PEOPLE INCORPORATED OF VIRGINIA
AND AFFILIATES

CONSOLIDATED ANNUAL FINANCIAL REPORT

June 30, 2017

PEOPLE INCORPORATED OF VIRGINIA AND AFFILIATES

CONSOLIDATED ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017

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PEOPLE INCORPORATED OF VIRGINIA AND AFFILIATES

BOARD OF DIRECTORS, ABINGDON, VIRGINIA

SECTOR I

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

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

Deskins Apartments
Larry H. Tiller
P. O. Box 232
Vansant, VA 24656

Head Start Policy Council
Billy P. Taylor
837 Portsmouth Avenue, Apt. A15
Bristol, VA 24201

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

Sweetbriar Apartments
Wanda Williams
19350 Arden Court
Abingdon, VA 24210

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

Head Start - Parent
Nikole Williams
219 Beaverview Drive
Bristol, VA 24201

Abingdon Green Apartments
VACANT

Section 8 Housing
David McCracken
518 S. Monte Vista Drive, Apt. #6
Glade Spring, VA 24340

VA Cares
Danny Swartz
36423 Plum Creek Rd.
Glade Spring, VA 24340

White Mill Apartments
Eula Ellison
15365 Whites Mill Apartments, #102
Abingdon, VA 24210

Project Discovery
Kati Statzer
1761 Crossroads
Lebanon, VA 24266

Kings Mountain Supportive
Housing Community
Tommy Burris
1235 West State St., Unit 12
Bristol, VA 24201

Abingdon Village Apartments
Sue Harless
506 Lowry Dr., SW Apt. #6
Abingdon, VA 24210

Toms Brook Apartments
VACANT

SECTOR II

Bristol City Council
Kevin Mumpower
300 Lee Street
Bristol, VA 24201

Buchanan County Board of Supervisors
VACANT

City of Manassas
Ronald King
Director of Family Services
9324 West Street
Manassas, VA 20110

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

Clarke County
Coleen Hillerson
11 Battletown Drive
Berryville, VA 22611

Culpeper County
Cathy M. Zielinski
420 Southridge Parkway, Suite 106
Culpeper, VA 22701

Dickenson County Board of Supervisors
G. David Moore, Jr.
County Administrator
P. O. Box 1098
Clintwood, VA 24228

Fauquier County
Board of Supervisors
Jan Selbo
320 Hospital Drive
Alice Jane Childs Building
Warrenton, VA 20186

Frederick County Board of Supervisors
Linda Gibson
Assistant Director
800 Kennedy Drive
Winchester, VA 22601

Page County
Stephanie Lillard
Economic Dev/Tourism Coordinator
103 South Court Street, Suite F
Luray, VA 22835

Rappahannock County Board of Supervisors
Crystal Hale
Director of Social Services
P.O. Box 87
Washington, VA 22747

Russell County Board of Supervisors
Vicki Porter
Administrative Manager
P.O. Box 1208
Lebanon, Virginia 24266

Shenandoah County Board of Supervisors
John Richard Neese
292 Jiggady Road
New Market, VA 22844

Warren County Board of Supervisors
Tony F. Carter
P. O. Box 1355
Front Royal, VA 22630

Washington County Board of Supervisors
Phillip McCall
24597 Walden Rd
Abingdon, VA 24210

Prince William County
Board of Supervisors
Elijah Johnson
One County Complex Court
Woodbridge, VA 22192

SECTOR III

Lord Fairfax Community College
James "Jim" Kraft
Middletown Campus
173 Skirmisher Lane
Middletown, VA 22645-1745

Prince William
Chamber of Commerce
VACANT

Washington County
Doris C. Shuman
116 Valley Street NW
Abingdon, VA 24210

Fauquier County
Chamber of Commerce
VACANT

Russell County Chamber of Commerce
Ashley Hartless
113 Second Avenue
Richlands, VA 24641

Shenandoah County
Healthy Families
John Ayers
214 Millertown Rd.
Edinburg, VA 22824

Southwest Virginia Legal Aid Society
Yvette Goode
P. O. Box 670
Castlewood, VA 24224

Emory and Henry College
Early Childhood
Education Specialist
Dr. Janet L. Justice Crickmer
21360 Crosswinds Drive
Abingdon, VA 24211-2400

Town of Grundy Industrial Development Authority
Chris Shortridge
P.O. Box 288
Grundy, VA 24614

Virginia Highlands
Community College
Winona Fleenor
P.O. Box 828
Abingdon, VA 24212

Greater PWC Human Services Consortium
ACTS Coalition for Human Services
Prince William
Betty Dean
P.O. Box 559
Occoquan, VA 22125

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

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

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

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

Culpeper Chamber of Commerce
Lisa Peacock
19066 Brandy Fizz Court
Culpeper, VA 22701

EXECUTIVE COMMITTEE

Chairperson	Chris Shortridge
Vice Chairperson	David McCracken
Secretary	Alice Meade
Assistant Secretary	Vicki Porter
Treasurer	John Ayers
Member	Jan Selbo
Member	Tommy Burris
Member	Tony Carter
Member	Ronald King
Member	Dennis Morris

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of People Incorporated of Virginia and Affiliates (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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 Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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 of Virginia and Affiliates as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

The Schedule of Functional Expenses has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on the Schedule.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2017, on our consideration of People Incorporated of Virginia and Affiliates' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering People Incorporated of Virginia and Affiliates' internal control over financial reporting and compliance.

Hicok Fern & Company

HICOK, FERN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

November 6, 2017

Thomas M. Hicok, CPA, CVA, MAFF [I, IV*]
James H. Fern, CPA, CVA [III*]
David B. Brown, CPA
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of People Incorporated of Virginia and Affiliates (a nonprofit organization), which comprise of the statement of financial position as of June 30, 2017, 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 November 6, 2017.

Internal Control Over Financial Reporting

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

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

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

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

Purpose of this Report

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

Hicok Fern & Company

HICOK, FERN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

November 6, 2017

Thomas M. Hicok, CPA, CVA, MAFF [I, IV*]
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited People Incorporated of Virginia and Affiliates' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of People Incorporated of Virginia and Affiliates' major federal programs for the year ended June 30, 2017. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of People Incorporated of Virginia and Affiliates' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about People Incorporated of Virginia and Affiliates' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of People Incorporated of Virginia and Affiliates' compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Opinion on Each Major Federal Program

In our opinion, People Incorporated of Virginia and Affiliates, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of People Incorporated of Virginia and Affiliates is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered People Incorporated of Virginia and Affiliates' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of People Incorporated of Virginia and Affiliates' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hicok Fern & Company

HICOK, FERN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

November 6, 2017

		Total
Assets		
Current Assets:		
Cash and cash equivalents	$	1,081,637
Vacation trust account		179,270
Receivables:		
Grants		1,979,892
Clients		127,946
Contracts		316,350
Rents, Interest, and Other (net of allowance of $13,326)		111,543
Related Party		1,809,916
Inventory		58,845
Prepaid expenses		123,168
Other current assets		83,547
Total Current Assets		5,872,114
Long-term Assets:		
Notes receivable (Net of allowance for bad debts of $66,583)		3,678,816
Notes receivable - related party		4,368,734
Property, plant, & equipment		27,762,132
Accumulated depreciation		(8,317,958)
Total Long-term Assets		27,491,724
Other Assets:		
Deferred Developer Fees		3,064,464
Investments		576,647
Total Other Assets		3,641,111
Total Assets	$	37,004,949

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

		Total
Liabilities & Net Assets		
Liabilities		
Current Liabilities:		
Accounts payable	$	961,759
Accrued expenses		480,510
Deferred revenue		309,334
Retainage Payable		117,263
Refundable deposits		1,341,525
Lines of Credit		454,705
Lease obligations payable - current		22,846
Notes payable - current		449,875
Total Current Liabilities		4,137,817
Long-term Liabilities:		
Compensated absences		1,622,394
Lease obligations payable - net of current		-
Notes payable - net of current		3,738,748
Total Long-term Liabilities		5,361,142
Other Liabilities:		
Deferred Developer Fees		3,064,464
Total Other Liabilities		3,064,464
Total Liabilities		12,563,423
Net Assets		
Unrestricted		
Undesignated		6,964,100
Board Designated - Reserve Fund		174,978
Total Unrestricted		7,139,078
Temporarily restricted		17,302,448
Total Net Assets		24,441,526
Total Liabilities & Net Assets	$	37,004,949

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

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Statement of Consolidated Activities
For the Year Ended June 30, 2017

EXHIBIT 2

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Grants	$ 1,054,731	$ 10,919,267	$ 11,973,998
Other	2,177,971	78,594	2,256,565
Interest	144,957	84,065	229,022
Contributions	1,537	4,811	6,348
In-Kind	248,807	-	248,807
Net assets released from restrictions:			
Satisfaction of program restrictions	10,955,280	(10,955,280)	-
Total Revenues	14,583,283	131,457	14,714,740
Expenses:			
Program Services:			
Community Services	1,667,426	-	1,667,426
Community Development	766,336	-	766,336
Community Economic Development	840,766	-	840,766
Children & Family Services	4,331,462	-	4,331,462
Housing	3,197,509	-	3,197,509
Workforce Development	2,273,957	-	2,273,957
Support Services:			
General & Administrative	1,692,724	-	1,692,724
Fundraising	345,020	-	345,020
Total Expenses	15,115,200	-	15,115,200
Change in Net Assets	(531,917)	131,457	(400,460)
Net Assets At Beginning of Year	7,670,995	17,170,991	24,841,986
Net Assets At End of Year	$ 7,139,078	$ 17,302,448	$ 24,441,526

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

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Statement of Consolidated Cash Flows
For the Year Ended June 30, 2017

EXHIBIT 3

	Total
Operating Activities:	
Change in net assets	$ (400,460)
Adjustments to reconcile changes in net assets	
to net cash provided by operating activities:	
(Gain) loss on sale of fixed assets	24,538
Depreciation	951,252
Allowance for bad debt	53,076
Net change in:	
Receivables	(1,027,574)
Other assets	(14,602)
Inventory	2,084
Prepaid expense	104,643
Accounts payable	739,285
Accrued expenses & other liabilities	7,497
Net Cash Provided By Operating Activities	439,739
Investment Activities:	
Purchase of property, plant & equipment	(337,354)
Proceeds from disposition of property, plant & equipment	63,952
Investment in partnerships	414
Loans to businesses and consumers	(1,145,244)
Principal repayment on business and consumer loans	627,186
Net Cash Used In Investing Activities	(791,046)
Financing Activities:	
Proceeds from long-term debt	415,099
Principal payments made on long-term debt	(502,767)
Net Cash Used By Financing Activities	(87,668)
Decrease In Cash	(438,975)
Cash and cash equivalents at Beginning of Year	1,699,882
Cash and cash equivalents at End of Year	$ 1,260,907

Note 23 discloses Non-Cash Investing and Financing Activities attributable to the year.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

People Incorporated of Virginia ("the Organization") is a Virginia non-profit corporation organized in 1964. Its purpose is to utilize public monies awarded for the good of the community through its various programs. People Incorporated of Virginia is a designated Community Action Agency.

During the fiscal year ended June 30, 2017, People Incorporated of Virginia received 73% of its total revenue from federal, state, and local government sources.

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

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

Basis of Presentation

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

Principles of Consolidation

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

Classification of Net Assets

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

> Unrestricted –Net assets of the organization that are not subject to donor- or grantor-imposed stipulations. Certain unrestricted net assets have been designated by the Board of Directors to be maintained in a reserve fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

Use of Estimates

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

Revenue Recognition

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Donated Services and Materials

People Incorporated of Virginia reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts or grants of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, People Incorporated of Virginia reports expirations of donor restrictions starting in the year the asset is placed in service.

Cash and Cash Equivalents

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

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market. Inventories consist of materials and supplies held for use in various agency programs.

Receivables

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Other Current Assets

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

Notes Receivable

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

Allowance for Bad Debts

FASB Codification 310-10, *Accounting by Creditors for Impairment of a Loan*, is applicable to all creditors and to all loans, uncollateralized as well as collateralized, and requires that impaired loans be measured based on the present value of expected future cash flows discounted at the loans effective interest rate.

The Organization uses the allowance method to determine uncollectible notes receivable. The allowance is based on prior years' experience and management's analysis of specific loans.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Party Receivables

The Organization entered into agreements to act as the project sponsor of certain LIHTC projects. As the project sponsor, the Organization received grant funds that were loaned to the project owner. Accounts and Notes Receivable from related parties under these agreements totaled $6,178,650 as of June 30, 2017.

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 are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value. Property and equipment are depreciated using the straight-line method.

Investments

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

Deferred Developer Fees

The Organization has entered into development agreements with seventeen LIHTC projects. The agreements provide for development fees for services in connection with the rehabilitation of the LIHTC projects. At June 30, 2017, 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.

Income Taxes

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

Indirect Cost Rate

The Organization charges an indirect cost rate of 10.8% 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 November 6, 2017, which is the date the financial statements were issued.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers. ASU 2013-03 clarified revenue recognition principles to depict the transfer of goods or services in amounts that reflect the consideration the Organization expects to receive in exchange for those goods or services. In 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 August 2014, the FASB issues Accounting Standards Update 2014-15, Going Concern. ASU 2014-15 requires management to assess an entity's ability to continue as a going concern. ASU 2014-15 is effective for fiscal years ending after December 15, 2016. The Organization implemented this update for its year ended June 30, 2017 financial statements; the update does not have a significant impact on the Organization's financial statements.

In February 2015, the FASB issued Accounting Standards Update 2015-02, Consolidation. ASU 2015-02 clarifies the requirements to consolidate certain legal entities. ASU 2015-02 is effective for fiscal years beginning after December 15, 2016; the update is not expected to have a significant impact on the Organization's financial statements.

In July 2015, the FASB issued Accounting Standards Update 2015-11, Inventory. ASU 2015-11 replaces the lower of cost or market test for subsequent measurements of inventory with a lower of cost or net realizable value test; the ASU applies only to inventories accounted for using the FIFO method. ASU 2015-11 is effective for fiscal years beginning after December 15, 2016; 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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In August 2016, the FASB issued Accounting Standards Update 2016-14, Not-for-Profit Entities. The ASU requires significant changes to the financial reporting model of organizations who follow FASB not-for-profit rules, including changing from three classes of net assets to two classes, net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Organization, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Organization's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The Organization is currently evaluating the impact this standard will have on the financial statements.

In November 2016, the FASB issued Accounting Standards Update 2016-18, Statement of Cash Flows: Restricted Cash, which changes the presentation of cash, cash equivalents, and restricted cash on the statement of cash flows. The amendments in this update are effective for the Organization's year ending June 30, 2020. The Organization is currently evaluating the impact this standard will have on the 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 and is not expected to have a significant impact on the Organization's financial statements.

In January 2017, the FASB issued Accounting Standards Update 2017-02, Not-for-Profit Entities Consolidation, which clarifies when a not-for-profit entity that is a general partner or a limited partner should consolidate a for-profit limited partnership or similar legal entity. ASU 2017-02 will be effective for annual periods beginning after December 15, 2016 and is not expected to have a significant impact on the Organization's financial statements.

NOTE 2 – CASH

Cash for the Organization is maintained in five separate banks. Some of the banks have secured the Organization's deposits in excess of FDIC coverage. The amount in excess of FDIC coverage at June 30, 2017 is $584,330.

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

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

NOTE 3 – NOTES RECEIVABLE

Federation of Appalachian Housing Enterprises

The Organization was awarded $100,000 in loan funds in fiscal year 2006-2007 to make home rehabilitation loans to individuals. Notes receivable of $11,574 at June 30, 2017 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, 2017 and no loans are considered past due at June 30, 2017.

Haysi Downtown Loan Fund

Notes receivable of $74,633 at June 30, 2017 have terms ranging from four to ten years and bear interest at rates ranging from 3.0% to 6.25%; the loans were made to small businesses located in Haysi, Virginia. No write-offs were taken against these loans during the year ended June 30, 2017 and no loans are considered past due at June 30, 2017.

Page/Shenandoah CDBG

Notes receivable of $6,798 at June 30, 2017 have terms ranging from three to six years and bear interest at rates ranging from 6.25% to 7.25%; the loans were made to small businesses located in Page and Shenandoah County. No write-offs were taken against these loans during the year ended June 30, 2017 and no loans are considered past due at June 30, 2017.

Tobacco Indemnification Commission (TICR)

Notes receivable of $395,229 represents money due the program from loans made to organizations located throughout Southwest Virginia. The notes have terms ranging from three to thirteen years and bear interest at rates ranging from 2.25% to 9.5%. Write-offs of $6,194 were taken against these loans during the year ended June 30, 2017 and no loans are considered past due at June 30, 2017.

U.S. Treasury

Notes receivable of $709,547 represents money due the program from loans made to small businesses throughout Southwest Virginia. The notes have terms ranging from one to six years and bear interest at rates ranging from 6.25% to 8.25%. Write-offs of $13,594 were taken against these loans during the year ended June 30, 2017 and $3,291 of these loans are considered past due at June 30, 2017.

Smyth/Tazewell CDBG

Notes receivable of $12,420 have terms ranging from five to six years and bear interest at 6.25%. No write-offs were taken against these loans during the year ended June 30, 2017 and no loans are considered past due at June 30, 2017.

Twin County Microenterprise CDBG

Notes receivable of $42,338 have terms ranging from three to six years and bear interest at 6.25%; the loans were made to small businesses throughout Carroll County, Grayson County, and the City of Galax. No write-offs were taken against these loans during the year ended June 30, 2017 and $1,278 of these loans are considered past due at June 30, 2017.

NOTE 3 – NOTES RECEIVABLE (CONTINUED)

SBA Microloan #5

Notes receivable of $68,504 represents money due the program from loans made to small businesses. The notes have terms ranging from three to six years and bear interest at rates ranging from 6.25% to 8.25%. No write-offs were taken against these loans during the year ended June 30, 2017 and $96 of these loans are considered past due at June 30, 2017.

SBA Microloan #4182935008

Notes receivable of $300,412 represents money due the program from loans made to small businesses. The notes have terms ranging from three to six years and bear interest at rates ranging from 6.25% to 8.25%. Write-offs of $2,278 were taken against these loans during the year ended June 30, 2017 and $4,454 of these loans are considered past due at June 30, 2017.

SBA Microloan # 6085855005

Notes receivable of $283,454 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 $ 33,357 were taken against these loans during the year ended June 30, 2017 and $1,374 of these loans are considered past due at June 30, 2017.

Virginia Enterprise Initiative

Notes receivable of $1,176 have terms ranging from five to ten years and bear interest at rates ranging from 4.18% to 6.18%. No write-offs were taken against these loans during the year ended June 30, 2017 and no loans are considered past due at June 30, 2017.

Wise/Norton CDBG

Notes receivable of $18,713 have terms ranging from four to six years and bear interest at rates ranging from 3.25% to 6.25%; the loans were made to small businesses in Wise County and the City of Norton. No write-offs were taken against these loans during the year ended June 30, 2017 and no loans are considered past due at June 30, 2017.

Bristol Revolving Loan Fund

Notes receivable of $21,408 have terms ranging from thirty months to five years and bear interest at 6.25%; the loans were made to small businesses located in the City of Bristol, Virginia and Bristol, Tennessee. No write-offs were taken against these loans during the year ended June 30, 2017 and no loans are considered past due at June 30, 2017.

Opportunity Finance Network

Notes receivable of $499 have terms ranging from three to six years and bear interest at 6.25%; the loans were made to small businesses throughout the Organization's service areas in Virginia. No write-offs were taken against these loans during the year ended June 30, 2017 and no loans are considered past due at June 30, 2017.

NOTE 3 – NOTES RECEIVABLE (CONTINUED)

Rural Microenterprise Assistance Program

Notes receivable of $45,901 have terms ranging from two to six years and bear interest at 6.25%; the loans were made to small businesses throughout the Organization's service areas in Virginia. No write-offs were taken against these loans during the year ended June 30, 2017 and $752 of these loans are considered past due at June 30, 2017.

Warren-Clark Community Development Block Grant

Notes receivable of $60,883 have terms of five years and bear interest at 6.25%. Write-offs of $51,327 were taken against these loans during the year ended June 30, 2017 and $281 of these loans are considered past due at June 30, 2017.

United States Department of Agriculture

Notes receivable of $1,472 represents money due the program from loans made to homeowners in Southwest Virginia and the Northern Shenandoah Valley to repair or replace water well systems. Terms of the note are six years and bear interest at 1.0%. No write-offs were taken against these loans during the year ended June 30, 2017 and no loans are considered past due at June 30, 2017.

Deutsche Bank

The Organization was selected by Deutsche Bank to participate in its CDFI Partners Program. The Organization was approved for a loan of up to $250,000 for use in the Organization's economic development program. Notes receivable of $178,664 represents money due the program from loans made to consumers with terms of five years and bearing interest at 8.25%. Write-offs of $5,608 were taken against these loans during the year ended June 30, 2017 and $1,216 of these loans are considered past due as of June 30, 2017.

Friends of Southwest Virginia

Notes receivable of $750,000 represents money due the program from loans made to Friends of Southwest Virginia. The loans are secured by reserve funds held by the Organization for the Heartwood Artisan Center. The loans bear interest at the rate of .25%.

Offices of Community Services

The Organization received grant funding in the amount of $750,000 to fund the establishment of the Community Action Financial Institute. Notes receivable of $450,000 represents money due the program from a loan made to the Community Action Financial Institute. The loan bears interest at 0% and is due on December 31, 2029. The loan may be subject to forgiveness on the maturity date if no default events occur during the term of the loan.

Fauquier County Community Development Block Grant

Notes receivable of $41,170 have terms of five years and bear interest at 6.25%. No write-offs were taken against these loans during the year ended June 30, 2017 and $96 of these loans are considered past due at June 30, 2017.

NOTE 3 – NOTES RECEIVABLE (CONTINUED)

General Loan Pool
Notes receivable of $163,594 have terms of five to ten years and bear interest ranging from 6.5% to 7.5%. No write-offs were taken against these loans during the year ended June 30, 2017 and none of these loans are considered past due at June 30, 2017.

Mortgage Receivable
The Organization holds a mortgage receivable of $107,010 for a home built under a homebuyer program. The mortgage bears interest at 1% for a term of 30 years.

NOTE 4 – ALLOWANCE FOR DOUBTFUL ACCOUNTS

An allowance for bad debts has been provided as follows:

	Allowance for Bad Debts June 30, 2017	
Notes Receivable	$	66,583
Receivables - Rents, Interest, and Other		13,326
TOTAL	$	79,909

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

The Organization is owed $1,809,916 from related party Low-Income Housing Tax Credit entities for management fees and operating expenses. Management has evaluated the collectability of these receivables and has determined that an allowance against these receivables is not necessary.

NOTE 5 – NOTES RECEIVABLE – RELATED PARTY

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

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

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

NOTE 5 – NOTES RECEIVABLE – RELATED PARTY (CONTINUED)

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.

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 $393,465, bearing interest at 4.21% and due upon the sale or conveyance of the property. Interest income of $15,803 was recognized on the note during the year.

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

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

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

Rock School Management, LLC
Note receivable of $168,881, bearing no interest and has a 30-year term.

Spruce Hill Apartments, LLC
Note receivable of $198,000, bearing no interest and due upon the sale or conveyance of the property.

Toms Brook School Apartments, LLC
Notes receivable of $889,486, 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 $139,764, 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 $685 was recognized on these notes during the year.

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

NOTE 6 – 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, 2017 amounted to $951,252.

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

Summary of changes in fixed assets follows:

	Balance June 30, 2016	Additions	Disposals	Balance June 30, 2017
Land	$ 1,354,686	60,000	(68,277)	$ 1,346,409
Real Property	21,060,408	2,078,672	-	23,139,080
Equipment	671,033	33,474	(5,990)	698,517
Vehicles	2,436,121	20,666	(96,754)	2,360,033
Fixed Assets in Process	-	9,325	-	9,325
Construction in Process	151,434	139,815	(82,481)	208,768
Totals	$ 25,673,682	$ 2,341,952	$ (253,502)	$ 27,762,132

Federal programs require that all assets disposed of during the year that were obtained with restricted money must be accounted for if the sale price exceeds $5,000.

The Organization acquired $70,277 in property & equipment through federal grants for the year ending June 30, 2017.

NOTE 7 – 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, 2017, the Organization recognized $50,000 in developer fee revenue and deferred $200,120 in developer fees related to projects in process.

NOTE 8 – INVESTMENTS

The Organization holds ownership interests in sixteen LIHTC partnerships and fourteen NMTC partnerships. Losses from the LIHTC entities were $828 for the year ended June 30, 2017 and capital contributions totaled $0. Losses from the NMTC entities were $(508) and net capital contributions was $940.

Investments in other companies as of June 30, 2017 consisted of the following:

Abingdon Green LLC	$ 48,747
Abingdon Terrace LLC	(19)
Abingdon Village Apartments LLC	(39)
Buchanan County Housing LP	(861)
Clinch View Manor Apartments LLC	(31)
Dante Crossings Apartments Management, Inc.	149,946
Jonesville Manor LLC	(48)
Norton Green LLC	(41)
Pulaski Village LLC	(62)
Rock School Management, Inc.	143,062
Spruce Hill Apartments LLC	(22)
Sweetbriar Apartment Management, Inc.	50,932
Toms Brook School Apartments LLC	(51)
Valley Vista Apartments LLC	(86)
West Lance Apartments LLC	(18)
Mill Point Apartments, Inc.	177,909
Rural New Markets Fund, LLC	874
Appalachian Markets Capital Investment Fund, LLC	(86)
PIFS Sub-CDE IV, LLC	697
PIFS Sub-CDE V, LLC	546
PIFS Sub-CDE VI, LLC	696
PIFS Sub-CDE VII, LLC	445
PIFS Sub-CDE VIII, LLC	298
PIFS Sub-CDE IX, LLC	545
PIFS Sub-CDE X	531
PIFS Sub-CDE XI	105
PIFS Sub-CDE XII	932
PIFS Sub-CDE XIII	727
PIFS Sub-CDE XIV	800
PIFS Kentucky XIV Investment Fund	219
	$ 576,647

No impairment losses were recorded on these investments during the year ended June 30, 2017.

NOTE 9 – CONTINGENT LIABILITIES

Federal programs in which the Organization participates were audited in accordance with the provisions of U.S. Office of Management and Budget Omni Circular. All major programs and certain other programs were tested for compliance with applicable grant requirements. While no material instances of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

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

The Organization is a guarantor for the construction loan of the LIHTC project in progress at June 30, 2017.

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 10 – COMPENSATED ABSENCES AND SEVERANCE PAY

Employees of the Organization are entitled to paid vacation, depending on length of service and other factors. The liability for compensated absences at June 30, 2017 was $732,208.

The Organization has a severance agreement with a key employee. The agreement grants the employee severance pay based on the number of months of service to the Organization and is paid at the compensation rate in effect at the time of termination. The liability for severance pay at June 30, 2017 was $890,186.

NOTE 11 – NOTES PAYABLE OBLIGATIONS

Notes payable obligations consist of the following:

	Principal Balance June 30, 2017
Purchase of an office building and land in Lebanon, VA. There are two notes, each with a 10-year amortization. The notes were refinanced in 2010 at 6.0% with monthly payments of $1,980.	$ 69,271
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%. Payments of $4,746 began in July 2010.	111,467

NOTE 11 – NOTES PAYABLE OBLIGATIONS (CONTINUED)

	Principal Balance June 30, 2017
Microloan Program loan from the U.S. Small Business Administration. The note has a 10-year amortization with varying interest with the current rate at 0%. Principal payments began in February 2015.	$ 286,262
Financing of an office building in Bristol, VA. The note matures August 2020 with interest. The interest rate is 1% with payments of $4,489 per month.	167,830
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.	361,556
Rural Microenterprise Assistance Program loan from the U.S. Department of Agriculture. The note has a 20-year amortization with a 2.00% interest rate.	46,805
Purchase of an office building in Woodstock, VA. Note is in the amount of $731,719 to be used for purchase and renovation. Term of note is 20 years with a 5 year balloon. Interest only payments accumulating at 6.00% for the first 12 months; monthly payments thereafter will be $3,096.	751,865
Purchase of an office building and land in Clintwood, VA. The note has a 10-year amortization with interest payable at 3.95%. Principal and interest payments of $717 began in March 2015.	56,333
Purchase of Benham's Head Start Center building in Bristol, VA. The note is being amortized over a 15-year period at 6.00% interest.	73,202
Microloan Program loan from the U.S. Small Business Administration. The note has a 10-year amortization with varying interest beginning at 0%. Principal and interest payments began July 2011.	298,053
Purchase and renovation of office building in Abingdon, VA. The note has a 30-year amortization with interest payable at 4.00%.	737,787
Program loans from community banks in the amount of $25,000 each from Bank of Tennessee, Green Bank, Citizens Bank, First Tennessee Bank and Eastman Credit Union for the revitalization of downtown Bristol. The loans are for a period of 10 years at 0% interest with principal repayable at the end of the 10 years. The notes will be renewed if program objectives are met.	50,000

NOTE 11 – NOTES PAYABLE OBLIGATIONS (CONTINUED)

	Principal Balance June 30, 2017
Program loan from Virginia Community Capital. The loan is for a period of 10 years with a variable interest rate. Payments began in November 2007.	$ 1,319
Purchase of (2) 2013 Nissan Rogues. Notes are for a period of 5 years with a 0% interest rate. Principal payments began in February 2014.	14,698
Program loan from Federation of Appalachian Housing Enterprises. The loan is for a period of three years with payments of $573 per month. The note bears an interest rate of 5.25% and is secured by real property.	73,529
Program loan from Deutsche Bank. The loan is for a period of five years with interest-only payments until maturity. The note bears an interest rate of 2%.	250,000
Financing of renovations of affordable housing buildings. The loan is for a period of ten years with an interest rate of 4.5%. Principal payments began in October 2016.	88,646
Assumption of a mortgage on an affordable housing property. The loan matures in September 2020 and bears an interest rate of 2%. Interest only payments are due monthly. The principal repayment may be extended for an additional twenty years in exchange for keeping the property as an affordable housing community.	750,000
TOTAL	$ 4,188,623

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

Year Ending June 30	Principal
2018	$ 444,665
2019	621,569
2020	317,502
2021	931,723
2022	157,686
2023 and beyond	1,715,478
Total	$ 4,188,623

NOTE 11 – NOTES PAYABLE OBLIGATIONS (CONTINUED)

The Organization has a line of credit with First Bank & Trust with maximum borrowings of $250,000, of which $250,000 was outstanding at June 30, 2017. Advances on the line of credit carry a rate of 5.25%. The credit line is secured by a deed of trust.

The Organization has a line of credit with Federation of Appalachian Housing Enterprises with maximum borrowings of $325,000, of which $204,705 was outstanding at June 30, 2017. Advances on the line of credit carry a rate of 5.25%. The credit line is secured by undeveloped land.

Interest expense incurred on notes payable and lines of credit for 2017 was $160,864.

NOTE 12 – CAPITAL LEASE OBLIGATIONS

The Organization leases certain computer equipment under leases classified as capital leases. The leased equipment is amortized on a straight-line basis over three years. The following is a schedule showing the future minimum lease payments under capital leases by years.

Year Ending June 30	Principal
2018	$ 22,846
Total	$ 22,846

NOTE 13 – RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purpose:

	Amount
Business loans and related expeditures	$ 2,310,582
Time or purpose restricted for period after June 30, 2017	14,991,866
TOTAL	$ 17,302,448

NOTE 14 – FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

Level 1 Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly or indirectly through corroboration with observable market data. Level 2 inputs include (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in markets that are not active, (c) inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates), and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Unobservable inputs used to measure fair value to the extent that observable inputs are not available and that are supported by little or no market activity for the asset or liability at the measurement date.

NOTE 15 – IN-KIND

The Head Start program is required to contribute 20% of the cost of the program through non-federal cash or in-kind contributions. Other programs also require matching funds similar to Head Start. The following is a breakdown of in-kind received by program and month:

	Head Start	Homeless Programs	Project Discovery	Domestic Violence
July 2016	$ 9,244	$ 1,107	$ -	$ 1,797
August 2016	9,881	1,996	-	1,155
September 2016	9,999	1,208	1,441	1,750
October 2016	9,288	441	1,227	4,359
November 2016	8,615	12,021	1,527	1,442
December 2016	11,256	3,976	1,227	2,602
January 2017	20,454	1,681	2,282	3,141
February 2017	8,376	4,614	1,227	8,104
March 2017	9,074	-	1,227	1,532
April 2017	8,501	283	1,227	731
May 2017	10,896	409	1,227	2,652
June 2017	8,947	3,213	-	3,279
	$ 124,531	$ 30,949	$ 12,612	$ 32,544

NOTE 16 – LEASE OBLIGATIONS

On August 1, 2016, the Organization entered into a twelve month lease for the Head Start program with the Hayters Gap Community Center of Washington County, Virginia. The lease relates to real property located at the Hayters Gap Elementary School in Washington County, Virginia. The lease can be terminated by either party with sixty days written notice.

On July 1, 2016, the Organization entered into a twelve month lease for the Head Start program with Russell County, Virginia. The lease relates to real property located in the Givens Elementary School in Russell County, Virginia. The lease is subject to annual renewal.

On July 1, 2016, the Organization entered into a seven month lease for the Head Start program with Cumberland Plateau Housing Authority. The lease relates to real property located in the Fox Meadows community. The lease can be terminated by either party with ninety days written notice.

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

On July 1, 2016, the Organization renewed a one year lease for office space in Warrenton, Virginia.

On September 1, 2015, the Organization entered into a two year lease for storage and maintenance space in Abingdon, Virginia.

NOTE 16 – LEASE OBLIGATIONS (CONTINUED)

The future minimum lease payments due under operating leases existing as of June 30, 2017:

Year ending June 30:		
2018	$	45,722
2019		47,094
2020		48,507
2021		16,327
2022		-
	$	157,650

NOTE 17 – USDA REIMBURSEMENTS

The Organization's Head Start and day care programs receive reimbursements from the United States Department of Agriculture for meals served to children. Reimbursements received for Head Start and the day care centers for the year ended June 30, 2017 are:

Head Start/Early Head Start	$	180,622
Day Care Centers	$	20,455

NOTE 18 – REFUNDABLE DEPOSITS

The Organization holds a deposit from the Southwest Virginia Cultural Heritage Commission in the amount of $1,283,200. This deposit is being held as a reserve fund to be used for all major repairs and extraordinary maintenance fees related to the Heartwood Artisan Center. Interest earned on these funds are offset against the interest earned on the note receivable from Friends of Southwest Virginia; the remainder is due to the Commission. Interest earned on the reserve funds during the year ended June 30, 2017 was $3,243.

NOTE 19 – CONTRIBUTED ASSET

The Organization entered into an agreement with the Southwest Virginia Cultural Heritage Commission ("the Commission") to oversee the construction of the Heartwood Artisan Center in Abingdon, Virginia. Upon completion of construction in July 2011, the Organization assumed complete ownership of the building and its improvements. The Organization has a 30-year lease from the Commission on the 8-acre tract of land on which the building is situated and has a lease to the Commission for the building with the same 30-year term. The depreciated value of the building at June 30, 2017 was $10,338,731.

NOTE 20 – RELATED PARTIES

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 20 – RELATED PARTIES (CONTINUED)

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

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

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

The Organization holds a .01% ownership interest in Rural New Market Funds, LLC as a general partner through People Incorporated Financial Services.

The Organization holds a .01% ownership interest in Appalachian Markets Capital Investment Fund, LLC as a general partner through People Incorporated Financial Services.

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

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

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

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

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

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

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

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

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

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

NOTE 20 – RELATED PARTIES (CONTINUED)

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

The Organization holds a .0027% ownership interest in PIFS Kentucky XIV Investment Fund, LLC as a general partner through People Incorporated Financial Services.

NOTE 21 – EMPLOYEE BENEFIT PLANS

Effective July 1, 2015, the Organization adopted a 403(b) plan which covers substantially all of the Organization's employees. The plan allows participants to make tax deferred investment contributions and requires the Organization to make a non-matching contribution equal to 1% of each eligible employee's compensation. Total contributions made by the Organization for the year ended June 30, 2017 were $56,371.

NOTE 22 – ACQUISITIONS

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

NOTE 23 – NON-CASH INVESTING AND FINANCING ACTIVITIES

The Organization engaged in the following significant non-cash investing and financing activities for the year:

Purchase of an affordable housing property located in Deskins, Virginia for assumption and relief of debt:

Investing:		
	Land, Building and Components	$ 1,922,116
	Escrows and Other Assets	65,200
Financing:		
	Accounts Payable due to Organization	(477,652)
	Note Payable due to Organization	(759,664)
	Assumption of Loan held by VHDA	(750,000)

SUPPLEMENTARY INFORMATION

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Schedule of Functional Expenses
For the Year Ended June 30, 2017

SCHEDULE 1

Expense Classification

Fund	Salaries & Wages	Fringe Benefits	Travel	Equipment Expense	Material & Supplies	Contractual	Others	Depreciation	In-Kind	Totals
Community Services	$ 778,777	$ 324,848	$ 54,425	$ 51,941	$ 55,493	$ 39,194	$ 274,840	$ -	$ 87,908	$ 1,667,426
Community Development	426,938	85,182	19,600	-	3,955	124,764	105,897	-	-	$ 766,336
Community Economic Development	382,134	159,136	6,208	2,887	21,010	7,910	261,481	-	-	$ 840,766
Children & Family Services	1,952,999	917,879	73,050	89,666	381,113	16,901	775,319	-	124,535	$ 4,331,462
Housing	539,006	272,080	39,882	15,215	223,998	923,080	1,147,884	-	36,364	$ 3,197,509
Workforce Development	526,565	201,871	136,710	11,873	78,709	327,178	991,051	-	-	$ 2,273,957
General & Administration	719,494	397,031	150,354	(19,154)	66,816	138,260	(711,329)	951,252	-	$ 1,692,724
Fundraising	223,057	80,667	11,265	-	2,838	1,365	25,828	-	-	$ 345,020
Total Expenses	$ 5,548,970	$ 2,438,694	$ 491,494	$ 152,428	$ 833,932	$ 1,578,652	$ 2,870,971	$ 951,252	$ 248,807	$ 15,115,200

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Direct Payments:		
Head Start	93.600 *	$ 3,829,705
Community Economic Development	93.570	400,000
Healthy Tomorrows	93.110	37,741
Pass Through Payments:		
Virginia Department of Social Services:		
CSBG	93.569	1,047,328
CSBG TANF	93.558 *	474,725
LIHEAP	93.568	246,762
Domestic Violence	93.592	150,000
CHIP of Virginia:		
TANF	93.558 *	327,223
Department of Health:		
Maternal, Infant & Early Childhood Home	93.505	141,436
Department Total		6,654,920
Department of Energy:		
Pass Through Payments:		
VA Department of Housing and Community Development:		
Weatherization	81.042	69,954
Department Total		69,954
Department of Housing and Urban Development:		
Direct Payments:		
Section 8	14.871	333,757
HUD Counseling	14.169	27,517
Permanent Supportive Housing	14.235	29,007
Pass Through Payments:		
VA Department of Housing and Community Development:		
Homeless Solutions	14.231	512,261
Economic Development	14.218	122,900
HOME Partnership	14.239	137,380
City of Bristol Virginia:		
Homeless Solutions	14.218	5,000
Court Appointed Special Advocate	14.218	4,000
Department Total		1,171,822

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Catalog Number	Expenditures
Department of Labor:		
WIOA Cluster:		
Pass Through Payments		
New River/Mt Rogers Workforce Investment Board		
WIOA Adult Program	17.258	446,904
WIOA Youth Program	17.259	492,397
Rapid Response	17.278	367,425
POWER	17.277	92,842
Dislocated Worker/One Stop Operator	17.278	562,156
Southwest VA Workforce Investment Board		
WIA Youth Program	17.259	305,327
Department Total		2,267,051
Department of Agriculture		
Direct Payments:		
Child and Adult Care Food Program	10.558	201,077
Department Total		201,077
U.S. Small Business Administration:		
Direct Payments:		
Technical Assistance	59.046	250,449
PRIME Technical Assistance	59.050	69,755
Department Total		320,204
Department of Justice:		
Pass Through Payments		
Domestic Violence Program	16.588	13,499
Crime Victim Assistance	16.575	471,568
Sexual Assault Services Formula Program	16.017	13,282
Department Total		498,349
Department of Treasury:		
Direct Payments:		
Community Development Financial Institutions Program	21.020	217,712
Volunteer Income Tax Assistance	21.009	12,413
Department Total		230,125

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Catalog Number	Expenditures
Corporation for National and Community Services:		
Direct Payments:		
Retired Senior Volunteer Program		33,661
Department Total		33,661
Grand Total		$ 11,447,163

* Denotes Major Program

Notes to the Schedule of Expenditures of Federal Awards

Note A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of People Incorporated of Virginia and Affiliates under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of People Incorporated of Virginia and Affiliates, it is not intended to and does not present the financial position, changes in net assets, or cash flows of People Incorporated of Virginia and Affiliates.

Note B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 and OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - INDIRECT COST RATE

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

I. SUMMARY OF AUDIT RESULTS

FINANCIAL STATEMENTS

Type of Auditor's report issued:	Unmodified
Prepared in accordance with GAAP	Yes
Internal control over financial reporting: Material weaknesses identified:	No
Significiant deficiencies identified:	No
Noncompliance material to financial statements noted:	No

FEDERAL AWARDS

Internal control over major programs: Material weaknessess identified:	No
Significant deficiencies identified:	No
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 the Uniform Guidance:	None
Dollar threshold used to distinguish between Type A and Type B programs	$ 750,000
Auditee qualified as low-risk auditee	Yes

Identification of Federal Programs:

PROGRAM	CATALOG NUMBER	FINDINGS	QUESTIONED COSTS
Head Start	93.600	None	None
TANF	93.558	None	None
CSBG TANF	93.558	None	None

II. FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARD FINDINGS

None

IV. STATUS OF PRIOR AUDIT FINDINGS

None

People Incorporated of Virginia and Affiliates
Abingdon, Virginia
Head Start Grant
Revenue and Expenses Detail
For the Year Ended June 30, 2017

SCHEDULE 4

	7/01/2016 through 6/30/2017
Revenue	
Grant	$ 4,105,542
Grantee's in-kind	124,535
Total Revenue	4,230,077
Expenses	
Federal Expenses:	
HHS share:	
Head Start training tech-assistance	58,742
Total	58,742
Head Start	
Personnel salary	1,229,605
Personnel fringe benefits	592,066
Travel	44,330
Supplies	137,564
Other	697,616
Total	2,701,181
Early Head Start	
Personnel salary and fringes	598,759
Supplies and other	572,406
Total	1,171,165
Food Services	
Personnel salary	99,598
Personnel fringe benefits	67,720
Other	7,136
Total	174,454
Total In-Kind Expenses	124,535
Total Expenses	4,230,077
Excess (deficiency) of revenue over expenses	$ -