People Incorporated of Virginia and Affiliates

Consolidated Financial Statements and Supplementary Information

Year Ended June 30, 2023

People inc.
Building Futures, Realizing Dreams™

WIPFLI

People Incorporated of Virginia and Affiliates

Year Ended June 30, 2023

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PEOPLE INCORPORATED OF
VIRGINIA AND AFFILIATES
BOARD OF DIRECTORS

SECTOR I – Client Sector

1.	Abingdon Terrace Apartment Resident **Assistant Secretary**	Jean Neal (2/3/20-2/3/25) 526 Lowry Drive, Apt. #H Abingdon, VA 24210 Cell: 276-614-0875 Email: jeanneal24210@gmail.com
2.	Head Start Policy Council	David Maggard 519 Deer Run Rd. Lebanon, VA 24266 Cell: 276-739-8599 Davidmaggard1982@yahoo.com
3.	Dante Community	Bobbie Gullett (9/05) (3/21-3/26) PO Box 321 Dante, VA 24237 (276) 495-1042 (h) sister's #276.495.1785 Alternate Street address (330 Straight rd) Dante Museum 495-1903 bcgjlc37@yahoo.com
4.	Head Start Policy Council *Frederick & Clarke	Elvis Vasquez (12/21-12/23) 211 Montgomery Circle Stephens City, VA 22659 Email: Hakemate05@hotmail.com 571-375-6886
5.	Section 8 Housing **Vice-Chair**	David McCracken (10/07) (3-18-18/3-31-23) 518 S. Monte Vista Drive, Apt. # 6 Glade Spring, VA 24340 (276) 429-5480 Cell (276) 356-1856 e-mail:dmac1960@embarqmail.com email: dmac122460@gmail.com

SECTOR I – Client Sector (Continued)

6.	Head Start – Parent	Rachel Phipps (11/22-11/23) rachel.katelyn95@gmail.com
7.	VaCares	Christie Bailey (1/23-1/28) 13159 Cathedral Hill St. Bristol, VA 24202 Cell: 276-202-8993 christiemichellebailey@gmail.com
8.	Valley Vista	Pam Sweeney (1/23-1/28) 143 Valley Vista Dr. #204 Woodstock, VA 22664
9.	White Mill Apartments	Pam Horn (10/20-10/25) 15375 Whites Mill Rd Apt.#116 Abingdon, VA 24210 Home: 276-676-0134 Cell: 276-492-3645 Email: hornpg@yahoo.com
10.	Sweetbriar Apartments	Albert Breeding (10/20-10/25) 19321 Arden Court Abingdon, VA 24210 Home: 276-676-0420 Cell: 276-206-4982 Email: kylebreeding127@gmail.com
11.	Project Discovery	Lizzie Deel (3/21-3/26) 1041 Mockingbird Rd Grundy, VA 24614 276-312-5981 Lizzie.deel@yahoo.com

SECTOR I – Client Sector (Continued)

12.	Kings Mountain Supportive Housing Community	Tommy Burris (1/18-1/23) 1235 West State St. Bristol, VA 24201 Unit 12 276-494-1794 Email: mickeyPTS2012@yahoo.com Email: mickeypts20@yahoo.com
13.	VACARES- Greater Prince William	Jeffrey Frye (7/19-7/24) 3012 Chinkapin Oak Lane Woodbridge, VA 22191 Cell: 803-378-2226 Email: jeffreybfrye@gmail.com
14.	Luray Meadows Apartment Resident	VACANT
15.	East Ridge Apartments Resident	Billy P. Taylor (1/18 – 1/23) 245 Eastridge Rd. Apt 208 Bristol, VA 24201 757-235-3911 Email: BillyPaulTaylor@gmail.com
16.	Culpeper Crossings Apartment Resident	Darlene White (10/20-10/25) 658 North East Street Apt.# 101 Culpeper, VA 22701 Phone: Email: darlenebrowndb@gmail.com

PEOPLE INCORPORATED OF
VIRGINIA AND AFFILIATES
BOARD OF DIRECTORS

SECTOR II – Government Sector

1.	Bristol City Council	Jake Holmes (1/1/23-1/30/24) jake.holmes@bristolva.org jholmes@aep.com
2.	Buchanan County (BOS)	Matt Fields (5/23-5/28) 1102 Ovenbird Rd. Grundy, VA 24656 Cell: 276-312-5423 matthew.fields@buchanancounty-va.gov
3.	City of Manassas	Patrick Small (1/23-1/28) 9027 Center St. Manassas, VA 20110 Work: 703-257-8881 Cell: 571-208-8383 psmall@manassasva.gov
4.	City of Manassas Park HOME:12214 Nutmeg Ct. Woodbridge, VA 22192 Cell: 703.795.8804 Work: 703.335.8888 Fax: 703.335.8899	Randi Knights (8-1-21/7-31-26) Acting Director Manassas Park DSS One Park Center Court Manassas Park, VA 20111 Randi.Knights@dss.virginia.gov
5.	Clarke County	Matt Petterson (10/20-10/25) 284 Mill Lane Boyce, VA 2260 540-467-5524 mpeterson@j2wfoundation.org
6.	Culpeper County	Cathy M. Zielinski (12/19-12/24) 524 Tara Ct., Culpeper, VA 22701 540-718-2795 cell Email: cathyz.home@gmail.com
7.	Dickenson County Board of Supervisors Office: 276-926-1676	Peggy Kiser (2/20-2/28/25) 740 Dyers Chapel Rd Clinchco, VA 24226 Home: 276-835-7019 Cell: 276-365-5415 pkiser@dickensonva.org

SECTOR II – Government Sector **(Continued)**

8.	Fauquier County Board of Supervisors	Jan Selbo (11/19-12/31/24) 178 Main St. Warrenton, VA 20186 home email: jselbo@gmail.com Cell: 540.229.2036 Keith's cell: 540.229.2742 Home: 540.341.0036
9.	Frederick County Board of Supervisors	VACANT
10.	Page County Board of Supervisors	Nina Fox (8/21-8/26) 103 South Court St., Ste F Luray, VA 22835 540-743-4142 Ext. 1110 Cell: 540-742-9394 nfox@pagecounty.virginia.gov
11.	Rappahannock County Board of Supervisors	Gail Crooks (5/21-5/26) PO Box 87 Washington, VA 22747 540-675-4843 540-675-3313 gail.a.crooks@dss.virginia.gov
12.	Russell County Board of Supervisors Personal: 917 Molls Creek Rd. Castlewood, VA 24224 Cell Personal: 276.701.7275 cell: 276.219.2784 (W)	Vicki Porter (11/22-11/27) Administrative Manager Russell County Board of Supervisors P O Box 1208 Lebanon, Virginia 24266 vicki.porter@russellcountyva.us Phone 276.889.8200 Fax 276.889.8011 Home: 276.794.7923

PEOPLE INCORPORATED OF
VIRGINIA AND AFFILIATES
BOARD OF DIRECTORS

SECTOR II – Government Sector **(Continued)**

13.	Shenandoah County Board of Supervisors	Karl Roulston (2/21-2/26) 154 N. Church St. Woodstock, VA 22664 district4@shenandoahcountyva.us kvroulston@regulus-group.com 540-325-9616
14.	Warren County Board of Supervisors	Walt Mabe (1/22-1/27) 220 North Commerce Ave., Suite 100 Front Royal, VA 22630 540-692-5801 wmabe@warrencountyva.net
15.	Washington County Board of Supervisors	Phillip McCall (1/31/23-1/31/24) 24597 Walden Rd Abingdon, VA 24210 Home phone: 276-628-4536 Work Cell Phone: 276-451-0236 Personal cell phone: 276-698-8040 Email: pmccall@washcova.com
16.	Prince William County Board of Supervisors 752 Travelers Place Herndon, VA 20170 Cell: 571.722.2977 Home: 703.318.1819	 Elijah Johnson (7/15/21-7/31/26) Deputy County Executive One County Complex Court Woodbridge, VA 22192 ejohnson@pwcgov.org 703.792.6645

Theresa Kimble. [tkimble@pwcgov.org] Kimble: Switchboard 703.792.6000 ext. 7478

PEOPLE INCORPORATED OF
VIRGINIA AND AFFILIATES
BOARD OF DIRECTORS

SECTOR III – Community Sector

1.	United Way of Northern Shenandoah Valley	Kaycee Childress (1/23-1/28) 329 N Cameron St. Winchester, VA 22601 kchildress@unitedwaynsv.org 540-536-1610
2.	Prince William County Chamber of Commerce	Jinnae Monroe (10/22-10/27) jmonroe@probidesign.com Office: 866-212-7906 Mobile: 813-382-4726
3.	Washington County Chamber of Commerce 28216 Lee Highway Meadowview, VA 24361	Mark Nelson (11/22-11/27) P. O. Box 1000 Abingdon, VA 24212 276.623.2323 X205 Fax: 276.628-5860 Email: mnelson@firstbank.com Cell: 276.356.2397 Home: 276.944.3471
4.	American Legion Post 114 Manassas VA	Larry Laws (3/2020-3/2025) 3203 Graham Road Falls Church, VA 22042 703-732-2222 larry.laws@gmail.com laws@firsthomealliance.org
5.	Shenandoah County Healthy Families **Treasurer**	John Ayers (8/19-8/24) 214 Millertown Rd. Edinburg, VA 22824 Email: john.ayers20@gmail.com Home: 540-984-8357 Cell: 540-335-2416

SECTOR III – Community Sector (Continued)

6.	Southwest Virginia Legal Aid Society	Anita Robinson (1/23-1/28) P. O. Box 670 Castlewood, VA 24224 Work Phone: 888-201-2772 X2014 Home Phone: Email: arobinson@svlas.org
7.	Emory and Henry College	Jennifer Pearce (6/21-6/26) 30461 Garnand Dr. Emory, VA 24327 Office: 944-6968 Cell: 276-562-7449 jpearce@ehc.edu
8.	Town of Grundy Chamber of Commerce **Chairperson**	Chris Shortridge (11/02) (11/21-11/26) (1025 Maple Street) P.O. Box 288 Grundy, VA 24614 935-8437 935-4286 Email: cs@cjpropertiesinc.com Cell-276-701-0112
9.	Virginia Highlands Community College	Winona Fleenor (5/06) (9/17 – 9/22) Virginia Highlands Community College P.O. Box 828 Abingdon, VA 24212 (276)739-2493 Email: wfleenor@vhcc.edu.
10.	Human Services Alliance of GPW	VACANT
11.	Mauriertown Ruritans	Dennis Morris (8/19 – 8/24) 1685 Brook Creek Rd. Toms Brook, VA 22660 Email: dmorris@shentel.net Telephone: 540-436-9149 Cell: 540-335-0526

SECTOR III – Community Sector (Continued)

12.	The Christian Center **Secretary**	Alice D. Meade (1/99) (9/19-9/24) 28 Major St. Lebanon, VA 24266 276-880-5275 cell home e-mail is aliceandbernard@verizon.net
13.	Foothills Housing Network	VACANT
14.	Culpeper Chamber of Commerce (Culpeper Dept. of Human Services) P. O. Box 1355 Culpeper, VA 22701 540-727-0372 X394 lpeacock@culpeperhumanservices.org	Lisa Peacock, Director (1/21-1/26) 19066 Brandy Fizz Court Culpeper, VA 22701 Home: 540-829-7160 Cell: 540.717.5506 Personal: Lap.dss@gmail.com
15.	Reaching Out Now	Teketia Smith (5/21-5/26) 159 Hunter Ave Chester Gap, VA 22623 Work: 540-631-0366 Cell: 540-683-0604 tsmith@reachingoutnow.org tsmith@wcps.k12.va.us
16.	Frederick County Schools **Early Childhood Education Specialist**	Angie White (12/2021-12/2026) 1415 Amherst St. Winchester, VA 22601 540-662-3888 540-532-3817 - Cell Email: whitea@fcpsk12.net

PEOPLE INCORPORATED OF
VIRGINIA AND AFFILIATES
BOARD OF DIRECTORS

Executive Committee

1. Chris Shortridge, Buchanan County (Chair)
2. David McCracken, Washington County (Vice-Chair)
3. Alice Meade, Russell County (Secretary)
4. Jean Neal, Washington County (Assistant Secretary)
5. John Ayers, Shenandoah County (Treasurer)
6. Jan Selbo – Fauquier County
7. Tommy Burris – City of Bristol
8. Randi Knights – City of Manassas Park
9. Elijah Johnson – Prince William County
10. Lisa Peacock – Culpeper County
11. Phillip McCall – Washington County
12. Angie White – Frederick County
13. Cathy Zielinski – Culpeper County

People inc.
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2023-2024
COMMITTEE LIST

Finance & Audit Committee

1. Jan Selbo - Chair
2. Alice Meade
3. John Ayers
4. Lisa Peacock
5. Mark Nelson
6. Peggy Kiser
7. Phil McCall
8. Tommy Burris

Governance Committee

1. Phil McCall - Chair
2. Anita Robinson
3. David McCracken
4. John Ayers
5. Lisa Peacock
6. Walt Mabe
7. Winona Fleenor
8. Billy Taylor

Communication Committee

1. Lisa Peacock - Chair
2. Angie White
3. Jake Holmes
4. Jinnae Monroe
5. Kaycee Childress
6. Peggy Kiser
7. Tommy Burris

Personnel Committee

1. Anita Robinson - Chair
2. Cathy Zielinski
3. Gail Crooks
4. Jinnae Monroe
5. Lisa Peacock
6. Randi Knights
7. Taketia Smith
8. Winona Fleenor

Evaluation Committee

1. Elijah Johnson - Chair
2. Angie White
3. Cathy Zielinski
4. Matt Peterson
5. Taketia Smith
6. Tommy Burris
7. Winona Fleenor

Planning Committee

1. Cathy Zielinski - Chair
2. Alice Meade
3. Angie White
4. David McCracken
5. Gail Crooks
6. Jan Selbo

PEOPLE INCORPORATED OF VIRGINIA AND AFFILIATES BOARD OF DIRECTORS

People inc.

Building Futures, Realizing Dreams

Executive Committee

Chris Shortridge - Chair
David McCracken – Vice-Chair
Alice Meade - Secretary
Jean Neal – Assistant Secretary
John Ayers - Treasurer
Elijah Johnson
Lisa Peacock
Tommy Burris
Jan Selbo
Cathy Zielinski
Phil McCall
Anita Robinson
Angie White

1173 West Main Street, Abingdon, VA 24210 (276) 623-9000 peopleinc.net

Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of People Incorporated of Virginia and Affiliates as of June 30, 2023, and the changes in its consolidated net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (''GAAP'').

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of People Incorporated 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 opinion.

Adjustments to Prior Period Financial Statements

The consolidated financial statements of People Incorporated of Virginia and Affiliates as of June 30, 2022, were audited by other auditors whose report dated January 11, 2023, expressed an unmodified opinion on those statements. As discussed in Note 24 to the consolidated financial statements, People Incorporated of Virginia and Affiliates has adjusted its 2022 consolidated financial statements to consolidate the various Low Income Housing Tax Credit Projects and correct the net assets balance. The other auditors reported on the consolidated financial statements before the retrospective adjustments. As part of our audit of the 2023 consolidated financial statements, we audited the adjustments to the 2022 consolidated financial statements to retroactively apply these changes. In our opinion, such adjustments were appropriate and have been properly applied.

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

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about People Incorporated of Virginia and Affiliates's ability to continue as a going concern for one year after the date 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 GAAS 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 GAAS 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 of Virginia 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about People Incorporated of Virginia 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 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 June 13, 2024 on our consideration of People Incorporated of Virginia and Affiliates' 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 of Virginia and Affiliates' 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 of Virginia and Affiliates' internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Madison, Wisconsin
June 13, 2024

People Incorporated of Virginia and Affiliates

Consolidated Statement of Financial Position

As of June 30, 2023

ASSETS	
Current assets:	
Cash and cash equivalents	$ 7,228,322
Restricted cash	9,911,608
Grants receivable	3,260,496
Accounts receivable, net	601,876
Interest receivable	114,043
Inventory	66,175
Prepaid expenses and other assets	785,603
Notes receivable, net of allowance and current portion	990,695
Total current assets	22,958,818
Right of use operating lease assets	330,545
Property and equipment, net	111,084,504
Long-term assets:	
Notes receivable, net of allowance and current portion	4,477,799
Total long-term assets	4,477,799
TOTAL ASSETS	$ 138,851,666

People Incorporated of Virginia and Affiliates

Consolidated Statement of Financial Position (Continued)

As of June 30, 2023

Current liabilities:	
Notes payable, current portion	$ 978,848
Mortgages payable, current portion	4,218,467
Operating lease liability, current portion	81,243
Accounts payable	814,417
Accrued payroll and related expenses	2,195,171
Security deposits and tenant payable	1,053,290
Accrued interest	247,943
Refundable advances	1,340,850
Accrued developer fee	4,164,954
Total current liabilities	15,095,183
Long-term liabilities:	
Notes payable, net of current portion	4,106,494
Mortgages payable, net of current portion	46,627,713
Operating lease liability, net of current portion	243,288
Due to funding source	2,259,509
Total long-term liabilities	53,237,004
Total liabilities	68,332,187
Net assets:	
Without donor restrictions:	
Undesignated	30,279,711
Noncontrolling interest	31,555,289
Board designated - Reserve fund	2,448,362
Total net assets without donor restrictions	64,283,362
Net assets with donor restrictions	6,236,117
Total net assets	70,519,479
TOTAL LIABILITIES AND NET ASSETS	$ 138,851,666

See accompanying notes to consolidated financial statements.

People Incorporated of Virginia and Affiliates

Consolidated Statement of Activities

Year Ended June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Grant revenue	$ -	$ 18,798,850	$ 18,798,850
New Market Tax Credit revenue	1,160,193	-	1,160,193
Closing fees	77,940	-	77,940
Contributions	746,580	-	746,580
Interest income	538,449	98,394	636,843
Rental income	7,331,332	-	7,331,332
Fee for service	196,105	-	196,105
Interest subsidy	571,484	-	571,484
Other income	520,619	-	520,619
In-kind contributions	182,492	-	182,492
Net assets released from restriction	18,284,756	(18,284,756)	-
Total support and revenue	29,609,950	612,488	30,222,438
Expenses:			
Program Services:			
Community Development	216,494	-	216,494
Community Services	2,032,087	-	2,032,087
Community Economic Development	2,215,110	-	2,215,110
Children & Family Services	8,535,067	-	8,535,067
Housing	11,547,054	-	11,547,054
Workforce Development	1,537,660	-	1,537,660
Support Services:			
Management and general	6,069,295	-	6,069,295
Fundraising	411,800	-	411,800
Total expenses	32,564,567	-	32,564,567
Changes in net assets	(2,954,617)	612,488	(2,342,129)
Capital contributions	7,188,132	-	7,188,132
Net assets, beginning of year, as previously stated	16,488,705	22,671,089	39,159,794
Prior period adjustment	43,561,142	(17,047,460)	26,513,682
Net assets, beginning of year, as restated	60,049,847	5,623,629	65,673,476
Net assets, end of year	$ 64,283,362	$ 6,236,117	$ 70,519,479

See accompanying notes to consolidated financial statements.

People Incorporated of Virginia and Affiliates

Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	Community Development	Community Services	Community Economic Development	Children & Family Services	Housing	Workforce Development	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 22,666	$ 944,801	$ 408,061	$ 3,419,254	$ 906,916	$ 466,037	$ 6,167,735	$ 1,793,159	$ 249,970	$ 8,210,864
Fringe benefits	12,204	415,058	160,701	1,457,187	344,913	186,940	2,577,003	598,249	115,374	3,290,626
Travel	4,957	55,547	10,599	96,297	33,834	70,998	272,232	105,950	10,946	389,128
Material and supplies	1,232	184,653	52,854	902,994	3,902,208	116,904	5,160,845	183,262	2,086	5,346,193
Contractual	114,926	85,362	165,093	193,253	400,936	129,024	1,088,594	767,044	0	1,855,638
Maintenance	570	17,798	18,151	291,874	80,274	6,293	414,960	54,476	727	470,163
Occupancy	32,406	100,700	49,991	359,004	954,437	76,266	1,572,804	227,279	10,418	1,810,501
Insurance	0	0	7,436	0	467,687	0	475,123	594	0	475,717
Interest	0	0	13,721	0	662,168	0	675,889	127,752	0	803,641
Bad debts	0	0	330,432	0	96,179	0	426,611	960,942	0	1,387,553
Sponsor fee	0	0	900,000	0	0	0	900,000	0	0	900,000
Dues and licenses	4,621	5,176	15,153	5,536	0	558	31,044	28,538	0	59,582
Other	22,912	189,992	82,918	571,323	17,416	484,640	1,369,201	1,222,050	22,279	2,613,530
Depreciation and amortization	0	0	0	1,172,845	3,680,086	0	4,852,931	0	0	4,852,931
In-kind expenses	0	33,000	0	65,500	0	0	98,500	0	0	98,500
Total Expenses	$ 216,494	$ 2,032,087	$ 2,215,110	$ 8,535,067	$ 11,547,054	$ 1,537,660	$ 26,083,472	$ 6,069,295	$ 411,800	$ 32,564,567

See accompanying notes to consolidated financial statements.

People Incorporated of Virginia and Affiliates

Consolidated Statement of Cash Flows

Year Ended June 30, 2023	
Change in cash, cash equivalents, and restricted cash:	
Cash flows from operating activities:	
Change in net assets	$ (2,342,129)
Adjustments to reconcile change in net assets to cash flows from operating activities:	
Depreciation and amortization	4,764,115
Amortization of debt issuance costs	88,816
Gain on disposition of assets	(20,408)
Non-cash lease expense	54,647
Bad debt expense	1,387,553
Changes in operating assets and liabilities:	
Grants receivable	(163,048)
Accounts receivable, net	(849,277)
Interest receivable	(77,392)
Inventory	9,633
Prepaid expenses and other assets	(182,090)
Accounts payable	927,462
Operating lease liability	(60,661)
Accrued payroll and related expenses	144,088
Security deposits and tenant payable	(243,178)
Accrued interest	(89,336)
Refundable advances	57,650
Accrued developer fee	805,571
Total adjustments	6,554,145
Net cash flows from operating activities	4,212,016
Cash flows from investing activities:	
Capital contributions	7,188,132
Purchase of property and equipment	(8,160,114)
Proceeds from sale of property and equipment	24,204
Issuance of notes receivable	(2,663,628)
Collection of notes receivable	886,442
Net cash flows from investing activities	(2,724,964)
Cash flows from financing activities:	
Principal payments on notes and mortgages payable	(8,345,826)
Proceeds from issuance of notes and mortgages payable and due to funding source	7,048,308
Net cash flows from financing activities	(1,297,518)

People Incorporated of Virginia and Affiliates

Consolidated Statement of Cash Flows (Continued)

Year Ended June 30, 2023		
Net changes in cash, cash equivalents, and restricted cash		189,534
Cash, cash equivalents, and restricted cash beginning of year, as previously stated		5,738,892
Prior period adjustments		11,211,504
Cash, cash equivalents, and restricted cash beginning of year, as restated		16,950,396
Cash, cash equivalents, and restricted cash end of year	$	17,139,930
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	$	7,228,322
Restricted cash		9,911,608
Total cash, cash equivalents, and restricted cash	$	17,139,930
Supplemental schedule of cash and non-cash activities:		
Interest paid	$	1,041,785

See accompanying notes to consolidated financial statements.

Note 1: Summary of Significant Accounting Policies

Nature of Operations

People Incorporated of Virginia and Affiliates (People Inc.), 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, 2023, People Inc. received approximately 60% of its total revenue from federal, state, and local government sources.

People Incorporated Financial Services (PIFS) 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, Inc. and Subsidiaries (PIHG), is a Virginia not-for-profit organization. It was organized as a non-profit corporation in 2004 to provide quality, affordable housing to low-income individuals. Its purpose is to utilize public monies awarded for the good of the community through its programs.

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

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

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

Abingdon Green, LLC	Abingdon Terrace Apartments, LLC
Abingdon Village Apartments, LLC	Baileyton Terrace Owner, LLC
Brunswick Manor Apartments, LLC	Buchanan County Housing, LP
Clinch View Manor Apartments, LLC	Culpeper Crossing, LLC
Dante Crossings, LLC	Essex Manor Apartments, LLC
Greenville Owner, LLC	Jamestown Village Owner, LLC
Luray Meadows, LLC	Jonesville Manor, LLC
Millview Apartments, LLC	Mountain City Manor, LLC
Newport Village Owner, LLC	Norton Green, LLC

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Operations (Continued)

Pennington Gap Apartments, LLC
Riverside Place Apartments, LLC
Sweetbriar, LP
Tazewell Village Owner, LLC
Valley Vista Apartments, LLC
White's Mill Point, LP
Pulaski Village, LLC
Spruce Hill Apartments, LLC
Sweetbriar II Apartments, LLC
Tom's Brook School Apartments, LLC
West Lance Apartments, LLC

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 People Inc. are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Consolidation

The consolidated financial statements include People Incorporated of Virginia 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 "People Inc."

Classification of Net Assets

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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 – board designated: Net assets may be designated for specific purposes by the board of directors. The board of directors has designated, from net assets without donor restrictions, a reserve fund.

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 People Inc.'s net assets.

Note 1: Summary of Significant Accounting Policies (Continued)

Classification of Net Assets (Continued)

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

Use of Estimates

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

Cash and Cash Equivalents

For purposes of reporting cash flows, People Inc. 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 the Weatherization program.

Accounts Receivable

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

Allowance for Bad Debts

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

Note 1: Summary of Significant Accounting Policies (Continued)

Notes Receivable

People Inc. underwrites and processes loan applications, processes funding, and holds and services the loan in the portfolio. Terms and rates vary depending upon the borrower's capital requirements and management's assessment of risk. Allowance for bad debts is based on management's review of portfolio performance. Notes are secured by the borrower's collateral.

Management has the intent and ability to hold all loans for the foreseeable future or until maturity or pay-off. Management has reported the loans at their outstanding unpaid principal balances adjusted for charge-offs and the allowance for expected loan losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are recognized as income or expense when received or incurred since capitalization of these fees or costs would not have a significant impact on the consolidated financial statements.

At such time when a loan is determined to be past due, the interest-bearing loans can be placed on nonaccrual status. The determination of past due loans for purposes of placing on nonaccrual status is made on a case-by-case basis. Interest accrued, but not collected for loans that are placed on nonaccrual status, is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

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

People Inc. 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.

Property and equipment purchased with grant funds are owned by People Inc. while used in the program for which it was purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds there from, is subject to funding source regulations. The property and equipment purchased with grant funds are normally restricted for use in specific programs operated by People Inc. The net book value of grant-funded property and equipment included on the consolidated statement of financial position is $432,592 at June 30, 2023.

Note 1: Summary of Significant Accounting Policies (Continued)

Change in Accounting Policy

ASU No. 2016-02, *Leases* (Topic 842)

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). ASU 2016-02 is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases on the consolidated statement of financial position. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. People Inc. adopted this guidance for the year ended June 30, 2023 with modified retrospective application to July 1, 2022 through a cumulative-effect adjustment.

People Inc. has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, People Inc. accounted for its existing operating leases as operating leases and capital leases as finance leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether the classification of the leases would be different in accordance with ASC Topic 842, or (c) whether any unamortized initial direct costs before transition adjustments (as of June 30, 2022) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Similarly, People Inc. did not reassess service contracts evaluated for lease treatment under ASC 840 for embedded leases under ASC 842.

As a result of the adoption of the new lease accounting guidance, People Inc. recognized the following right of use (ROU) assets and lease liabilities as of July 1, 2022:

ROU assets - Operating leases	$	385,192
Lease obligation - Operating leases		385,192

This standard did not have a material impact on People Inc.'s net assets or cash flows from operations and had an immaterial impact on People Inc.'s operating results. The most significant impact was the recognition of the ROU assets and lease obligations for operating leases.

ASC 842 Lease Accounting

People Inc. is a lessee in multiple noncancelable operating leases. If the contract provides People Inc. the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

Note 1: Summary of Significant Accounting Policies (Continued)

ASC 842 Lease Accounting (Continued)

The discount rate used is the implicit rate in the lease contract if it is readily determinable. People Inc. has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

For all underlying classes of assets, People Inc. has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that People Inc. is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. People Inc. recognizes short-term lease cost on a straight-line basis over the lease term.

Income Tax Status

People Inc. 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.

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.

People Inc. 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. People Inc. has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition

Grant Revenue

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

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

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

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

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

Rental income is from residential or commercial leases that are operating leases and 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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition

Grant Revenue (Continued)

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 related allowable expense or asset acquisition is incurred. 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.

Contract Revenue

People Inc. recognized revenue from exchange transactions from contracts with customers for New Market Tax Credit (NMTC) revenue and closing fees. 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. People Inc. reported the following exchange transaction revenue in its statement of activities for the year ended June 30, 2023:

NMTC	$ 1,160,193
Closing Fees	77,940
Fee for service	196,105
Total	$ 1,434,238

NMTC revenue and closing fees are recognized upon successful closing of the project and disbursement of loan proceeds to the Qualified Active Low-Income Community Business. People Inc. considers the performance obligation to be the successful closing of the project.

Fee for service includes childcare fees on the consolidated statement of activities.

Note 1: Summary of Significant Accounting Policies (Continued)

Contract Revenue (Continued)

Childcare fees - People Inc. recognized revenues from childcare fees of $196,105 in 2023. People Inc. offers extended care before and after school at one location to families participating in its Head Start program. Contract terms are established when parents enroll their child in the program using a childcare contract form. Pricing is established based on the age of the child, hours needed per day, and if enrolled on a full-time or part-time basis. Families are responsible for paying for blocks of care in weekly increments and can cancel care with two weeks' notice.

People Inc. determined at June 30, 2023 that there were no services provided without a contract in place and, therefore, has no expected adjustments to receivables and revenue. There are no receivables from contracts with customers at July 1, 2022 and June 30, 2023.

The following is an analysis of the timing of revenue recognized during the year ended June 30, 2023:

Revenue recognized at a point in time	$	1,434,238
Total	$	1,434,238

There are no contract assets or contract liabilities at July 1, 2022 and June 30, 2023.

Impairment of Long-Lived Assets

People Inc. 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. People Inc. has not recognized any impairment of long lived assets during 2023.

Deferred Financing Costs

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

Note 1: Summary of Significant Accounting Policies (Continued)

Tenant Security Deposits

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

In-Kind Contributions [Contributed Services]

People Inc. has recorded in-kind contributions for supplies, property and professional volunteer services used in operation of programs 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 Inc. received contributions of nonprofessional volunteers during the year with a value of $129,043, primarily for its Head Start programs, which are not recorded in the consolidated statement of activities.

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. Salaries and wages and fringe benefits are allocated based on time and effort. Occupancy and related costs are allocated based on square footage.

Indirect Cost Rate Allocation

People Inc. charges an indirect cost rate of 11% on grants and contracts with the Federal Government. This provisional rate based on modified total direct costs was established per an agreement with the Department of Health and Human Services.

New Accounting Pronouncements

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

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

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

Note 2: Concentration of Credit Risk

People Inc. 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 PIFS and PIHG is maintained in a consolidated bank account with People Incorporated of Virginia. People Inc. maintains other bank accounts based on fund requirements. At certain times during the year, cash balances may be in excess of FDIC coverage. People Inc. has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash. Small Business Administration contracts require People Inc. 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 of Financial Resources

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

Cash and cash equivalents	$ 7,228,322
Grants receivable	3,260,496
Accounts receivable, net	601,876
Interest receivable	114,043
Notes receivable, current, net	990,695
Subtotal financial assets	12,195,432
Less: Accounts payable	(233,985)
Less: Accrued payroll and related expenses	(2,036,906)
Less: Refundable advances	(1,340,850)
Less: Board designated - Reserve fund included in financial assets	(2,448,362)
Less: Net assets with donor restrictions included in financial assets	(1,708,781)
Total	$ 4,426,548

Note 3: Liquidity and Availability of Financial Resources (Continued)

People Inc. does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash and cash equivalents. People Inc. strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. A significant source of funding for People Inc. is through cost reimbursement grants. Under cost reimbursement grants, an organization can request reimbursement from the funding source. In addition, People Inc. has grant commitments available for future expenses of approximately $6,267,000 as further described in Note 21. 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 as further described in Note 16.

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. People Inc. maintains balances related to security deposits on rental properties. In addition, PIFS operates lending programs with funding from the United States Small Business Administration, which requires cash to be maintained in a separate account. The restricted cash balances at June 30, 2023, are as follows:

Replacement reserve	$ 2,401,223
Operating reserve	2,764,552
Security deposits	554,415
Other reserves	2,732,066
Escrow reserves	575,885
Lending program reserve	883,467
Total	$ 9,911,608

Note 5: Grants Receivable

Grants receivable represents the following amounts due from the various funding sources as of June 30, 2023:

Federal and state	$ 2,632,831
Other	627,665
Total	$ 3,260,496

Note 6: Property and Equipment

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

Land	$ 6,354,472
Land improvements	3,685,450
Buildings	108,384,667
Building improvements	18,730,002
Furniture and appliances	3,468,990
Vehicles	3,177,413
Software	21,900
Construction in progress	7,737,435
Subtotal	151,560,329
Less: Accumulated Depreciation	(40,475,825)
Total	$ 111,084,504

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

People Inc 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, People Inc. assumed complete ownership of the building and its improvements. People Inc. 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 lease was determined to be short term in nature due to either party having the ability to cancel the agreement with six months notice. The depreciated value of the building at June 30, 2023 was $7,762,991, which is included in Buildings as disclosed above.

Note 7: Lessor Activity

PIHG 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 the year ended June 30, 2023:

Land	$ 5,579,056
Land improvements	3,802,609
Buildings	86,669,858
Building improvements	17,972,620
Furniture and appliances	2,368,241
Subtotal	116,392,384
Less Accumulated depreciation	(27,862,549)
Total	$ 88,529,835

Rental income on the housing projects for the year ended June 30, 2023, was $7,331,332, which consists of $4,343,229 of direct rental income and $2,988,103 of rental assistance. Rental income earned by People Inc. for the year ended June 30, 2023 was $137,557, which consists of direct rental income through subleases.

Note 8: Notes Receivable

People Inc. operates programs that provide low- or no-interest deferred or installment loans to assist low-income business owners or businesses to promote economic development for disadvantaged borrowers. The loans have varying terms and security, dependent on the source and circumstance, appropriate to the loan.

Notes receivable at June 30, 2023, consisted of the following:

PINC	
Polycap, LLC	
Notes receivable represents money due the program from a loan made to Polycap, LLC. The loans bear interest at the rate of 3.00%. Write-offs of $657,238 were taken against these loans during the year ended June 30, 2023 and $83,430 of these loans are considered past due at June 30, 2023.	$ 657,238
PIFS	
Federation of Appalachian Housing Enterprises	
Awarded $100,000 in loan funds fiscal year 2006-2007 to make home rehabilitation loans to individuals. Notes receivable 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, 2023, and no loans are considered past due at June 30, 2023.	426

Note 8: Notes Receivable (Continued)

PIFS

U.S. Treasury 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 $16,170 were taken against these loans during the year ended June 30, 2023 and $38,414 of these loans are considered past due at June 30, 2023.	$	809,493
U.S. Treasury U.S. Treasury - During the fiscal year, PIFS received a grant to provide loans to businesses and consumers in response to the COVID pandemic. Notes receivable of $1,404,762 are outstanding at June 30, 2023 with terms ranging from one to ten years and bear interest at rates ranging from 4.50% to 7.50%. Write-offs of $5,058 were taken against these loans during the year ended June 30, 2023 and $51,841 of these loans are considered past due at June 30, 2023.		1,404,762
Twin County Microenterprise CDBG 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, 2023, and no loans are considered past due at June 30, 2023.		3,094
SBA Microloan # 6085855005 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, 2023, and $2,088 of these loans are considered past due at June 30, 2023.		14,186
SBA Microloan # 9394915007 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%. Write-offs of $25,927 were taken against these loans during the year ended June 30, 2023, and $24,981 of these loans are considered past due at June 30, 2023.		423,679
SBA Microloan # 3644897002 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, 2023, and $21,051 of these loans are considered past due at June 30, 2023.		636,349

Note 8: Notes Receivable (Continued)

PIFS

SBA Microloan # 6373458209
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%. Write-offs of $15,571 were taken against these loans during the year ended June 30, 2023, and $17,981 of these loans are considered past due at June 30, 2023. $ 809,178

Bristol Revolving Loan Fund
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. Write-offs of $10,170 were taken against these loans during the year ended June 30, 2023, and $8,758 of these loans are considered past due at June 30, 2023. 15,280

Rural Microenterprise Assistance Program
Terms ranging from two to six years and bear interest at 6.25%; the loans were made to small businesses throughout PIFS' service areas in Virginia. No write-offs were taken against these loans during the year ended June 30, 2023, and $1,236 of these loans are considered past due at June 30, 2023. 35,717

Deutsche Bank
PIFS was selected by Deutsche Bank to participate in its CDFI Partners Program. PIFS was approved for a loan of up to $250,000 for use in the PIFS' economic development program. Amount represents money due the program from loans made to consumers with terms of five years and bearing interest at 8.25%. Write-offs of $10,202 were taken against these loans during the year ended June 30, 2023, and $688 of these loans are considered past due as of June 30, 2023. 688

Friends of Southwest Virginia
Represents money due the program from loans made to Friends of Southwest Virginia. The loans are secured by reserve funds held by PIFS for the Heartwood Artisan Center. The loans bear interest at the rate of .25% 659,795

Offices of Community Services
PIFS received grant funding in the amount of $750,000 to fund the establishment of the Community Action Financial Institute. Amount 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, PIFS 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. 600,000

Note 8: Notes Receivable (Continued)

PIFS		
Fauquier County Community Development Block Grant		
Terms of five years and bear interest at 6.25%. No write-offs were taken against these loans during the year ended June 30, 2023 and $13,319 of these loans are considered past due at June 30, 2023	$	13,643
General Loan Pool		
Terms of five to ten years and bear interest ranging from 0% to 7.5%. Write-offs of $47,471 were taken against these loans during the year ended June 30, 2023, and $90,515 of these loans are considered past due at June 30, 2023.		429,735
Payday Lending Loans		
Terms of one to two years and bear interest at 14.95%. Write-offs of $452 were taken against these loans during the year ended June 30, 2023 and $310 of these loans are considered past due at June 30, 2023.		310
Appalachian Community Capital Fund		
The agency borrowed $500,000 from Appalachian Community Capital to establish a fund for small businesses in the Appalachian region. Terms of three to six years and bear interest at 7.5%. No write-offs were taken against these loans during the year ended June 30, 2023 and no loans are considered past due at June 30, 2023		88,232
Subtotal		6,601,805
Allowance for loan losses		(1,133,311)
Notes receivable, net		5,468,494
Less - current portion		(990,695)
Total	$	4,477,799

Detailed analysis of the allowance for loan losses for the year ended June 30, 2023, is as follows:

Balance at Beginning	$	99,112
Loans charged off		(132,941)
Provision for loan loss		1,167,140
Balance at end	$	1,133,311
Allowance for loan losses:		
Individually evaluated for impairment	$	907,238
Collectively evaluated for impairment		226,073
Total	$	1,133,311

Note 8: Notes Receivable (Continued)

Bad debt expense related to grants and accounts receivable was $378,881 for the year ended June 30, 2023.

Detailed analysis of loans evaluated for impairment for the year ended June 30, 2023, is as follows:

Loans:	
Individually evaluated for impairment	$ 907,238
Collectively evaluated for impairment	5,694,567
Total	$ 6,601,805

The following is a summary of information pertaining to impaired and nonperforming loans as of June 30, 2023:

Impaired loans with an allowance for loan loss	$ 907,238
Total impaired loans	$ 907,238
Allowance for loan losses related to impaired loans	$ 907,238
Total nonaccural loans	-
Average investment in impaired loans	$ 453,619
Interest income recognized on impaired loans	13,970

Information regarding the credit quality indicators most closely monitored as of June 30, 2023, is as follows:

	Performing	Nonperforming	Totals
Notes receivable	$ 5,393,834	$ 1,207,971	$ 6,601,805

Loan aging information for People Inc. for the year ended June 30, 2023, is as follows:

	31-60 days	60-90 days	90+ days	Total Past Due Loans
Notes receivable	$ 64,782	$ 59,068	$ 230,762	$ 354,612

When, for economic or legal reasons related to the borrower's financial difficulties, People Inc. grants concessions to borrowers and a loan modification may be offered. Loan modifications may consist of interest-only payments for a period of time, extending amortization terms, a reduction of the interest rate, and/or forgiveness of interest and/or principal.

Note 8: Notes Receivable (Continued)

There were no modifications of loans classified as troubled debt restructurings during the year ended June 30, 2023.

Note 9: Leases

People Inc. leases warehouses and office space. The leases entered into include one or more options to renew. The renewal terms can extend the lease term from one to two years. The exercise of lease renewal options is at People Inc.'s sole discretion. Renewal option periods are included in the measurement of the ROU asset and lease liability when the exercise is reasonably certain to occur.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

People Inc.'s lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments.

Components of lease expense were as follows for the year ended June 30, 2023:

Lease cost		
Operating lease cost	$	79,364
Total lease cost	$	79,364

Supplemental cash flow information related to leases is as follows for the year ended June 30, 2023:

Operating cash flows from operating leases	$	78,447
Weighted-average remaining lease term - Operating leases, in years		5.1
Weighted-average discount rate - Operating leases		2.90 %

Note 9: Leases (Continued)

Maturities of lease liabilities are as follows as of June 30, 2023:

2024	$	81,243
2025		75,582
2026		56,080
2027		55,318
2028		48,796
Thereafter		32,466
Total lease payments		349,485
Less imputed interest		(24,954)
Total	$	324,531

Note 10: Notes Payable

Notes payable obligations consist are installment loans of People Inc. and relate to the following as of June 30, 2023:

People Inc		
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 five year balloon. Interest only payments accumulating at 6.00% for the first 12 months with monthly payments thereafter of $3,096.	$	708,128
Purchase of an office building in Abingdon, VA. The note has a 30 year amortization with interest payable at 4.00%.		602,044
Financing of renovations of affordable housing buildings. The note is for a period of ten years with an interest rate of 4.5%. Principal payments began in October 2016.		35,605
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.		130,674
Purchase of real estate in Abingdon, VA. The note is unsecured and matured on January 28, 2024. The note bears an interest rate of 8.00%.		536,235
PIFS		
Microloan Program loan from the U.S. Small Business Administration. The note has a 10-year amortization with varying interest with the current rate at 0%. Principal payments began in October 2014.		3,878

Note 10: Notes Payable (Continued)

PIFS		
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 began in July 2018.	$	452,163
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 began in December 2021.		702,325
Program loan from Sachs Family Foundation. The note is for a period of three years with an interest rate of 3.25% and can be used for originating loans in Virginia. Interest only payments begin in September 2023.		500,000
Program loan from Appalachian Community Capital. The loan is for a period of three years with an interest rate of 3.65% and can be used for originating loans to small businesses in the Appalachian Region. Interest only payments began October 2019.		500,000
Microloan Program from the U.S. Small Business Administration. The note has a 10-year amortization with varying interest with the current rate at 0.50%. Principal payments began October 2020.		914,290
Subtotal		5,085,342
Less: Notes payable, current portion		(978,848)
Notes payable, net of current portion	$	4,106,494

Annual requirements to amortize long-term debt are as follows for the years ended June 30:

2024	$	978,848
2025		445,344
2026		938,420
2027		397,740
2028		783,224
Thereafter		1,541,766
Total	$	5,085,342

Interest expense incurred on notes payable for the year ended June 30, 2023 was $135,294.

Note 11: Mortgages Payable

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

The following naming conventions are used in the below table:

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

	Interest Rate	Term/Due Date	Monthly Payments	Current	Long-Term	Total
Abingdon Green						
VHDA Note Payable	4.05 %	06/01/2045	$ 312	$ 1,567	$ 52,903	$ 54,470
DHCD Note Payable	- %	05/28/2025	-	-	170,545	170,545
RHS Note Payable	9.50 %	05/31/2039	2,167	22,713	779,416	802,129
Abingdon Terrace						
DHCD Note Payable	- %	07/01/2030	-	-	374,000	374,000
RHS Note Payable	4.00 %	02/17/2044	1,742	30,697	732,694	763,391
Abingdon Village						
DHCD Note Payable	- %	07/01/2030	-	-	425,000	425,000
RHS Note Payable	3.13 %	12/31/2050	2,254	8,526	608,447	616,973
Baileyton Terrace						
Churchill Mortgage Investment, LLC	4.40 %	12/01/2059	8,907	20,108	1,959,703	1,979,811
RHS Note Payable	3.00 %	12/31/2049	-	-	1,163,294	1,163,294
Brunswick Manor						
VHDA Note Payable	- %	11/02/2033	-	-	700,000	700,000
RHS Note Payable	2.88 %	11/30/2046	4,003	24,787	1,165,576	1,190,363
Clinch View Manor						
DHCD Note Payable	- %	10/27/2029	-	-	358,980	358,980
RHS Note Payable	3.13 %	06/26/2041	4,472	23,062	1,191,675	1,214,737
Culpeper Crossing						
VHDA Note Payable	0.18 %	09/01/2051	10,256	80,781	2,258,201	2,338,982
Dante Crossing						
VHDA Note Payable	2.75 %	07/01/2045	1,013.00	6,727	193,742	200,469
DHCD Note Payable	- %	05/06/2025	-	-	304,000	304,000
Essex Manor Apartment						
VHDA Note Payable	2.95 %	07/01/2050	1,114	6,103	243,091	249,194
DHCD Note Payable	- %	06/08/2050	-	-	700,000	700,000
RHS Note Payable	3.75 %	12/17/2048	4,893	21,340	1,258,625	1,279,965
Greenville Landing						
Churchill Mortgage Investment, LLC	4.40 %	12/01/2059	7,356	16,606	1,618,462	1,635,068
RHS Note Payable	-	12/01/2059	-	-	1,028,599	1,028,599

Note 11: Mortgages Payable (Continued)

	Interest Rate	Term/Due Date	Monthly Payments	Current	Long-Term	Total
Jamestown Village						
Churchill Mortgage Investment, LLC	4.40 %	12/31/2041	$ 5,650	$ 12,755	$ 1,243,095	$ 1,255,850
RHS Note Payable	3.00 %	12/01/2059	-	-	1,031,312	1,031,312
Jonesville Manor						
VHDA Note Payable	5.95 %	07/31/2041	1,079	4,551	138,714	143,265
RHS Note Payable	8.75 %	02/05/2030	2,912	26,889	1,068,750	1,095,639
Luray Meadows						
VHDA Note Payable	1.25 %	02/01/2058	10,932	51,448	2,166,745	2,218,193
Millview Apartment						
VHDA Note Payable	1.25 %	09/01/2051	8,331	70,648	2,307,821	2,378,469
DHCD Note Payable	1.00 %	09/01/2051	-	-	700,000	700,000
Mountain City Manor						
Churchill Mortgage Investment, LLC	4.40 %	12/01/2059	9,749	22,008	2,144,949	2,166,957
RHS Note Payable	3.00 %	12/31/2070	-	-	1,120,466	1,120,466
Newport Village						
Churchill Mortgage Investment, LLC	4.40 %	01/01/2052	5,074	11,454	1,116,349	1,127,803
RHS Note Payable	3.00 %	12/01/2059	-	-	1,103,216	1,103,216
Norton Green						
VHDA Note Payable	4.55 %	04/01/2045	1,481	6,712	239,046	245,758
VHDA Note Payable	3.00 %	06/01/2025	-	-	170,000	170,000
RHS Note Payable	8.75 %	07/01/2041	2,892	26,383	1,062,766	1,089,149
Pennington Gap Apartment						
DHCD Note Payable	1.00 %	11/13/2048	-	-	700,000	700,000
RHS Note Payable	3.50 %	11/12/2048	4,632	21,607	1,240,827	1,262,434
Note Payable - Virginia Housing Trust Fund	1.00 %	03/27/2050	-	-	340,000	340,000
Pulaski Village						
VHDA Note Payable	4.55 %	04/01/2045	3,382	15,376	545,681	561,057
VHDA Note Payable	3.00 %	06/01/2030	-	-	107,000	107,000
RHS Note Payable	9.25 %	05/31/2040	26,171	28,908	1,093,757	1,122,665
Riverside (Rock School Apartments)						
VHDA Note Payable	2.50 %	03/01/2045	632	4,715	112,276	116,991
DHCD Note Payable	1.00 %	11/16/2032	-	-	500,000	500,000
VHDA Note Payable	- %	12/31/2041	-	-	413,521	413,521

Note 11: Mortgages Payable (Continued)

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

Note 11: Mortgages Payable (Continued)

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

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

Note 12: Line of Credit

People Inc. maintains a line of credit with First Bank & Trust Company in the amount of $250,000 with interest at 9%. The effective rate is at the Prime rate plus 0.50%, which was 9% at June 30, 2023 The line of credit matures on October 6, 2024. The line of credit is collateralized by a deed of trust. There were no amounts drawn on the line of credit at June 30, 2023.

Note 13: Refundable Deposits

People Inc. holds a deposit from the Southwest Virginia Cultural Heritage Commission in the amount of $1,283,200, included in refundable advances on the consolidated statement of financial position. 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, 2023 was $3,292.

Note 14: Net Assets with Donor Restriction

Net assets with donor restrictions are restricted for the following purposes for the year ended June 30, 2023.

Lending programs	$ 5,394,545
Land	16,258
PATH foundation grant	825,314
Total	$ 6,236,117

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors. For the year ended June 30, 2023, $18,284,756 was released through satisfaction of program restrictions.

Note 15: Noncontrolling Interest

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

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

Note 16: Board Designated Net Assets

People Inc.'s Board of Directors has designated, from net assets without donor restrictions, net assets for the following purposes as of June 30, 2023:

Reserve fund	$ 2,448,362
Total	$ 2,448,362

Note 17: Contingent Liabilities and Commitments

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

Federal programs in which People Inc. 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.

People Inc. is a guarantor for debt incurred by the NMTC investment entities.

People Inc. is a guarantor for the construction loans of the LIHTC projects in progress at June 30, 2023.

Note 17: Contingent Liabilities and Commitments (Continued)

As of the statement of financial position date, People Inc. is contingent on two loans held by Rural Development for the purpose of purchasing buildings in Abingdon, VA and Woodstock, VA. People Inc. 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, 2023, neither loan is in default and a total of $90,408 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 18: Due to Funding Source

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

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

Note 19: Related Parties

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

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

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

Wholly Owned Subsidiary	LHTC Entity
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

Note 19: Related Parties (Continued)

Wholly Owned Subsidiary (Continued)	LHTC Entity (Continued)
Rock School Management, Inc	Riverside Place Apartments, LLC
Sweetbriar Apartments Management, Inc	Sweetbriar, LP
Sweetbriar II Apartments Management, LLC	Sweetbriar II Apartments, LLC
Vista Apartments Management, Inc	Valley Vista Apartments, LLC

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

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

PIFS is the general partner for and holds a .01% ownership interest in the following entities:

PIFS Sub-CDE X, LLC	PIFS Sub-CDE XIX, LLC
PIFS Sub-CDE XI, LLC	PIFS Kentucky XIX Investment Fund, LLC
PIFS Sub-CDE XII, LLC	PIFS Kentucky XX Investment Fund, LLC
PIFS Sub-CDE XIII, LLC	PIFS XXI, LLC
PIFS Sub-CDE XIV, LLC	PIFS XXII, LLC
PIFS Sub-CDE XV, LLC	PIFS XXIII, LLC
PIFS Sub-CDE XVI, LLC	PIFS XXIV, LLC
PIFS Sub-CDE XVII, LLC	PIFS XXV, LLC
PIFS Sub-CDE XVIII, LLC	

PIFS is the general partner for and holds a .027% ownership interest in PIFS Kentucky XIV Investment Fund, LLC.

Note 20: Government Funding

People Inc. receives a significant portion of their source of funds from federal, state and local government funding. As such, People Inc. is subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by a specific funding agency. Such changes may occur with little notice or inadequate funding to pay for related costs, including the additional administrative burden to comply with such changes.

Note 21: Grant Award Commitments

At June 30, 2023, People Inc. had commitments under various grants of approximately $6,267,000. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

Note 22: Contributed Nonfinancial Assets

Contributed nonfinancial assets consist of the following as of June 30, 2023:

Supplies	$	46,968
Donated facilities		114,950
Professional volunteer time and services		20,574
Total	$	182,492

People Inc. recognizes contributed nonfinancial assets within revenue, including contributed supplies, use of facilities, and professional volunteer time and services. Unless otherwise noted, contributed nonfinancial assets did not have donor imposed restrictions.

Donated supplies must be used in the programs operated by People Inc. and shall be valued at fair market value at the time of donation.

Donated facilities primarily are valued at the fair rental value of comparable space in the same locality. The facilities are used in the Head Start, Homeless Solutions Program and Project Discovery Program.

Professional volunteer time and services are valued at rates consistent with those paid for similar work within People Inc. For skills not found within People Inc., rates are consistent with those paid for similar work within People Inc.'s labor market.

Note 23: Retirement Plan

People Inc. sponsors a 403(b) defined contribution plan (the Plan) covering substantially all employees. People Inc. makes a contribution to the Plan each year equal to 2% of all participants' compensation. Total contributions for the year ended June 30, 2023, were approximately $151,750.

Note 24: Restatement of Previously Issued Financial Statement [Prior Period Adjustment]

PIFS determined that the net assets with donor restrictions balance were not properly recorded to account for the restricted notes receivable balance and related interest on restricted cash. To correct this error, the beginning net assets with donor restrictions as of June 30, 2022, was decreased by $477,571 and net assets without donor restrictions was increased by the same. There was no effect on the total net assets or change in net assets as a result of the correction.

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

Note 24: Restatement of Previously Issued Financial Statement [Prior Period Adjustment] (Continued)

People Inc. determined that the net assets with donor restrictions balance were not properly recorded to account for the restricted net asset balance. To correct this error, the beginning net assets with donor restrictions as of June 30, 2022, was decreased by $16,569,889 and net assets without donor restrictions was increased by the same. There was no effect on the total net assets or change in net assets as a result of the correction. In addition, People Inc. determined it had not properly recorded transactions related to the parties identified in Note 19 and the resulting consolidation of the partnerships in Note 19 during the year ended June 30, 2022, and in prior years. As a result, a prior period adjustment was posted to increase net assets without donor restrictions to properly record the net assets as of June 30, 2022 as noted below:

People Incorporated of Virginia	$ (107,790)
Abingdon Green, LLC	624,067
Abingdon Terrace Apartments, LLC	936,800
Abingdon Village Apartments, LLC	1,147,594
Baileyton Terrace Owner, LLC	610,512
Brunswick Manor Apartments, LLC	1,530,345
Clinch View Manor Apartments, LLC	1,465,843
Culpeper Crossing, LLC	730,715
Dante Crossings, LLC	455,265
Essex Manor Apartments, LLC	1,688,393
Greenville Owner, LLC	1,150,931
Jamestown Village Owner, LLC	1,354,132
Jonesville Manor, LLC	1,250,679
Luray Meadows, LLC	1,213,718
Millview Apartments, LLC	841,557
Mountain City Manor, LLC	282,016
Newport Village Owner, LLC	1,272,136
Norton Green, LLC	689,427
Pennington Gap Apartments, LLC	1,758,616
Pulaski Village, LLC	376,492
Riverside Place Apartments, LLC	69,990
Spruce Hill Apartments, LLC	1,307,918
Sweetbriar, LP	1,402,215
Sweetbriar II, LP	305,035
Tazewell Village Owner, LLC	615,061
Tom's Brook School Apartments, LLC	903,086
Valley Vista Apartments, LLC	1,298,703
West Lance Apartments, LLC	1,340,226
Total	$ 26,513,682

Supplementary Information

People Incorporated of Virginia and Affiliates

Consolidating Statement of Financial Position

June 30, 2023

	PINC	PIFS	PIHG	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 2,889,847	$ 1,083,538	$ 3,254,937	$ 0	$ 7,228,322
Restricted cash	0	883,467	9,028,141	0	9,911,608
Grants receivable	2,845,034	415,462	0	0	3,260,496
Accounts receivable, net	260,088	145,476	196,312	0	601,876
Interest receivable	17,610	96,433	0	0	114,043
Inventory	66,175	0	0	0	66,175
Prepaid expenses and other assets	165,650	23,478	596,475	0	785,603
Notes receivable - Current, net	0	990,695	0	0	990,695
Total current assets	6,244,404	3,638,549	13,075,865	0	22,958,818
Long Term Assets:					
Notes receivable, net of allowance and current portion	0	4,477,799	0	0	4,477,799
Related party receivable	0	2,938,850	0	(2,938,850)	0
Total long term assets	0	7,416,649	0	(2,938,850)	4,477,799
Right of use operating lease assets	330,545	0	0	0	330,545
Property and equipment, net	15,133,370	0	95,951,134	0	111,084,504
TOTAL ASSETS	$ 21,708,319	$ 11,055,198	$ 109,026,999	($ 2,938,850)	$ 138,851,666
Liabilities and Net Assets					
Current liabilities:					
Notes payable, current portion	$ 634,497	$ 344,351	$ 0	$ 0	$ 978,848
Mortgages payable, current portion	0	0	4,218,467	0	4,218,467
Operating lease liability, current portion	81,243	0	0	0	81,243
Accounts payable	3,172,835	134,869	445,563	(2,938,850)	814,417
Accrued payroll and related expenses	2,036,906	38,048	120,217	0	2,195,171
Security deposits and tenant payable	0	0	1,053,290	0	1,053,290
Accrued interest	41,974	0	205,969	0	247,943
Refundable advances	1,340,850	0	0	0	1,340,850
Accrued developer fee	0	0	4,164,954	0	4,164,954
Total current liabilities	7,308,305	517,268	10,208,460	(2,938,850)	15,095,183
Long-term liabilities:					
Notes payable, net of current portion	1,378,189	2,728,305	0	0	4,106,494
Mortgages payable, net of current portion	0	0	46,627,713	0	46,627,713
Operating lease liability, net of current portion	243,288	0	0	0	243,288
Due to funding source	0	0	2,259,509	0	2,259,509
Total long-term liabilities	1,621,477	2,728,305	48,887,222	0	53,237,004
Total liabilities	8,929,782	3,245,573	59,095,682	(2,938,850)	68,332,187
Net assets without donor restrictions:					
Undesignated	10,330,175	2,415,080	17,534,456	0	30,279,711
Noncontrolling interest	0	0	31,555,289	0	31,555,289
Board designated - Reserve fund	2,448,362	0	0	0	2,448,362
Total without donor restrictions	12,778,537	2,415,080	49,089,745	0	64,283,362
With donor restrictions	0	5,394,545	841,572	0	6,236,117
Total net assets	12,778,537	7,809,625	49,931,317	0	70,519,479
TOTAL LIABILITIES AND NET ASSETS	$ 21,708,319	$ 11,055,198	$ 109,026,999	($ 2,938,850)	$ 138,851,666

People Incorporated of Virginia and Affiliates

Consolidating Statement of Activities
Year Ended June 30, 2023

	PINC	PIFS	PIHG	Eliminations	Consolidated
Support and Revenue:					
Grant revenue	$ 17,155,044	$ 1,643,806	$ 0	$ 0	$ 18,798,850
New Market Tax Credit revenue	18,600	1,141,593	0	0	1,160,193
Closing fees	0	77,940	0	0	77,940
Contributions	746,580	0	0	0	746,580
Interest income	310,547	303,042	23,254	0	636,843
Rental income	137,557	0	7,193,775	0	7,331,332
Fee for service	196,105	0	0	0	196,105
Interest Subsidy	0	0	571,484	0	571,484
Other income	239,762	22,775	258,082	0	520,619
In-kind contributions	182,492	0	0	0	182,492
Total support and revenue	18,986,687	3,189,156	8,046,595	0	30,222,438
Expenses:					
Program Services					
Community Development	216,494	0	0	0	216,494
Community Services	2,032,087	0	0	0	2,032,087
Community Economic Development	0	2,215,110	0	0	2,215,110
Children and Family Services	8,535,067	0	0	0	8,535,067
Housing	2,481,900	0	9,065,154	0	11,547,054
Workforce Development	1,537,660	0	0	0	1,537,660
Total program activities	14,803,208	2,215,110	9,065,154	0	26,083,472
Management and general	5,395,918	633,603	39,774	0	6,069,295
Fundraising	411,800	0	0	0	411,800
Total expenses	20,610,926	2,848,713	9,104,928	0	32,564,567
Changes in net assets	(1,624,239)	340,443	(1,058,333)	0	(2,342,129)
Capital contributions	0	0	7,188,132	0	7,188,132
Net assets - Beginning of year, as previously stated	14,510,566	7,469,182	17,180,046	0	39,159,794
Prior period adjustment	(107,790)	0	26,621,472	0	26,513,682
Net assets - Beginning of year, as restated	14,402,776	7,469,182	43,801,518	0	65,673,476
Net assets - End of year	$ 12,778,537	$ 7,809,625	$ 49,931,317	$ 0	$ 70,519,479

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Schedule of Expenditures of Federal Awards
For June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Agency or Pass-through Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Direct Payments:			
Head Start	93.600	03CH011885, 03CH011740, 03HE000607	$ 6,789,616
	Total Head Start Cluster		6,789,616
Community Economic Development	93.570	90EE1282-01-00	20,120
Health Resources and Services Administration	93.110	H17MC32711	39,467
Pass Through Payments:			
Virginia Department of Social Services:			
CSBG	93.569	CVS-19-063-17	1,194,668
COVID-19 CARES Act - CSBG	93.569	CVS-20-124-17	227,054
CSBG TANF	93.558	CVS-19-063-17	1,033,225
Child Abuse and Neglect Prevention	93.590	FAM-21-073-14	33,797
Domestic Violence	93.592	FAM-22-078-29	137,063
Workforce TANF	93.558	BEN-19-113-16	245,601
Commonwealth of Virginia Department of Criminal Justice Services			
COVID-19 Virginia CARES	93.569	23-Q4719PA21	7,000
VA. Department of Housing and Community Development:			
LIHEAP	93.568	LI21, LI22	397,481
CHIP of Virginia:			
TANF	93.558	2022-2023	284,361
Department of Health:			
Maternal, Infant & Early Childhood Home	93.505	705A210081	236,090
American Rescue Plan Act	93.870	705BQ210104, 705BR2200125	50,487
Department Total			10,696,030
Department of Energy:			
Pass Through Payments:			
VA. Department of Housing and Community Development:			
Weatherization	81.042	DOE22	167,586
Department Total			167,586
Department of Housing and Urban Development:			
Direct Payments:			
Section 8	14.871	VA042	399,591
Mainstream Vouchers	14.879	VA042	269,694
	Total Housing Voucher Cluster		669,285
HUD Counseling	14.169	HUD294245	50,556
Homeless Assistance	14.267	VA0285L3F212105	113,642
Pass Through Payments:			
VA. Department of Housing and Community Development:			
Homeless Solutions	14.231	20CHERP-065, 20-CHERP-028, 23-VHSP-028, 23-VHSP-065	309,348
HOME Partnership	14.239	2021-2022DPA	79,950
City of Bristol Virginia:			
CSBG - Entitlement Grants Cluster			
Homeless Solutions	14.218	BRBG23	2,000
Department Total			1,224,781

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Schedule of Expenditures of Federal Awards
For June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Agency or Pass-through Identifying Number	Federal Expenditures
Department of Labor:			
Pass Through Payments:			
New River/Mt Rogers Workforce Investment Board			
WIOA Cluster:			
WIOA Adult Program	17.258	21A-301	$ 336,786
WIOA Youth Program	17.259	21Y-301	444,876
WIOA Dislocated Worker	17.278	OSO-2101	341,758
Total WIOA Cluster			1,123,420
WIOA Dislocated Worker National Reserve	17.280	FOA-ETA-22-13	39,728
YouthBuild	17.274	YB-36449-21-60-A-51	124,000
Career DW	17.277	DW-36858-21-60-A-51	20,827
Department Total			1,307,975
Department of Agriculture:			
Direct Payments:			
Community Facilities Loans	10.766	N/A	1,350,864
	Total Community Facilities Loans and Grants Cluster		1,350,864
Child and Adult Care Food Program	10.558	10181	160,662
Department Total			1,511,526
U.S. Small Business Administration:			
Direct Payments:			
Technical Assistance	59.046	SBAOCAML220321	453,404
Department Total			453,404
Appalachian Regional Commission:			
Direct Payments:			
Appalachian Area Development	23.002	PW-19432-IM-19, VA-20103-20	189,912
Department Total			189,912
Department of Justice:			
Pass Through Payments:			
Commonwealth of Virginia Department of Criminal Justice Services			
Domestic Violence Program	16.588	22-S4435VA21	14,792
Crime Victim Assistance	16.575	22-C3581VP20	258,537
Sexual Assault Services Formula Program	16.017	22-M2119SP21	13,877
Department Total			287,206

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Agency or Pass-through Identifying Number		Federal Expenditures
Department of Treasury:				
Direct Payments:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	22-A3581ARRF	$	4,514
Capital Magnet Fund	21.011	181CM050409		600,000
Community Development Financial Institutions Financial Assistance	21.020	191FA051118, 211FA056799		564,513
Community Development Financial Institutions Rapid Response	21.024	21RRP056796		1,213,271
Community Development Financial Institutions Program	21.025	21SDL058261		75,258
Volunteer Income Tax Assistance	21.009	23VITA0288		18,000
Department Total				2,475,556
Grand Total			$	18,313,976

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of People Incorporated of Virginia and Affiliates (People Inc.) under programs of the federal government for the year ended June 30, 2023. 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 Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of People 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

People Inc. has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance, and instead has a rate of 11% with the Department of Health and Human Services.

Note 4: Sub-Recipients

People Inc. does not have any sub-recipients of federal awards.

Note 5: Federal Loans Payable

Henderson Building

Federal expenditures for the U.S. Department Agriculture ("USDA") Community Facilities Loans and Grants Cluster program includes the balance of a loan outstanding. This particular loan was funded by a grant from USDA who passed through these funds in the form of a low-interest loan and for which the grantor imposes continuing compliance requirements. Total principal on this loan was $850,000 which was used to finance the food bank building for People Inc. Annual payments of principal and interest of $49,572 are due on this loan.

Balance at July 1, 2022	$ 626,983
Repayments - Principal	24,939
Balance at June 30, 2023	$ 602,044

Note 5: Federal Loans Payable (Continued)

Woodstock Building

Federal expenditures for the U.S. Department Agriculture ("USDA") Community Facilities Loans and Grants Cluster program includes the balance of a loan outstanding. This particular loan was funded by a grant from USDA who passed through these funds in the form of a low-interest loan and for which the grantor imposes continuing compliance requirements. Total principal on this loan was $868,000 which was used to finance the food bank building for People Inc. Annual payments of principal and interest of $40,836 are due on this loan.

Balance at July 1, 2022	$ 723,881
Repayments - Principal	15,753
Balance at June 30, 2023	$ 708,128

WIPFLI

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

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered People Incorporated of Virginia and Affiliates' 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 consolidated 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 reasonable possibility that a material misstatement of People Incorporated of Virginia and Affiliates' consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

People Incorporated of Virginia and Affiliates's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on People Incorporated of Virginia and Affiliates' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. People Incorporated of Virginia and Affiliates' response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of People Incorporated of Virginia and Affiliates' 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 of Virginia and Affiliates' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

Madison, Wisconsin
June 13, 2024

WIPFLI

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

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 identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023. 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 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 major federal program for the year ended June 30, 2023.

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 (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 of Virginia 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 of Virginia 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 of Virginia and Affiliates' federal programs.

Auditor's Responsibility 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 of Virginia 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 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 of Virginia and Affiliates' compliance with the requirements of each 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 of Virginia 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 of Virginia 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 of Virginia 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 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
June 13, 2024

People Incorporated of Virginia and Affiliates
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

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? __X__ Yes ____ No
- Significant deficiency(ies) identified? ____ Yes __X__ None Reported

Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified? ____ Yes __X__ 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 __X__ No

Identification of major programs

AL Number(s)	Federal Program or Cluster
10.766	Communities Facilities Loans and Grants
21.024	CDFI Rapid Response Program
93.558	Temporary Assistance for Needy Families
93.569	Community Service Block Grant

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

Auditee qualified as low-risk auditee? __X__ Yes ____ No

Section II - Financial Statement Findings

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

Condition: As a result of audit procedures, People Inc. determined it had not properly recorded transactions related to its Low Income Housing Tax Credit (LIHTC) subsidiaries during the year ended June 30, 2022 and in prior years. In addition, it was determined that the net assets with donor restrictions balance were not properly recorded at June 30, 2022. As a result, Wipfli LLP proposed a prior period adjustment and adjusting entries to consolidate the balances and correct the net assets classifications as of June 30, 2022. This resulted in a delay in the preparation of the consolidated financial statements and a late submission to the federal audit clearinghouse after the March 31, 2024 deadline.

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

Uniform Guidance 200.302(b)(4) states each non-federal entity must provide for "effective control over, and accountability for, all funds, property, and other assets." In addition, Uniform Guidance requires audited financial statements to be submitted to the federal audit clearinghouse within nine-months after an entity's year-end.

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

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

Recommendation: We recommend People Inc. implement procedures to ensure it is accounting for LIHTC subsidiary activity in accordance with generally accepted accounting principles and to properly account for donor restricted net assets, which will assist with the timely completion of the audit.

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

Section III - Federal Award Findings and Questioned Costs

None.

Section I - Summary Schedule of Prior Year Findings

None.