

PEOPLE INCORPORATED HOUSING GROUP

Abingdon, Virginia

AUDITED FINANCIAL STATEMENTS

June 30, 2016

PEOPLE INCORPORATED HOUSING GROUP

Abingdon, Virginia

AUDITED FINANCIAL STATEMENTS

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Hicok, Fern & Company

Certified Public Accountants

Thomas M. Hicok, CPA, CVA, MAFF^{I,IV}
James H. Fern, CPA, CVA^{III}
David B. Brown, CPA
Juan J. Garcia, CPA
Karen L. Jackson, CPA
Rodney P. Jackson, CPA^{II}

155 E. Valley Street
P.O. Box 821
Abingdon, Virginia 24212-0821
(276) 628-1123
Fax: (276) 676-3000
e-mail: hicokfern&co@firmcpa.com

All Accountants Licensed in Virginia with
Additional Licensures Noted:
^IKY; ^{II}NC; ^{III}TN; ^{IV}WV

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of Certified Public Accountants*

*Members of Virginia Society of
Certified Public Accountants*

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Certified Valuation Analysts*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
People Incorporated Housing Group
Abingdon, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of People Incorporated Housing Group (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Hicok, Fern & Company

Certified Public Accountants

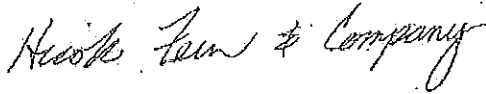
INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of People Incorporated Housing Group as of June 30, 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report, dated December 14, 2016, on our consideration of People Incorporated Housing Group's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering People Incorporated Housing Group's internal control over financial reporting and compliance.



HICOK, FERN, & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

December 14, 2016

Hicok, Fern & Company

Certified Public Accountants

Thomas M. Hicok ,CPA, CVA, MAFF ^{I,IV}•
James H. Fern, CPA, CVA ^{III}•
David B. Brown, CPA
Juan J. Garcia, CPA
Karen L. Jackson, CPA
Rodney P. Jackson, CPA ^{II}

155 E. Valley Street
P.O. Box 821
Abingdon, Virginia 24212-0821
(276) 628-1123
Fax: (276) 676-3000
e-mail: hicokfern&co@firmcpa.com

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
People Incorporated Housing Group
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 financial statements of People Incorporated Housing Group (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2016.

Internal Control Over Financial Reporting

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

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

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

Hicok, Fern & Company
Certified Public Accountants

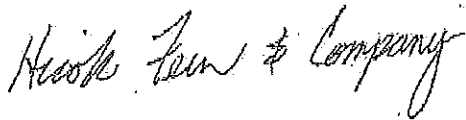
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Compliance and Other Matters

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

Purpose of This Report

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



HICOK, FERN, & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

December 14, 2016

People Incorporated Housing Group
 Abingdon, Virginia
 Statement of Financial Position
 For June 30, 2016

EXHIBIT 1

<u>Assets</u>	<u>Total</u>
Current Assets:	
Receivables:	
Related Party	\$ 2,079,750
Prepaid expenses	151,640
Total Current Assets	<u>2,231,390</u>
Long-term Assets:	
Notes receivable - related party	5,093,877
Property, plant, & equipment, net of depreciation	130,051
Total Long-term Assets	<u>5,223,928</u>
Other Assets:	
Deferred Developer Fees	3,057,530
Investments	570,164
Total Other Assets	<u>3,627,694</u>
Total Assets	<u>\$ 11,083,012</u>
 <u>Liabilities & Net Assets</u> 	
<u>Liabilities</u>	
Current Liabilities:	
Due to People Incorporated	\$ 1,350,309
Accounts payable	2,200
Total Current Liabilities	<u>1,352,509</u>
Other Liabilities:	
Deferred Developer Fees	3,057,530
Total Other Liabilities	<u>3,057,530</u>
Total Liabilities	4,410,039
 <u>Net Assets</u>	
Unrestricted	6,656,715
Temporarily restricted	16,258
Total Net Assets	<u>6,672,973</u>
Total Liabilities & Net Assets	<u>\$ 11,083,012</u>

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

People Incorporated Housing Group
 Abingdon, Virginia
 Statement of Activities
 For the Year Ended June 30, 2016

EXHIBIT 2

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Grants	\$ -	\$ -	\$ -
Other	226,162	-	226,162
Satisfaction of program restrictions	<u>396,000</u>	<u>(396,000)</u>	<u>-</u>
Total Revenues	<u>622,162</u>	<u>(396,000)</u>	<u>226,162</u>
Expenses:			
Program Services:			
Housing	20,399	-	20,399
Support Services:			
General & Administrative	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>20,399</u>	<u>-</u>	<u>20,399</u>
Change in Net Assets	601,763	(396,000)	205,763
Net Assets At Beginning of Year	<u>6,054,952</u>	<u>412,258</u>	<u>6,467,210</u>
Net Assets At End of Year	<u>\$ 6,656,715</u>	<u>\$ 16,258</u>	<u>\$ 6,672,973</u>

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

People Incorporated Housing Group
 Abingdon, Virginia
 Statement of Cash Flows
 For the Year Ended June 30, 2016

EXHIBIT 3

	<u>Total</u>
Operating Activities:	
Change in net assets	\$ 205,763
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Net change in:	
Receivables	624,258
Other assets	(512,954)
Prepaid expense	(114,872)
Accounts payable	(99,213)
Other liabilities	56,220
	<u>159,202</u>
Net Cash Provided By (Used In) Operating Activities	
Investment Activities:	
Investment in partnerships	135
Loans to businesses and consumers	<u>(159,337)</u>
Net Cash Provided By (Used In) Investing Activities	<u>(159,202)</u>
Increase (Decrease) In Cash	-
Cash and cash equivalents at Beginning of Year	<u>-</u>
Cash and cash equivalents at End of Year	<u><u>\$ -</u></u>

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

People Incorporated Housing Group (the "Organization") is a Virginia non-profit corporation. Its purpose is to utilize public monies awarded for the good of the community through its programs.

None of the revenue received was through grants.

Basis of Presentation

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

Cash and Cash Equivalents

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

Receivables

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

Related Party Notes Receivable

The Organization entered into agreements to act as the project sponsor of certain LIHTC projects. As the project sponsor, the Organization received grant funds that were loaned to the project owner.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value. Property and equipment are depreciated using the straight-line method.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Developer Fees

The Organization has entered into development agreements with sixteen LIHTC projects. The agreements provide for development fees for services in connection with the rehabilitation of the LIHTC projects. At June 30, 2016, the Organization had successfully completed sixteen LIHTC projects. The Organization recognizes a portion of the developer fees at the close of the construction period. The remainder of the developer fee is deferred and recognized as the LIHTC project pays the deferred fees over the life of the project.

Investments

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

Due to People Incorporated of Virginia

The Organization is managed and operated by People Incorporated of Virginia. Due to People Incorporated of Virginia consists of amounts advanced from a related party to support the operations and programs of the Organization.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Organization to make estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment and intangibles; valuation allowances for receivables and inventories; and assets and obligations related to employee benefits. Accordingly, actual results could differ from those estimates.

Classification of Net Assets

Net assets of the organization are reported based on the existence of donor or grantor imposed restrictions. The following classifications are used to report the net assets of People Incorporated Housing Group:

Unrestricted –Net assets of the organization that are not subject to donor- or grantor-imposed stipulations.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of Net Assets (continued)

Temporarily Restricted – 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.

Revenue Recognition

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

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

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

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

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

Income Taxes

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Indirect Cost Rate

The Organization charges an indirect cost rate of 11.8% on grants and contracts with the Federal Government. This rate was established per an agreement with the Department of Health and Human Services.

Subsequent Events

Subsequent events have been evaluated as of December 14, 2016, which is the date the financial statements were issued.

Recent Accounting Pronouncements

In January 2014, the FASB issued Accounting Standards Update 2014-01, Investments – Equity Method and Joint Ventures, Accounting for Investments in Qualified Affordable Housing Projects (ASU 2014-01). ASU 2014-01 provides guidance on accounting for investments in flow-through limited liability entities that manage or invest in affordable housing projects that qualify for the low-income housing tax credit. The update permits an election to account for investments in qualified affordable housing projects using the proportional amortization method if certain conditions are met. The Organization does not meet the criteria set forth in the update; therefore, this update did not impact the Organization. Additional disclosures are included in the footnotes for the June 30, 2016 financial statements to comply with this standard.

In May 2014, the FASB issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers. ASU 2014-09 clarified revenue recognition principles to depict the transfer of goods or services in amounts that reflect the consideration the Organization expects to receive in exchange for those good or services. In August 2015, the FASB issued Accounting Standards Update 2015-14 that defers the effective date of ASU 2014-09 by one year. ASU 2014-09 is now effective for annual periods beginning after December 15, 2018. The Organization will implement this update for its year ended June 30, 2020 financial statements; the update is not expected to have a significant impact on the Organization's financial statements.

In January 2016, the FASB issued Accounting Standards Update 2016-01, Financial Instruments: Recognition and Measurement of Financial Assets and Financial Liabilities. ASU 2016-01 requires certain investments to be measured at fair value and changes the impairment assessment approach for those investments; the ASU is effective for fiscal years beginning after December 15, 2018 and is not expected to have a significant impact on the Organization's financial statements.

In February 2016, the FASB issued Accounting Standards Update 2016-02, Leases, which requires recognition of lease assets and lease liabilities. The ASU is effective for years beginning after December 15, 2019 and is not expected to have a significant impact on the Organization's financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

In March 2016, the FASB issued Accounting Standards Update 2016-07, Investments - Equity Method and Joint Ventures, which eliminates the requirement to retroactively record a change in an investment to equity method accounting. The ASU is effective for years beginning after December 15, 2016 and is not expected to have a significant impact on the Organization's financial statements.

In August 2016, the FASB issued Accounting Standards Update 2016-14, Not-for-Profit Entities, Presentation of Financial Statements of Not-for-Profit Entities, which improves reporting of net asset classification requirements and notes about liquidity, financial performance, and cash flows. ASU 2016-14 will be effective for annual periods beginning after December 15, 2017. The Organization will implement this update for its year ended June 30, 2018 financial statements.

In August 2016, the FASB issued Accounting Standards Update 2016-15, Statement of Cash Flows, which requires a change in the presentation of certain cash receipts and cash payments in the statement of cash flows. ASU 2016-15 will be effective for annual periods beginning after December 15, 2017. The Organization will implement this update for its year ended June 30, 2018 financial statements, and is not expected to have a significant impact on the Organization's financial statements.

NOTE B – CASH

The Organization currently considers itself an affiliate of People Incorporated of Virginia. Cash for the Organization is maintained in a consolidated bank account with People. The bank has secured the Organization's deposits in excess of FDIC coverage.

NOTE C – COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

During the year ended June 30, 2016, the Organization did not have any LIHTC projects in progress and no projects remain uncompleted.

NOTE D – NOTES RECEIVABLE – RELATED PARTY

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

NOTE D – NOTES RECEIVABLE – RELATED PARTY (continued)

Abingdon Green, LLC

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

Abingdon Terrace, LLC

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

Abingdon Village Apartments, LLC

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

Buchanan County Housing, LLC

Note receivable of \$741,794, bearing interest at 6% and due upon the sale or conveyance of the property. Interest income of \$42,582 was recognized on the note during the year.

Clinch View Manor Apartments, LLC

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

Dante Crossings Apartments, LLC

Note receivable of \$377,662, bearing interest at 4.21% and due upon the sale or conveyance of the property. Interest income of \$15,411 was recognized on the note during the year.

Jonesville Manor, LLC

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

Norton Green, LLC

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

Pulaski Village, LLC

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

Rock School Management, LLC

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

Spruce Hill Apartments, LLC

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

People Incorporated Housing Group
 Notes to Financial Statements
 June 30, 2016

NOTE D – NOTES RECEIVABLE – RELATED PARTY (continued)

Toms Brook School Apartments, LLC

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

Valley Vista, LLC

Note receivable of \$139,079, bearing interest at 2% and due upon the earlier of 30 years, conveyance of the property, or refinancing of the property. Note receivable of \$467,500, bearing no interest and due upon the earlier of October 30, 2039 or the sale of the property. Interest income of \$2,740 was recognized on these notes during the year.

West Lance, LLC

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

NOTE E – PROPERTY, PLANT AND EQUIPMENT

Property and equipment purchased is stated at cost or estimated cost. Donated property is recorded at market value prevailing at date of donation. Depreciation for fixed assets has been provided over the following estimated useful lives using the straight-line method. Depreciation for the period ending June 30, 2016 amounted to \$0.

Buildings	20 - 40 years
Equipment, vehicles, furniture and fixtures	5 - 20 years

Summary of the changes in fixed assets follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Land	\$ 130,051	\$ -	\$ -	\$ 130,051
Accumulated depreciation	-	-	-	-
Net fixed assets	\$ 130,051	\$ -	\$ -	\$ 130,051

NOTE F – DEFERRED DEVELOPER FEES

The Organization entered into agreements with related party LIHTC entities to act as developer for certain LIHTC projects. The agreements allow for a portion of the developer fee to be paid upon substantial completion of the projects and a portion to be deferred over the life of the tax credits. During the year ended June 30, 2016, the Organization recognized \$96,756 in developer fee revenue and deferred \$145,308 in developer fees related to completed projects.

People Incorporated Housing Group
Notes to Financial Statements
June 30, 2016

NOTE G – INVESTMENTS

The Organization holds ownership interests in sixteen LIHTC partnerships. Losses from the LIHTC entities were \$135 for the year ended June 30, 2016 and capital contributions totaled \$0. Investments in other companies as of June 30, 2016 consisted of the following:

Abingdon Green LLC	\$ 48,751
Abingdon Terrace LLC	(13)
Abingdon Village Apartments LLC	(4)
Buchanan County Housing LP	(161)
Clinch View Manor Apartments LLC	(21)
Dante Crossings Apartments Management, Inc.	149,954
Jonesville Manor LLC	(41)
Norton Green LLC	(37)
Pulaski Village LLC	(57)
Rock School Management, Inc.	143,069
Spruce Hill Apartments LLC	(16)
Sweetbriar Apartment Management, Inc.	50,942
Toms Brook School Apartments LLC	(38)
Valley Vista Apartments LLC	(69)
West Lance Apartments LLC	(13)
Mill Point Apartments, Inc.	<u>177,918</u>
	<u>\$ 570,164</u>

NOTE H – RESTRICTED NET ASSETS

Temporarily restricted net assets are land to be used to build housing for eligible individuals.

NOTE I – FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value of financial instruments under FASB Codification 825-10, *Disclosures About Fair Value of Financial Instruments*, as amended by FASB Codification 820-10, are determined based on relevant market information. These estimates involve uncertainty and cannot be determined with precision. The following methods and assumptions are used to estimate the fair value of each class of financial instrument:

The carrying amounts of cash, receivables, accrued liabilities, and payables on the statement of financial position approximate fair value due to the short-term nature of these items.

The carrying amounts of notes receivable on the statement of financial position approximate fair value, which is estimated based on current market rates offered to or by the Organization for similar instruments.

NOTE I – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

FASB Codification 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB Codification 820-10 also establishes a fair value hierarchy which requires the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly or indirectly through corroboration with observable market data. Level 2 inputs include (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in markets that are not active, (c) inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates), and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Unobservable inputs used to measure fair value to the extent that observable inputs are not available and that are supported by little or no market activity for the asset or liability at the measurement date.

NOTE J – CONTINGENT LIABILITIES

The Organization is a guarantor on debt incurred by the LIHTC entities during construction. As of June 30, 2016, no construction period debt was outstanding.

NOTE K – RELATED PARTIES

The Organization holds a .009% ownership interest in Riverside Place Apartments, LLC as a general partner through Rock School Management, Inc., a corporation owned 100% by People Incorporated Housing Group.

The Organization holds a .009% ownership interest in White's Mill Point, LP as a general partner through Mill Point Apartments, Inc., a corporation owned 100% by People Incorporated Housing Group.

The Organization holds a .009% ownership interest in Valley Vista Apartments, LLC as a general partner through Vista Apartments Management, Inc., a corporation owned 100% by People Incorporated Housing Group.

People Incorporated Housing Group
Notes to Financial Statements
June 30, 2016

NOTE K – RELATED PARTIES (continued)

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

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

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

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

The Organization holds a .009% ownership interest in Dante Crossing, LLC as a general partner through Dante Crossing Apartments Management, Inc., a corporation owned 100% by People Incorporated Housing Group.

The Organization holds a .009% ownership interest in Sweetbriar, LP as a general partner through Sweetbriar Apartments Management, Inc., a corporation owned 100% by People Incorporated Housing Group.

The Organization holds a .01% ownership interest in Buchanan County Housing, LP as a general partner through Deskins Apartments, LLC, a corporation owned 100% by People Incorporated Housing Group.

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

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

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

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

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

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