Depreciation	3,742,300	-	3,742,300
Totals	\$ 12,092,244	\$ 15,000	\$ 12,107,244

See accompanying notes to consolidated financial statements.

People Incorporated Housing Group, Inc. and Subsidiaries

Consolidated Statement of Cash Flows

Year Ended June 30, 2025

Change in cash, cash equivalents and restricted cash:	
Cash flows from operating activities:	
Change in net assets	\$ 495,271
Adjustments to reconcile change in net assets to cash flows from operating activities:	
Depreciation	3,742,300
Amortization of debt issuance costs	90,069
Bad debt expense	49,270
Changes in operating assets and liabilities:	
Accounts receivable, net	(205,879)
Prepaid expenses and other assets	(305,279)
Accounts payable	(652,366)
Accrued payroll and related expenses	(42,091)
Security deposits and tenant payable	61,563
Accrued interest	177,993
Due to affiliates	1,517,796
Due to funding source	(981,217)
Total adjustments	3,452,159
Net cash flows from operating activities	3,947,430
Cash flows from investing activities:	
Purchases of property and equipment	(6,066,351)
Capital contributions	2,334,221
Capital distributions	(1,269,934)
Net cash flows from investing activities	(5,002,064)
Cash flows from financing activities:	
Proceeds from issuance of mortgages payable	3,419,808
Principal payments on mortgages payable	(1,664,395)
Net cash flows from financing activities	1,755,413
Net changes in cash and cash equivalents and restricted cash	700,779
Cash, cash equivalents and restricted cash, beginning of year	12,974,143
Cash, cash equivalents and restricted cash, end of year	\$ 13,674,922

People Incorporated Housing Group, Inc. and Subsidiaries

Consolidated Statement of Cash Flows (Continued)

Year Ended June 30, 2025

Reconciliation of cash, cash equivalents, and restricted cash:

Cash and cash equivalents	\$ 3,706,971
Restricted cash	9,967,951

Total cash, cash equivalents, and restricted cash	\$ 13,674,922
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Supplemental schedule of noncash investing activities:

Purchases of property and equipment with mortgages payable at year-end	\$ 8,014,002
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Supplemental schedule of other cash and non-cash activities:

Interest paid	\$ 1,544,520
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See accompanying notes to consolidated financial statements.

People Incorporated Housing Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Activities

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

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

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

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

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

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

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

People Incorporated Housing Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Activities (Continued)

Lightfoot Apartments, LLC (Lightfoot) and White's Mill Point II, LLC (WMPPII) are wholly owned subsidiaries of PIHG. The purpose of these subsidiaries are to invest in low-income housing tax credit projects to assist low- to moderate-income families and seniors with affordable housing. Lightfoot and WMPPII are the general partners in the Lightfoot Apartments, LP and White's Mill Point II, LP partnerships, respectively, where unrelated partners hold the limited partner interest and have substantive participating rights in the partnerships during the construction phase. These limited partnerships will be consolidated when construction is completed and People Incorporated Housing Group has the option of first refusal to acquire the LIHTC and has determined that it appears to be prudent and feasible that they will exercise that option at the end of the compliance period.

In a prior year, People Incorporated of Virginia, Inc. (PINC), the parent organization of PIHG, acquired the limited partnership interest of the following LIHTC entities:

Abingdon Green, LLC
Pulaski Village, LLC

Norton Green, LLC
Sweetbriar, LP

During the year ended June 30, 2025, and effective as of December 31, 2024, People Incorporated of Virginia, Inc. (PINC), the parent organization of PIHG, acquired the limited partnership interest of the following LIHTC entities:

Dante Crossings, LLC

Jonesville Manor, LLC

After these acquisitions, PIHG was the .009% general member/partner and PINC was the 99.991% limited member/partner. These entities were previously consolidated with PIHG; therefore, these were not treated as acquisitions during the year ended June 30, 2025. PINC's equity interest is presented as noncontrolling interest in this PIHG report since PINC is the controlling organization of PIHG, and not a subsidiary of PIHG.

No consideration was exchanged as part of the acquisition of limited partnership interests during the year ended June 30, 2025.

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

Basis of Presentation

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

People Incorporated Housing Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Consolidation

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

Classification of Net Assets

Net assets of the organization are reported based on the existence of donor or grantor imposed restrictions. The following classifications are used to report the net assets of PIHG.

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

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

Net assets with donor restrictions: Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There are no net assets with donor restrictions at June 30, 2025.

Use of Estimates

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

Cash and Cash Equivalents

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

People Incorporated Housing Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the current expected credit losses. The estimate of the allowance for credit losses is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and expected changes during a reasonable and supportable forecast period. PIHG uses an aging method to estimate allowances for credit losses. Management assesses collectibility by pooling receivables with similar risk characteristics and evaluates receivables individually when specific customer balances no longer share those risk characteristics. The allowance for credit losses was \$107,345 as of June 30, 2025. Subsequent recoveries, if any, are reported as charge off recovery income on the consolidated statement of activities.

Property and Equipment

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

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

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

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

Revenue Recognition

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

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

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

People Incorporated Housing Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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

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

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the conditions in the award are satisfied. Amounts received in excess of expense or assets acquisition is reflected as a refundable advance.

B. Grant Awards That Are Exchange Transactions

Exchange transactions are reimbursed based on a predetermined rate for services performed in accordance with the terms of the award. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

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

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

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

People Incorporated Housing Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contract Revenue

PIHG recognized revenue from exchange transactions from contracts with customers for developer fees and issuance of LIHTC loans. These are exchange transactions that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition with a focus on the transfer of control of promised goods or services to a customer. PIHG reported the following exchange transaction revenue in its consolidated statement of activities for the year ended June 30, 2025:

Developer fee	\$ 110,149
Fee for service - LIHTC loans	1,624,081
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Total	\$ 1,734,230

Developer fees are earned based on meeting contractual benchmarks during the development of the projects. PIHG and its stakeholders determine the transaction price, which includes variable consideration involving significant estimates and judgment, based on projected cash flow of the projects, priority of payment, and past collection history.

Fee for service - LIHTC loans revenues are recognized upon successful closing of the loan and disbursement of the loan proceeds to the LIHTC property. PIHG considers the performance obligation to be the successful equity closing of the project.

PIHG determined at June 30, 2025, that there were no services provided without a contract in place and, therefore, has no expected adjustments to receivables and revenue. There were \$0 in receivables from contracts with customers at July 1, 2024 and June 30, 2025. There were no contract assets or liabilities at July 1, 2024 or June 30, 2025. Revenue is recognized at point in time for both categories.

The key factor affecting the amount, timing and uncertainty of PIHG's revenue is its concentration of revenue attributed to rental income and grants. Management does not believe that PIHG is exposed to any significant risk related to its concentration of revenues.

Income Taxes

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

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

People Incorporated Housing Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

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

Tenant Security Deposits

PIHG collects security deposits from each tenant to provide for costs incurred or unpaid rent when a tenant vacates the apartment. The cash collected is kept separate from operating funds and interest is paid on the security deposits in accordance with the lease agreement. Tenant security deposits of \$642,737 as of June 30, 2025 are included in security deposits and tenant payable on the consolidated statement of financial position.

Impairment of Long-Lived Assets

PIHG reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. PIHG has not recognized any impairment of long lived assets during 2025.

Deferred Financing Costs

Permanent loan costs related to issuance of long-term debt is amortized over the life of the related debt using the straight-line method, which approximates the effective interest method. Net deferred financing costs as of June 30, 2025, was \$1,036,164, with accumulated amortization of \$574,104. Amortization expense was \$90,069 during 2025.

Contributed Nonfinancial Assets

PIHG has recorded contributed nonfinancial assets for land in the consolidated statement of activities in accordance with a financial accounting standards which requires only contributions of services received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded.

People Incorporated Housing Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

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

Subsequent Events

PIHG has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through December 16, 2025, which is the date the consolidated financial statements were available to be issued.

Note 2: Concentration of Credit Risk

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

Note 3: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise the following as of June 30, 2025:

Cash and cash equivalents	\$ 3,706,971
Accounts receivable, net	247,684
<hr/>	
Subtotal financial assets	3,954,655
Less: Due to funding source included in financial assets	(237,801)
<hr/>	
Total	\$ 3,716,854

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

People Incorporated Housing Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 4: Restricted Cash

PIHG owns properties that are financed with loans and other funding from the Department of Housing and Community Development and U.S. Department of Agriculture. The loans and other funding require that cash balances be maintained that are restricted for specific purposes as noted below. PIHG maintains balances related to security deposits on rental properties. The restricted cash balances at June 30, 2025 are as follows:

Replacement reserve	\$ 2,447,932
Operating reserves	3,291,922
Security deposits	594,962
Other reserves	2,413,494
Escrow reserves	1,219,641
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Total	\$ 9,967,951
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Note 5: Property and Equipment

A summary of property and equipment is as follows as of June 30, 2025:

Land	\$ 7,128,814
Land improvements	4,289,660
Buildings	90,045,721
Building improvements	18,218,379
Furniture and appliances	2,441,410
Construction in progress	15,846,420
<hr/>	
Subtotal	137,970,404
Less: Accumulated depreciation	(33,365,349)
<hr/>	
Property and equipment, net	\$ 104,605,055
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There were construction commitments for the ongoing development of Lightfoot Apartments of approximately \$7,900,000 and for White's Mill Point II of approximately \$4,100,000 as of June 30, 2025.

People Incorporated Housing Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6: Lessor Activity

People Incorporated Housing Group owns housing projects that are a mix of low- to moderate-income housing facilities. Leases are all for one year or less. A summary of the acquisition costs and accumulated depreciation on the above properties is as follows as of June 30, 2025:

Land	\$ 7,128,814
Land improvements	4,289,660
Buildings	90,045,721
Building improvements	18,218,379
Furniture and appliances	2,441,410
<hr/>	
Subtotal	122,123,984
Less: Accumulated depreciation	(33,365,336)
<hr/>	
Investment in property and equipment, net	\$ 88,758,648
<hr/>	

Rental income on the housing projects for the year ended June 30, 2025, was \$8,230,656, which consists of \$5,074,619 of direct rental income and \$3,156,037 of rental assistance.

People Incorporated Housing Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7: Mortgages Payable

Mortgages payable, all of which are secured by property or real estate owned by PIHG, are as follows at June 30, 2025:

The following naming conventions are used in the below table:

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

	Interest Rate	Term/Due Date	Monthly Payments	Current	Long-Term	Total
PIHG						
CDF Note Payable	6.00 %	09/30/2026	\$ -	\$ -	\$ 159,509	\$ 159,509
Abingdon Green						
VHDA Note Payable	4.05 %	06/01/2045	312	1,699	49,571	51,270
RHS Note Payable	9.50 %	05/31/2039	2,167	27,415	728,948	756,363
Abingdon Terrace						
DHCD Note Payable	- %	07/01/2030	-	-	374,000	374,000
RHS Note Payable	4.00 %	02/17/2044	1,742	8,299	739,535	747,834
Abingdon Village						
DHCD Note Payable	- %	07/01/2031	-	-	425,000	425,000
RHS Note Payable	3.13 %	12/31/2050	1,449	8,388	592,654	601,042
Baileyton Terrace						
Churchill Mortgage Investment, LLC	4.40 %	12/01/2059	8,907	\$ 22,034	1,918,295	1,940,329
RHS Note Payable	3.00 %	12/31/2049	-	-	1,163,294	1,163,294
Brunswick Manor						
VHDA Note Payable	1.00 %	11/02/2033	-	-	700,000	700,000
RHS Note Payable	2.88 %	11/30/2046	2,699	14,852	1,147,152	1,162,004
Clinch View Manor						
DHCD Note Payable	- %	10/27/2029	-	-	358,980	358,980
RHS Note Payable	3.13 %	06/26/2041	2,877	16,877	1,166,609	1,183,486
Culpeper Crossing						
VHDA Note Payable	0.18 %	09/01/2051	7,077	81,085	2,096,188	2,177,273
DHCD Note Payable	1.00 %	09/01/2051	-	-	700,000	700,000
Dante Crossing						
VHDA Note Payable	2.75 %	06/01/2045	1,013	7,090	179,739	186,829
DHCD Note Payable	1.00 %	05/06/2030	-	-	304,000	304,000

People Incorporated Housing Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7: Mortgages Payable (Continued)

	Interest Rate	Term/Due Date	Monthly Payments	Current	Long-Term	Total
<u>Essex Manor Apartment</u>						
VHDA Note Payable	2.95 %	07/01/2050	\$ 1,114	\$ 6,489	\$ 230,318	\$ 236,807
DHCD Note Payable	1.00 %	06/08/2050	-	-	700,000	700,000
RHS Note Payable	3.75 %	12/17/2048	2,809	11,757	1,246,881	1,258,638
<u>Greeneville Landing</u>						
Churchill Mortgage Investment, LLC	4.40 %	12/01/2059	7,356	18,131	1,584,330	1,602,461
RHS Note Payable	3.00 %	12/01/2049	-	-	1,041,303	1,041,303
<u>Jamestown Village</u>						
Churchill Mortgage Investment, LLC	4.40 %	12/01/2059	5,650	13,926	1,216,880	1,230,806
RHS Note Payable	3.00 %	12/01/2049	-	-	1,031,312	1,031,312
<u>Jonesville Manor</u>						
VHDA Note Payable	5.95 %	7/31/2041	1,079	5,150	128,735	133,885
RHS Note Payable	8.75 %	02/05/2040	2,912	31,982	1,009,690	1,041,672
<u>Lightfoot Apartments</u>						
Construction Note Payable	6.50 %	09/01/2051	-	-	8,014,002	8,014,002
<u>Luray Meadows</u>						
VHDA Note Payable	1.25 %	2/01/2058	6,573	52,749	2,061,901	2,114,650
VHDA Note Payable	1.00 %	02/01/2058	-	-	700,000	700,000
<u>Millview Apartment</u>						
VHDA Note Payable	1.25 %	09/01/2051	8,331	72,435	2,163,849	2,236,284
DHCD Note Payable	1.00 %	09/01/2051	-	-	700,000	700,000
<u>Mountain City Manor</u>						
Churchill Mortgage Investment, LLC	4.40 %	12/01/2059	9,749	24,029	2,099,714	2,123,743
RHS Note Payable	3.00 %	12/31/2041	-	-	1,120,466	1,120,466
<u>Newport Village</u>						
Churchill Mortgage Investment, LLC	4.40 %	12/01/2059	5,074	12,506	1,092,806	1,105,312
RHS Note Payable	3.00 %	12/31/2041	12	-	1,103,216	1,103,216
<u>Norton Green</u>						
VHDA Note Payable	4.55 %	04/01/2045	1,481	7,350	224,625	231,975
DHDC Note Payable	3.00 %	04/01/2030	-	-	170,000	170,000
RHS Note Payable	8.75 %	07/01/2041	2,892	31,409	1,004,354	1,035,763
<u>Pennington Gap Apartment</u>						
VHDA Note Payable	1.00 %	04/01/2050	-	-	700,000	700,000
RHS Note Payable	3.50 %	11/12/2048	2,780	12,387	1,227,429	1,239,816
Note Payable - Virginia Housing Trust Fund	1.00 %	04/01/2050	-	-	340,000	340,000

People Incorporated Housing Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7: Mortgages Payable (Continued)

	Interest Rate	Term/Due Date	Monthly Payments	Current	Long-Term	Total
<u>Pulaski Village</u>						
VHDA Note Payable	4.55 %	04/01/2045	\$ 3,382	\$ 17,086	\$ 512,505	\$ 529,591
DHCD Note Payable	3.00 %	04/01/2030	-	-	107,000	107,000
RHS Note Payable	9.25 %	06/29/2040	2,986	34,721	1,029,773	1,064,494
<u>Riverside (Rock School Apartments)</u>						
VHDA Note Payable	2.50 %	12/01/2042	632	4,951	102,489	107,440
DHCD Note Payable	1.00 %	12/01/2032	-	-	500,000	500,000
RHS Note Payable	- %	12/31/2061	-	-	413,521	413,521
<u>Spruce Hill Apartments</u>						
DHCD Note Payable	- %	10/27/2029	-	-	218,917	218,917
RHS Note Payable	3.13 %	04/20/2044	2,616	15,343	1,060,538	1,075,881
<u>Sweetbriar</u>						
VHDA Note Payable	4.00 %	03/01/2045	2,289	12,674	362,016	374,690
DHCD Note Payable	1.00 %	06/03/2028	-	-	404,955	404,955
<u>Sweetbriar II</u>						
DHCD Note Payable	1.00 %	05/01/2058	-	-	800,000	800,000
DHCD Note Payable	- %	05/01/2058	-	-	517,000	517,000
VHDA Note Payable	1.00 %	05/01/2058	-	-	600,000	600,000
<u>Tazewell Village</u>						
Churchill Mortgage Investment, LLC	4.40 %	12/01/2059	7,578	18,667	1,632,061	1,650,728
RHS Note Payable	3.00	12/31/2049	-	-	1,181,040	1,181,040
<u>Toms Brook School</u>						
VHDA Note Payable	2.50 %	06/01/2044	1,245	9,420	216,291	225,711
DHCD Note Payable	1.00 %	06/01/2029	-	-	483,167	483,167
<u>Valley Vista</u>						
VHDA Note Payable	5.30 %	06/01/2041	11,828	61,899	1,466,685	1,528,584
DHCD Note Payable	2.00 %	06/01/2031	-	-	500,000	500,000
<u>West Lance Apartments</u>						
DHCD Note Payable	- %	10/01/2029	-	-	216,557	216,557
RHS Note Payable	3.13 %	03/17/2043	2,369	13,915	961,869	975,784
<u>Whites Mill Point II</u>						
DHCD Note Payable	- %	06/01/2061	-	-	650,000	650,000
FAHE Note Payable	6.75 %	10/31/2026	-	-	1,391,993	1,391,993
Subtotal mortgages payable				\$ 676,715	\$ 59,043,662	\$ 59,720,377
Less: Permanent loan costs, net of amortization of \$574,104				-	(1,036,164)	(1,036,164)
Mortgages payable, net				\$ 676,715	\$ 58,007,498	\$ 58,684,213

People Incorporated Housing Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7: Mortgages Payable (Continued)

Approximate future annual minimum principal payments as of June 30, 2025 are as follows:

2026	\$	676,715
2027		2,096,736
2028		1,139,489
2029		985,150
2030		1,379,223
Thereafter		53,443,064
Total	\$	59,720,377

Note 8: Due to Funding Source

PIHG received funding from the following sources for funding involved with LIHTC partnerships. The funds loaned or to be loaned to LIHTC partnerships are shown as follows as of June 30, 2025:

Capital Magnet Fund	\$	2,250,000
Other funding sources		78,292
Total	\$	2,328,292

Note 9: Related Parties

In the ordinary course of business, PINC provides operational support for activities related to PIHG and the Subsidiaries. PINC often covers the costs related to predevelopment and operational activities of the subsidiaries of PIHG, which is included in accounts payable on the consolidated statement of financial position. The amount due to PINC as of June 30, 2025 was \$6,399,134.

Note 10: Noncontrolling Interest

The consolidated statement of financial position presents the noncontrolling interest in the LIHTC partnerships and represents the interest in the partnerships from the limited partners. The following is a summary of the change in net assets without donor restrictions attributable to the controlling, held by PIHG, and noncontrolling interests of the LIHTC partnerships at June 30, 2025:

	Controlling Interest	Noncontrolling Interest	Total
Balance at July 1, 2024	\$ 52,816	\$ 31,247,390	\$ 31,300,206
Capital contributions	-	2,205,762	2,205,762
Changes in net assets without donor restrictions	103	(1,074,071)	(1,073,968)
Balance at June 30, 2025	\$ 52,919	\$ 32,379,081	\$ 32,432,000

People Incorporated Housing Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 11: Commitments

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

Note 12: Contributed Nonfinancial Assets

Contributed nonfinancial assets consisted of the following for the year ended June 30, 2025:

Land	\$ 780,000
<hr/>	
Total	\$ 780,000
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PIHG recognized contributed nonfinancial assets within revenue consisting of land that was donated to Lightfoot as part of the planned housing project. Unless otherwise noted, contributed nonfinancial assets did not have donor imposed restrictions. Donated land was valued at the fair market value of comparable assets in the same locality.

Note 13: Acquisition

On October 22, 2024, White's Mill Point II Apartments, LLC entered into and closed on an option to purchase the White's Mill Point, LP property for consideration of \$1,565,000. In connection with the financing of the project, there will be an additional unrelated limited partner in exchange for a capital contribution. As a result of the transaction, White Mills Point, LP will cease to exist. There were no assets or liabilities acquired as a result of the transaction due to White's Mill Point II Apartments, LLC already being consolidated with PIHG.

Supplementary Information

People Incorporated Housing Group, Inc. and Subsidiaries

Consolidating Statement of Financial Position

June 30, 2025

<i>Assets</i>										
	People Incorporated Housing Group, Inc.	Abingdon Green, LLC	Abingdon Terrace Apartments, LLC	Abingdon Village Apartments, LLC	Baileyton Terrace Owner, LLC	Brunswick Manor Apartments, LLC	Clinch View Manor Apartments LLC	Culpeper Crossing, LLC		
Current assets:										
Cash and cash equivalents	\$ 0	\$ 169,336	\$ 104,855	\$ 31,396	\$ 150,662	\$ 246,407	\$ 79,936	\$ 148,607		
Accounts receivable, net of allowance of \$107,345	59,356	0	1,545	3,620	12,760	10,424	1,993	25,555		
Prepaid expenses and other assets	17,815	18,038	23,613	32,194	9,255	18,380	14,350	15,228		
Total current assets	77,171	187,374	130,013	67,210	172,677	275,211	96,279	189,390		
Other assets:										
Restricted cash	0	325,123	553,014	342,099	378,084	457,882	602,259	190,868		
Loans receivable - Long-term, net	14,696,259	0	0	0	0	0	0	0		
Developer fee receivable	5,022,189	0	0	0	0	0	0	0		
Total other assets	19,718,448	325,123	553,014	342,099	378,084	457,882	602,259	190,868		
Property and equipment, net	1,579,926	1,191,919	1,810,968	3,033,715	3,097,694	2,973,787	2,418,333	3,839,417		
TOTAL ASSETS	\$ 21,375,545	\$ 1,704,416	\$ 2,493,995	\$ 3,443,024	\$ 3,648,455	\$ 3,706,880	\$ 3,116,871	\$ 4,219,675		
<i>Liabilities and Net Assets</i>										
Current liabilities:										
Mortgages payable, current	\$ 0	\$ 29,114	\$ 8,299	\$ 8,388	\$ 22,034	\$ 14,852	\$ 16,877	\$ 81,085		
Accounts payable	0	643	1,716	2,532	25,871	2,506	900	1,354		
Accrued payroll and related expenses	0	0	0	0	4,930	0	4,629	0		
Security deposits and tenant payable	0	17,868	15,178	27,554	23,775	16,698	27,171	29,850		
Accrued interest	0	1,086	1,133	4,183	56,330	2,131	1,588	923		
Due to affiliates	1,233,005	13,320	17,042	922,358	16,448	19,610	8,533	80,346		
Accrued developer fee	0	14,248	259,592	336,000	148,830	168,019	0	170,163		
Total current liabilities	1,233,005	76,279	302,960	1,301,015	298,218	223,816	59,698	363,721		
Long-term liabilities:										
Mortgages payable, net of current	159,509	766,560	1,110,608	1,013,140	2,973,110	1,841,651	1,464,215	2,769,342		
Due to funding source	2,250,000	0	0	17,081	0	0	0	3,907		
Housing loans payable	0	180,000	279,638	396,000	0	366,590	427,000	325,314		
Total long-term liabilities	2,409,509	946,560	1,390,246	1,426,221	2,973,110	2,208,241	1,891,215	3,098,563		
Total liabilities	3,642,514	1,022,839	1,693,206	2,727,236	3,271,328	2,432,057	1,950,913	3,462,284		
Net assets without donor restrictions:										
Undesignated	17,733,031	61	72	64	34	115	105	68		
Noncontrolling interest	0	681,516	800,717	715,724	377,093	1,274,708	1,165,853	757,323		
Total net assets	17,733,031	681,577	800,789	715,788	377,127	1,274,823	1,165,958	757,391		
TOTAL LIABILITIES AND NET ASSETS	\$ 21,375,545	\$ 1,704,416	\$ 2,493,995	\$ 3,443,024	\$ 3,648,455	\$ 3,706,880	\$ 3,116,871	\$ 4,219,675		

See Independent Auditor's Report

People Incorporated Housing Group, Inc. and Subsidiaries

Consolidating Statement of Financial Position

June 30, 2025

<i>Assets</i>										
	Dante Crossings, LLC	Buchanan County Housing, LP	Essex Manor Apartments, LLC	Greenville Owner, LLC	Jamestown Village Owner, LLC	Jonesville Manor, LLC	Lightfoot Apartments, LLC	Luray Meadows, LLC	Millview Apartments, LLC	
Current assets:										
Cash and cash equivalents	\$ 8,799	\$ 150,054	\$ 88,789	\$ 197,822	\$ 0	\$ 175,235	\$ 114,388	\$ 45,737	\$ 91,452	
Accounts receivable, net	4,870	(2,139)	1,772	7,980	8,632	1,089	0	1,382	28,805	
Prepaid expenses and other assets	15,363	7,468	27,099	9,130	18,641	11,532	0	50,859	18,623	
Total current assets	29,032	155,383	117,660	214,932	27,273	187,856	114,388	97,978	138,880	
Other assets:										
Restricted cash	108,687	5,600	407,546	290,629	525,438	616,032	0	317,564	194,360	
Loans receivable - Long-term, net	0	0	0	0	0	0	0	0	0	
Developer fee receivable	0	0	0	0	0	0	0	0	0	
Total other assets	108,687	5,600	407,546	290,629	525,438	616,032	0	317,564	194,360	
Property and equipment, net	1,461,248	907,660	3,855,781	3,174,058	2,972,896	1,682,921	14,288,727	12,106,189	4,659,916	
TOTAL ASSETS	\$ 1,598,967	\$ 1,068,643	\$ 4,380,987	\$ 3,679,619	\$ 3,525,607	\$ 2,486,809	\$ 14,403,115	\$ 12,521,731	\$ 4,993,156	
<i>Liabilities and Net Assets</i>										
Current liabilities:										
Mortgages payable, current	\$ 7,090	\$ 0	\$ 18,246	\$ 18,131	\$ 13,926	\$ 37,132	\$ 0	\$ 52,749	\$ 72,435	
Accounts payable	330	1,666	4,186	16,831	16,613	234	1,161,667	1,853	300	
Accrued payroll and related expenses	0	1,390	0	6,921	0	0	0	0	0	
Security deposits and tenant payable	11,362	7,004	18,519	22,972	24,850	23,134	883,192	35,196	30,322	
Accrued interest	683	548,305	3,162	47,528	49,938	1,299	0	2,828	2,950	
Due to affiliate	404,719	728,357	13,600	22,418	18,824	14,634	114,388	24,947	20,247	
Accrued developer fee	0	0	204,217	110,478	72,799	0	0	666,735	176,188	
Total current liabilities	424,184	1,286,722	261,930	245,279	196,950	76,433	2,159,247	784,308	302,442	
Long-term liabilities:										
Mortgages payable, net of current	482,060	0	2,167,052	2,519,670	2,153,859	1,106,560	8,014,002	2,726,448	2,834,776	
Due to funding source	1,356	493	0	0	0	0	0	0	15,830	
Housing loans payable	546,653	716,664	376,336	0	0	173,106	1,959,380	2,984,400	1,065,000	
Total long-term liabilities	1,030,069	717,157	2,543,388	2,519,670	2,153,859	1,279,666	9,973,382	5,710,848	3,915,606	
Total liabilities	1,454,253	2,003,879	2,805,318	2,764,949	2,350,809	1,356,099	12,132,629	6,495,156	4,218,048	
Net assets without donor restrictions:										
Undesignated	13	(935,236)	142	82	106	102	204	542	70	
Noncontrolling interest	144,701	0	1,575,527	914,588	1,174,692	1,130,608	2,270,282	6,026,033	775,038	
Total net assets	144,714	(935,236)	1,575,669	914,670	1,174,798	1,130,710	2,270,486	6,026,575	775,108	
TOTAL LIABILITIES AND NET ASSETS	\$ 1,598,967	\$ 1,068,643	\$ 4,380,987	\$ 3,679,619	\$ 3,525,607	\$ 2,486,809	\$ 14,403,115	\$ 12,521,731	\$ 4,993,156	

See Independent Auditor's Report

People Incorporated Housing Group, Inc. and Subsidiaries

Consolidating Statement of Financial Position

June 30, 2025

<i>Assets</i>									
	Mountain City Manor, LLC	Newport Village Owner, LLC	Norton Green, LLC	Pennington Gap Apartments, LLC	Pulaski Village LLC	Riverside Place Apartments, LLC	Spruce Hill Apartments, LLC	Sweetbriar, LP	
Current assets:									
Cash and cash equivalents	\$ 19,632	\$ 120,949	\$ 187,739	\$ 300,340	\$ 192,556	\$ 40,751	\$ 84,756	\$ 19,088	
Accounts receivable, net	13,969	6,995	23,107	8,535	1,116	(734)	4,284	(2,699)	
Prepaid expenses and other assets	23,052	9,258	20,340	14,639	22,225	28,944	17,048	14,197	
Total current assets	56,653	137,202	231,186	323,514	215,897	68,961	106,088	30,586	
Other assets:									
Restricted cash	430,140	324,307	533,823	406,298	536,535	162,210	516,453	145,635	
Loans receivable - Long-term, net	0	0	0	0	0	0	0	0	
Developer fee receivable	0	0	0	0	0	0	0	0	
Total other assets	430,140	324,307	533,823	406,298	536,535	162,210	516,453	145,635	
Property and equipment, net	3,099,920	2,816,296	1,512,416	3,403,051	1,617,801	1,406,935	1,914,755	2,256,257	
TOTAL ASSETS	\$ 3,586,713	\$ 3,277,805	\$ 2,277,425	\$ 4,132,863	\$ 2,370,233	\$ 1,638,106	\$ 2,537,296	\$ 2,432,478	
<i>Liabilities and Net Assets</i>									
Current liabilities:									
Mortgages payable, current	\$ 24,029	\$ 12,506	\$ 38,759	\$ 12,387	\$ 51,807	\$ 4,951	\$ 15,343	\$ 12,674	
Accounts payable	14,410	15,153	263	1,946	1,373	(301)	624	357	
Accrued payroll and related expenses	0	14,071	0	0	0	0	0	0	
Security deposits and tenant payable	25,877	25,970	23,762	23,572	26,451	10,944	22,486	12,225	
Accrued interest	64,963	53,421	1,507	2,670	3,163	411	1,575	1,629	
Due to affiliate	24,131	15,026	11,137	9,187	8,842	378,262	5,716	198,546	
Accrued developer fee	197,794	59,031	0	314,665	145,533	248,000	8,433	313,757	
Total current liabilities	351,204	195,178	75,428	364,427	237,169	642,267	54,177	539,188	
Long-term liabilities:									
Mortgages payable, net of current	3,131,481	2,087,792	1,384,865	2,255,077	1,629,300	1,014,427	1,210,815	764,007	
Due to funding source	0	0	0	0	0	7,104	0	5,676	
Housing loans payable	0	0	200,000	0	220,000	168,881	198,000	0	
Total long-term liabilities	3,131,481	2,087,792	1,584,865	2,255,077	1,849,300	1,190,412	1,408,815	769,683	
Total liabilities	3,482,685	2,282,970	1,660,293	2,619,504	2,086,469	1,832,679	1,462,992	1,308,871	
Net assets without donor restrictions:									
Undesignated	9	90	56	136	26	(18)	97	101	
Noncontrolling interest	104,019	994,745	617,076	1,513,223	283,738	(194,555)	1,074,207	1,123,506	
Total net assets	104,028	994,835	617,132	1,513,359	283,764	(194,573)	1,074,304	1,123,607	
TOTAL LIABILITIES AND NET ASSETS	\$ 3,586,713	\$ 3,277,805	\$ 2,277,425	\$ 4,132,863	\$ 2,370,233	\$ 1,638,106	\$ 2,537,296	\$ 2,432,478	

See Independent Auditor's Report

People Incorporated Housing Group, Inc. and Subsidiaries

Consolidating Statement of Financial Position

June 30, 2025

Assets										
	Sweetbriar II, LP	Tazewell Village Owner, LLC	Tom's Brook School Apartments, LLC	Valley Vista Apartments, LLC	West Lance Apartments, LLC	White's Mill Point, LP	White's Mill Point II, LLC	Eliminations	Consolidated	
Current assets:										
Cash and cash equivalents	\$ 62,893	\$ 154,500	\$ 54,585	\$ 305,717	\$ 271,477	\$ 0	\$ 88,513	\$ 0	\$ 3,706,971	
Accounts receivable, net	2,839	8,408	8,622	4,250	(8,319)	0	9,667	0	247,684	
Prepaid expenses and other assets	31,417	9,454	10,216	61,385	19,415	0	362	0	589,540	
Total current assets	97,149	172,362	73,423	371,352	282,573	0	98,542	0	4,544,195	
Other assets:										
Restricted cash	29,385	327,716	84,164	583,290	501,517	71,293	0	0	9,967,951	
Loans receivable - Long-term, net	0	0	0	0	0	0	0	(14,696,259)	0	
Developer fee receivable	0	0	0	0	0	0	0	(5,022,189)	0	
Total other assets	29,385	327,716	84,164	583,290	501,517	71,293	0	(19,718,448)	9,967,951	
Property and equipment, net	6,966,703	2,859,310	2,960,606	4,571,621	1,841,475	0	3,304,130	(981,376)	104,605,055	
TOTAL ASSETS	\$ 7,093,237	\$ 3,359,388	\$ 3,118,193	\$ 5,526,263	\$ 2,625,565	\$ 71,293	\$ 3,402,672	(\$ 20,699,824)	\$ 119,117,201	
Liabilities and Net Assets										
Current liabilities:										
Mortgages payable, current	\$ 0	\$ 18,667	\$ 9,420	\$ 61,899	\$ 13,915	\$ 0	\$ 0	\$ 0	\$ 676,715	
Accounts payable	3,518	24,038	21,134	11,537	72	0	241	0	1,333,567	
Accrued payroll and related expenses	0	7,023	0	0	0	0	0	0	38,964	
Security deposits and tenant payable	13,996	27,695	8,460	59,434	20,953	0	107,643	(981,376)	642,737	
Accrued interest	384	66,286	889	7,879	2,591	0	6,759	(548,988)	389,206	
Due to affiliate	34,442	23,896	652,991	1,382,893	15,841	0	92,611	(127,183)	6,399,134	
Accrued developer fee	424,897	91,577	350,000	475,228	0	0	66,005	(5,022,189)	0	
Total current liabilities	477,237	259,182	1,042,894	1,998,870	53,372	0	273,259	(6,679,736)	9,480,323	
Long-term liabilities:										
Mortgages payable, net of current	1,871,806	2,714,115	697,197	1,964,396	1,137,665	0	2,041,993	0	58,007,498	
Due to funding source	8,225	0	2,690	9,342	0	0	6,588	0	2,328,292	
Housing loans payable	821,225	0	889,323	627,965	239,000	0	859,613	(14,020,088)	0	
Total long-term liabilities	2,701,256	2,714,115	1,589,210	2,601,703	1,376,665	0	2,908,194	(14,020,088)	60,335,790	
Total liabilities	3,178,493	2,973,297	2,632,104	4,600,573	1,430,037	0	3,181,453	(20,699,824)	69,816,113	
Net assets without donor restrictions:										
Undesignated	50,352	35	44	83	108	71,293	20	0	16,922,007	
Noncontrolling interest	3,864,392	386,056	486,045	925,607	1,195,420	0	221,199	0	32,379,081	
Total net assets	3,914,744	386,091	486,089	925,690	1,195,528	71,293	221,219	0	49,301,088	
TOTAL LIABILITIES AND NET ASSETS	\$ 7,093,237	\$ 3,359,388	\$ 3,118,193	\$ 5,526,263	\$ 2,625,565	\$ 71,293	\$ 3,402,672	(\$ 20,699,824)	\$ 119,117,201	

See Independent Auditor's Report

People Incorporated Housing Group, Inc. and Subsidiaries

Consolidating Statement of Activities

Year Ended June 30, 2025

	People Incorporated Housing Group, Inc.	Abingdon Green, LLC	Abingdon Terrace Apartments, LLC	Abingdon Village Apartments, LLC	Baileyton Terrace Owner, LLC	Brunswick Manor Apartments, LLC	Clinch View Manor Apartments LLC	Culpeper Crossing, LLC
Support and revenue:								
Grant revenue	900,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest income	118,998	222	8	31	116	21	58	1,655
Developer fee	391,550	0	0	0	0	0	0	0
Rental income	0	259,928	248,864	351,450	346,691	289,397	275,535	300,395
Fee for service	1,624,081	0	0	0	0	0	0	0
Interest subsidy	0	71,921	17,127	9,653	15,600	15,646	19,141	0
Contributed nonfinancial assets	0	0	0	0	0	0	0	0
Other income	0	171,469	271	5,702	3,160	387	1,024	2,401
Total support and revenue	3,034,629	503,540	266,270	366,836	365,567	305,451	295,758	304,451
Expenses:								
Program activities:								
Housing	(47,712)	335,086	319,725	483,934	438,590	369,652	422,156	413,192
Management and general	15,000	0	0	0	0	0	0	0
Total expenses	(32,712)	335,086	319,725	483,934	438,590	369,652	422,156	413,192
Changes in net assets	3,067,341	168,454	(53,455)	(117,098)	(73,023)	(64,201)	(126,398)	(108,741)
Capital contributions	0	0	0	0	0	0	0	0
Capital distributions	0	0	0	0	0	0	0	0
Net assets - Beginning of year	16,649,780	513,123	854,244	832,886	450,150	1,339,024	1,292,356	866,132
Transfers	(1,984,090)	0	0	0	0	0	0	0
Net assets - End of year	\$ 17,733,031	\$ 681,577	\$ 800,789	\$ 715,788	\$ 377,127	\$ 1,274,823	\$ 1,165,958	\$ 757,391

See Independent Auditor's Report.

People Incorporated Housing Group, Inc. and Subsidiaries

Consolidating Statement of Activities

Year Ended June 30, 2025

	Dante Crossings, LLC	Buchanan County Housing, LP	Essex Manor Apartments, LLC	Greenville Owner, LLC	Jamestown Village Owner, LLC	Jonesville Manor LLC	Lightfoot Apartments, LLC	Luray Meadows, LLC	Millview Apartments, LLC
Support and revenue:									
Grant revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest income	2,940	0	129	24	63	535	0	2,760	1,703
Developer fee	0	0	0	0	0	0	0	0	0
Rental income	79,308	85,775	291,036	325,329	344,573	283,321	0	426,383	354,215
Fee for service	0	0	0	0	0	0	0	0	0
Interest subsidy	0	0	25,010	13,591	13,580	85,833	0	0	0
Contributed nonfinancial assets	0	0	0	0	0	0	780,000	0	0
Other income	995	1,956	406	1,625	5,892	1,430	0	4,203	2,120
Total support and revenue	83,243	87,731	316,581	340,569	364,108	371,119	780,000	433,346	358,038
Expenses:									
Program activities:									
Housing	184,929	215,751	391,463	405,723	399,457	400,589	190,839	801,975	510,629
Management and general	0	0	0	0	0	0	0	0	0
Total expenses	184,929	215,751	391,463	405,723	399,457	400,589	190,839	801,975	510,629
Changes in net assets	(101,686)	(128,020)	(74,882)	(65,154)	(35,349)	(29,470)	589,161	(368,629)	(152,591)
Capital contributions	0	0	0	0	0	0	1,681,325	188,000	0
Capital distributions	0	0	0	0	0	0	0	0	0
Net assets - Beginning of year	246,400	(807,216)	1,650,551	979,824	1,210,147	1,160,180	0	5,855,123	803,765
Transfers	0	0	0	0	0	0	0	352,081	123,934
Net assets - End of year	\$ 144,714	(\$ 935,236)	\$ 1,575,669	\$ 914,670	\$ 1,174,798	\$ 1,130,710	\$ 2,270,486	\$ 6,026,575	\$ 775,108

See Independent Auditor's Report.

People Incorporated Housing Group, Inc. and Subsidiaries

Consolidating Statement of Activities

Year Ended June 30, 2025

	Mountain City Manor, LLC	Newport Village Owner, LLC	Norton Green, LLC	Pennington Gap Apartments, LLC	Pulaski Village LLC	Riverside Place Apartments, LLC	Spruce Hill Apartments, LLC	Sweetbriar, LP
Support and revenue:								
Grant revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest income	20	28	401	24	420	4,924	47	4,147
Developer fee	0	0	0	0	0	0	0	0
Rental income	392,622	317,176	328,455	291,827	341,162	119,061	264,486	154,824
Fee for service	0	0	0	0	0	0	0	0
Interest subsidy	15,026	14,616	86,135	21,913	94,612	0	17,401	0
Contributed nonfinancial assets	0	0	0	0	0	0	0	0
Other income	2,444	840	270	2,732	70	2,204	477	640
Total support and revenue	410,112	332,660	415,261	316,496	436,264	126,189	282,411	159,611
Expenses:								
Program activities:								
Housing	443,545	405,204	412,291	438,486	443,179	190,009	351,559	238,387
Management and general	0	0	0	0	0	0	0	0
Total expenses	443,545	405,204	412,291	438,486	443,179	190,009	351,559	238,387
Changes in net assets	(33,433)	(72,544)	2,970	(121,990)	(6,915)	(63,820)	(69,148)	(78,776)
Capital contributions	0	0	0	0	0	0	0	0
Capital distributions	0	0	0	0	0	0	0	0
Net assets - Beginning of year	137,461	1,067,379	614,162	1,635,349	290,679	(130,753)	1,143,452	1,202,383
Transfers	0	0	0	0	0	0	0	0
Net assets - End of year	\$ 104,028	\$ 994,835	\$ 617,132	\$ 1,513,359	\$ 283,764	(\$ 194,573)	\$ 1,074,304	\$ 1,123,607

See Independent Auditor's Report.

People Incorporated Housing Group, Inc. and Subsidiaries

Consolidating Statement of Activities

Year Ended June 30, 2025

	Sweetbriar II, LP	Tazewell Village Owner, LLC	Tom's Brook School Apartments, LLC	Valley Vista Apartments, LLC	West Lance Apartments, LLC	White's Mill Point, LP	White's Mill Point II, LP	Eliminations	Consolidated
Support and revenue:									
Grant revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 900,000
Interest income	202	29	2,608	11,195	47	4,965	0	0	158,320
Developer fee	0	0	0	0	0	0	0	(281,401)	110,149
Rental income	164,967	335,688	105,111	780,142	241,976	44,849	86,110	0	8,230,656
Fee for service	0	0	0	0	0	0	0	0	1,624,081
Interest subsidy	0	15,812	0	0	15,492	0	0	0	568,109
Contributed nonfinancial assets	0	0	0	0	0	0	0	0	780,000
Other income	1,386	3,191	435	9,590	3,079	285	516	0	231,200
Total support and revenue	166,555	354,720	108,154	800,927	260,594	50,099	86,626	(281,401)	12,602,515
Expenses:									
Program activities:									
Housing	(22,505)	434,964	278,784	969,268	305,996	99,762	163,741	703,596	12,092,244
Management and general	0	0	0	0	0	0	0	0	15,000
Total expenses	(22,505)	434,964	278,784	969,268	305,996	99,762	163,741	703,596	12,107,244
Changes in net assets	189,060	(80,244)	(170,630)	(168,341)	(45,402)	(49,663)	(77,115)	(984,997)	495,271
Capital contributions	38,103	0	0	0	0	0	298,334	128,459	2,334,221
Capital distributions	0	0	0	0	0	(1,269,934)	0	0	(1,269,934)
Net assets - Beginning of year	3,828,174	466,335	656,719	1,094,031	1,240,930	1,336,347	0	(737,587)	47,741,530
Transfers	(140,593)	0	0	0	0	54,543	0	1,594,125	0
Net assets - End of year	\$ 3,914,744	\$ 386,091	\$ 486,089	\$ 925,690	\$ 1,195,528	\$ 71,293	\$ 221,219	\$ 0	\$ 49,301,088

See Independent Auditor's Report.

People Incorporated Housing Group, Inc.

Schedule of Expenditures of Federal Awards Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF THE TREASURY			
<u>Direct Grant</u>			
Capital Magnet Fund 2024	21.011	231CM062488	\$ 900,000
	Total Federal Expenditures		\$ 900,000

See Notes to Schedule of Expenditures of Federal Awards.
See Independent Auditor's Report.

People Incorporated Housing Group, Inc.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Note 1: General

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of People Incorporated Housing Group, Inc under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of People Incorporated Housing Group, Inc, it is not intended to and does not present the financial position, changes in net assets or cash flows of People Incorporated Housing Group, Inc.

Note 2: Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3: Indirect Cost Rate

PIHG has elected not to use the up to 15-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Sub-Recipients

PIHG does not have any sub-recipients of federal awards.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of People Incorporated Housing Group, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2025 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 16, 2025. The financial statements of the subsidiaries of People Incorporated Housing Group, Inc. were not audited in accordance with *Government Auditing Standards*. Accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with those entities.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered People Incorporated Housing Group, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of People Incorporated Housing Group, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of People Incorporated Housing Group, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of People Incorporated Housing Group, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering People Incorporated Housing Group, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

Madison, Wisconsin
December 16, 2025

Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited People Incorporated Housing Group, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2025. People Incorporated Housing Group, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, People Incorporated Housing Group, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Housing Group, Inc. 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 the major federal program. Our audit does not provide a legal determination of People Incorporated Housing Group, Inc.'s 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 Housing Group, Inc.'s 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 Housing Group, Inc.'s 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 GAAS, *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 Housing Group, Inc.'s compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Housing Group, Inc.'s 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 Housing Group, Inc.'s 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 Housing Group, Inc.'s 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not 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.

Wipfli LLP

Wipfli LLP

Madison, Wisconsin

December 16, 2025

People Incorporated Housing Group, Inc.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:

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

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of major federal programs

<u>AL Number(s)</u>	<u>Federal Program or Cluster</u>
21.011	Capital Magnet Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?

Yes No

People Incorporated Housing Group, Inc. did not require an audit in accordance with Uniform Guidance for the year ended June 30, 2024, and therefore, is not considered to be a low-risk auditee.

People Incorporated Housing Group, Inc.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.