



**PEOPLE'S PLACE II, INC.
AND AFFILIATE**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED
JUNE 30, 2019**

PEOPLE'S PLACE II, INC.
AND AFFILIATE

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AND AFFILIATE

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PEOPLE'S PLACE II, INC. AND AFFILIATE
VERA'S HAVEN MORTGAGOR'S CERTIFICATION

JUNE 30, 2019

I hereby certify that I have examined the accompanying consolidated financial statements and supplementary information of People's Place II, Inc. and affiliate and its Vera's Haven rental property as of and for the year ended June 30, 2019 and, to the best of my knowledge and belief, the same is complete and accurate.

Mamie Charest
Executive Director
People's Place II, Inc. and Affiliate

Date



INDEPENDENT AUDITOR'S REPORT

November 4, 2019

To the Board of Directors
People's Place II, Inc.
Milford, Delaware

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of People's Place II, Inc. (a nonprofit organization) and affiliate, which comprise the consolidated statement of financial position as of June 30, 2019, and the consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements,

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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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of People's Place II, Inc. and affiliate as of June 30, 2019, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2019, People's Place II, Inc. adopted the provisions of Financial Accounting Standards Board Accounting Standards Update 2016-14. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited People's Place II, Inc. and affiliate's June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 2, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information provided on pages 21 through 31 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. 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 purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including

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People's Place II, Inc.

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2019, on our consideration of People's Place II, Inc. and affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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's Place II, Inc. and affiliate's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

PEOPLE'S PLACE II, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS	2019	2018
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,359,924	\$ 2,162,169
Accounts receivable, net	932,402	833,619
Prepaid expenses	32,272	37,460
Deposits	12,918	12,918
Total Current Assets	3,337,516	3,046,166
PROPERTY AND EQUIPMENT:		
Land	553,486	553,486
Buildings	3,969,834	3,969,834
Building improvements	1,662,712	1,577,791
Furniture and equipment	1,274,300	1,205,081
Automobiles	428,246	428,246
	7,888,578	7,734,438
Less: Accumulated depreciation	(4,019,700)	(3,756,117)
Net Property and Equipment	3,868,878	3,978,321
OTHER ASSETS:		
Cash escrow and reserve funds	317,856	305,687
TOTAL ASSETS	\$ 7,524,250	\$ 7,330,174
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and other accrued expenses	\$ 100,738	\$ 223,290
Accrued payroll expenses	406,277	356,775
Current portion of long-term debt	45,260	43,838
Deferred revenue	219,162	210,598
Total Current Liabilities	771,437	834,501
NONCURRENT LIABILITIES:		
Long-term debt, net of current portion	2,865,300	2,911,613
TOTAL LIABILITIES	3,636,737	3,746,114
NET ASSETS:		
Without donor restriction	3,243,234	2,992,949
With donor restriction	644,279	591,111
Total Net Assets	3,887,513	3,584,060
TOTAL LIABILITIES AND NET ASSETS	\$ 7,524,250	\$ 7,330,174

The accompanying notes are an integral part of these consolidated financial statements.

**PEOPLE'S PLACE II, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(With Summarized Financial Information for the Year Ended June 30, 2018)**

	Without Donor Restriction	With Donor Restriction	Totals	
			2019	2018
REVENUES AND SUPPORT				
Public support, received directly	\$ 312,456	\$ -	\$ 312,456	\$ 275,100
Public support, received indirectly	-	30,807	30,807	39,292
Revenue from governmental agencies	-	4,380,293	4,380,293	3,933,961
Program service fees	2,978,746	-	2,978,746	2,852,352
Rent	168,209	-	168,209	166,557
Miscellaneous revenue	10,713	-	10,713	8,454
Interest income	18,054	-	18,054	9,417
In-kind revenue	312,787	-	312,787	271,612
Net assets released from restrictions:				
Satisfaction of program restrictions	4,357,932	(4,357,932)	-	-
TOTAL REVENUES AND SUPPORT	8,158,897	53,168	8,212,065	7,556,745
EXPENSES				
Programs:				
Counseling Center	2,595,104	-	2,595,104	2,538,652
Shelter, Advocacy, Freedom, and Empowerment (SAFE)	1,156,970	-	1,156,970	1,108,491
Group Home for Girls	546,475	-	546,475	543,023
Centers for Community Justice	165,704	-	165,704	167,800
Independent Living	568,912	-	568,912	496,354
Whatcoat Social Services	509,911	-	509,911	472,759
Abriendo Puertas	520,971	-	520,971	434,777
Veterans Outreach	57,873	-	57,873	60,232
Turning Point	549,686	-	549,686	499,896
Visitation Centers	179,004	-	179,004	182,635
TOTAL PROGRAM EXPENSES	6,850,610	-	6,850,610	6,504,619
Administrative and general	1,058,002	-	1,058,002	1,020,010
TOTAL EXPENSES	7,908,612	-	7,908,612	7,524,629
CHANGE IN NET ASSETS	250,285	53,168	303,453	32,116
NET ASSETS, BEGINNING OF YEAR	2,992,949	591,111	3,584,060	3,551,944
NET ASSETS, END OF YEAR	\$ 3,243,234	\$ 644,279	\$ 3,887,513	\$ 3,584,060

The accompanying notes are an integral part of these consolidated financial statements.

PEOPLE'S PLACE II, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(With Summarized Financial Information for the Year Ended June 30, 2018)

	Counseling Center	SAFE	Group Home for Girls	Centers for Community Justice	Independent Living	Whatcoat Social Services
Salaries	\$ 1,774,840	\$ 591,263	\$ 335,971	\$ 105,666	\$ 215,035	\$ 229,245
Employee benefits	113,848	63,788	46,939	2,994	10,898	24,693
Payroll taxes, etc.	125,252	42,806	23,494	10,671	14,904	16,724
Total salaries and related costs	<u>2,013,940</u>	<u>697,857</u>	<u>406,404</u>	<u>119,331</u>	<u>240,837</u>	<u>270,662</u>
Advertising	2,926	16,937	-	-	-	-
Assistance to individuals	8,086	76,122	21,689	-	263,855	72,238
Building and equipment rental and maintenance	24,689	81,519	3,746	11,605	139	12,442
Conferences, conventions, etc.	1,896	16,334	2,652	2,533	31	5,658
Electronic health records	73,535	-	-	-	-	-
In-kind expenses	2,493	71,477	5,159	737	4,175	38,396
Insurance	78,174	23,921	5,638	1,103	3,249	1,740
Interest expense	13,976	1	-	-	-	-
Membership dues	2,498	2,261	1,385	964	-	175
Miscellaneous	319	4,998	-	2,916	-	-
Miscellaneous	76,647	1,176	-	-	6,490	-
Occupancy	6,478	362	-	1,771	13,063	-
Postage	1,185	1,008	60	100	136	180
Printing and publications	160,058	15,799	9,577	5,148	60	3,009
Professional fees	6,771	46,530	35,181	9,154	4,389	6,509
Supplies	29,840	22,246	8,583	2,323	388	27,755
Telephone	2,666	39,593	17,059	2,141	5,930	9,913
Travel and vehicle expense	-	-	10,320	-	8,783	7,392
Utilities	-	-	-	-	-	37,281
Total Before Depreciation	<u>2,506,177</u>	<u>1,118,141</u>	<u>527,453</u>	<u>159,826</u>	<u>551,525</u>	<u>493,350</u>
Depreciation	88,927	38,829	19,022	5,878	17,387	16,561
Total Expenses	<u>\$ 2,595,104</u>	<u>\$ 1,156,970</u>	<u>\$ 546,475</u>	<u>\$ 165,704</u>	<u>\$ 568,912</u>	<u>\$ 509,911</u>

Continued on next page.

PEOPLE'S PLACE II, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(With Summarized Financial Information for the Year Ended June 30, 2018)

	Abriendo Pueritas	Veterans Outreach	Turning Point	Visitation Centers	Program Services Total	Administrative and General	Totals
	2019	2018	2019	2018	2019	2018	2019
Salaries	\$ 194,982	\$ 38,711	\$ 399,199	\$ 137,255	\$ 4,022,167	\$ 417,236	\$ 4,439,403
Employee benefits	15,237	7,632	28,788	6,058	320,875	76,351	397,226
Payroll taxes, etc.	19,747	2,672	39,690	10,771	306,731	12,913	319,644
Total salaries and related costs	<u>229,966</u>	<u>49,015</u>	<u>467,677</u>	<u>154,084</u>	<u>4,649,773</u>	<u>506,500</u>	<u>5,156,273</u>
Advertising	24,918	-	-	-	44,781	5,211	49,992
Assistance to individuals	2,244	207	2,752	300	447,493	-	447,493
Building and equipment rental and maintenance	26,847	-	12,562	3,648	177,197	137,759	314,956
Conferences, conventions, etc.	10,540	-	4,047	932	44,623	7,496	52,119
Electronic health records	-	-	-	-	73,535	-	73,535
In-kind expenses	121,266	6	935	611	245,255	67,532	312,787
Insurance	2,697	776	4,214	1,381	122,893	70,114	193,007
Interest expense	-	-	-	-	13,977	49,380	63,357
Membership dues	2,626	-	495	275	10,679	770	11,449
Miscellaneous	-	-	-	-	14,723	8,070	22,793
Occupancy	-	-	-	-	90,886	4,614	95,500
Postage	270	-	794	110	10,101	3,885	13,986
Printing and publications	-	-	1,416	285	7,123	602	7,725
Professional fees	4,125	542	13,213	2,017	221,377	63,833	285,210
Supplies	24,106	-	8,468	4,912	163,265	25,559	188,824
Telephone	9,159	764	7,116	2,343	98,217	13,138	111,355
Travel and vehicle expense	13,375	4,454	8,486	1,709	105,658	6,405	112,063
Utilities	33,602	-	-	-	81,203	51,402	132,605
Total Before Depreciation	<u>505,741</u>	<u>55,764</u>	<u>532,175</u>	<u>172,607</u>	<u>6,622,759</u>	<u>1,022,270</u>	<u>7,645,029</u>
Depreciation	<u>15,230</u>	<u>2,109</u>	<u>17,511</u>	<u>6,397</u>	<u>227,851</u>	<u>35,732</u>	<u>263,583</u>
Total Expenses	<u>\$ 520,971</u>	<u>\$ 57,873</u>	<u>\$ 549,686</u>	<u>\$ 179,004</u>	<u>\$ 6,850,610</u>	<u>\$ 1,058,002</u>	<u>\$ 7,524,629</u>

The accompanying notes are an integral part of these consolidated financial statements.

**PEOPLE'S PLACE II, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Grants, contributions, and fees received	\$ 7,614,232	\$ 6,949,919
Cash paid to suppliers, employees, and government	(7,328,183)	(6,846,262)
Rent received	168,209	166,557
Interest received	18,054	9,417
Interest paid	(63,357)	(63,263)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>408,955</u>	<u>216,368</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property and equipment	(154,140)	(186,497)
Additions to cash escrow funds	(12,169)	(3,727)
NET CASH USED FOR INVESTING ACTIVITIES	<u>(166,309)</u>	<u>(190,224)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of borrowings	(44,891)	(47,138)
NET CASH USED FOR FINANCING ACTIVITIES	<u>(44,891)</u>	<u>(47,138)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	197,755	(20,994)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,162,169</u>	<u>2,183,163</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,359,924</u>	<u>\$ 2,162,169</u>
CHANGE IN NET ASSETS	\$ 303,453	\$ 32,116
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO CHANGE IN NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	263,583	255,662
(Increase) decrease in:		
Accounts receivable	(98,783)	(159,240)
Prepaid expenses	5,188	(16,674)
Increase (decrease) in:		
Accounts payable and other accrued expenses	(122,552)	137,813
Accrued payroll expenses	49,502	(34,857)
Deferred revenue	8,564	1,548
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 408,955</u>	<u>\$ 216,368</u>

The accompanying notes are an integral part of these consolidated financial statements.

PEOPLE'S PLACE II, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

The mission of People's Place II, Inc. is to become the agency of choice to help people find their path to growth and independence. To this end, People's Place II, Inc. identifies the social and mental health needs of Delaware residents and facilitates the provision of services to address those needs. People's Place II, Inc. assists people of various communities by providing high-quality services that promote dignity, empowerment, independence, safety, self-esteem, and self-sufficiency. People's Place II, Inc. respects each individual's dignity and demonstrates ethical behavior by the Agency's attitudes, actions, and words. People's Place II, Inc. commits themselves to teamwork, collaboration, and open and honest communication. Empathy and compassion guides People's Place II, Inc. in creating an environment of understanding and concern for all.

The following is a description of the major programs of People's Place II, Inc.:

Counseling Center – The Counseling Center offers individual, group, and family counseling and therapy for children and adults. Special services include intensive family counseling, play therapy, parenting skills training, and a program for combat veterans. In addition, medication management and psychological assessments are available.

Shelter, Advocacy, Freedom, and Empowerment (SAFE) – SAFE provides emergency shelter for women and children who are victims of domestic violence. In addition, emergency hotlines are available 24 hours a day, seven days a week.

Group Home for Girls – A group home is located in Milford, Delaware, which is long-term housing for abused or neglected girls ages 12 - 18, all of whom have come through the foster care system. The girls live in the facility and attend school.

Centers for Community Justice – Provides victim/offender mediation of non-violent offenses for criminal justice system referrals. Participants form agreements which resolve the offenses in ways that are meaningful and satisfactory to both parties, and also provide serious offender mediation. Participation is voluntary and confidential. Shoplifter's alternatives and conflict resolution courses are also offered.

Independent Living – For young people ages 16 - 21, currently or formerly in the foster care system. Services include assistance in the areas of job search and accessing training, educational planning, housing assistance, money management, and social skills.

Whatcoat Social Services – Consists of the Ruth Dorsey Emergency Homeless Shelter - 46 beds for men, women, and families (up to 30 days); Vera's Haven Transitional Housing - 10 townhouses for households who commit to working and continuing their education (up to two years); and New Start Case Management - for low-income households in Kent County, Delaware, providing case management and crisis alleviation.

PEOPLE'S PLACE II, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION (cont'd)

Abriendo Puertas – A domestic violence program for Spanish-speaking victims of domestic violence. The program operates a shelter, offers advocacy to victims in the community, and maintains a domestic violence hotline. Victims can call the hotline 24 hours a day, seven days a week.

Veterans Outreach – Provides outreach, referral, and peer counseling to veterans in lower Delaware, including transportation to the VA Hospital in Elsmere, Delaware.

Turning Point – Provides individual and group counseling, support, and education services to perpetrators and victims of domestic violence, including children.

Visitation Centers – To provide safe, neutral places where supervised visitation and monitored exchanges can be facilitated for families with a history of domestic violence or child sexual abuse.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of People's Place II, Inc. and affiliate include the accounts of People's Place II, Inc. and People's Place Properties, Inc. (together the "Organization"). People's Place Properties, Inc. is primarily engaged in the management of the properties held by the Organization. People's Place Properties, Inc.'s purpose is to maintain and operate the properties and only hold funds required for such purpose. Any excess funds will revert to People's Place II, Inc. for use in accomplishing the stated purpose at the discretion of the Board of Directors. All significant inter-company transactions and balances have been eliminated.

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applicable to not-for-profit organizations.

Financial Statement Presentation

In accordance with the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") regarding financial statements of not-for-profit organizations, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction, and net assets with donor restriction. In addition, the Organization is required to present a statement of cash flows.

PEOPLE'S PLACE II, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Comparative Amounts

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

The Organization 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 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, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Also, the Organization reports expirations of

PEOPLE'S PLACE II, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. The Organization reclassifies net assets with donor restriction to net assets without donor restriction at that time.

Property and Equipment

Property and equipment are stated at cost, if purchased. Donated facilities and equipment are recorded at their fair values at the date of receipt. When such assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from their respective accounts, and any gains or losses on such dispositions are recognized in the statement of activities. The Organization's policy is to capitalize items with a cost equal to or greater than \$1,000. Expenditures for maintenance, repairs, minor renewals, and betterments which do not improve or extend the useful life of the respective asset are expensed.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The following is a schedule of the estimated useful lives:

Buildings and improvements	10 - 40 years
Building furniture and equipment	5 - 20 years
Office equipment	5 - 7 years
Automobiles	5 years

Maintenance and repairs are charged directly to expense as incurred; purchases of items which will benefit future periods are capitalized. When assets are disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reported.

In-kind Contributions

In-kind contributions consist of goods, services, or facilities. Goods are valued at fair value at the date of contribution. Services are reported as contributions if the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributions of facilities are recorded based on current fair market values of the properties. In-kind contributions total \$312,787 for the year ended June 30, 2019, and are included in revenues and expenses.

Income Taxes

People's Place II, Inc. qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and its activities are not subject to income tax. People's Place Properties, Inc., for income tax purposes, is a 501(c)(2) organization under the Internal Revenue Code, and its activities are not subject to income tax.

PEOPLE'S PLACE II, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Generally accepted accounting principles prescribe rules for the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Organization's tax returns. Management has determined that the Organization does not have any uncertain tax positions or associated unrecognized benefits that materially impact the consolidated financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Whenever possible, costs are directly assigned to the appropriate program or support services. If costs cannot be identified to a specific program activity or supporting service, then these costs are allocated, utilizing an appropriate basis. Accordingly, certain costs have been allocated among the programs and support services benefited.

Use of Estimates in the Preparation of Financial Statements

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Implementation of FASB ASU 2016-14

During the year ended June 30, 2019, the Organization implemented Financial Accounting Standards Board Accounting Standards Update ("FASB ASU") 2016-14. FASB ASU 2016-14 provides new and expanded guidance for financial reporting for not-for-profit entities. The implementation of FASB ASU 2016-14 has resulted in multiple changes to the Organization's financial reporting. Net assets are now categorized in two categories; net assets with donor restriction and net assets without donor restriction. Investment income is now reported net of direct investment expenses, both on the face of the financial statements and in the notes to the financial statements. The Organization has added additional disclosures related to its financial liquidity and the availability of financial assets for general expenditure within one year from each balance sheet date.

This accounting guidance has been implemented retrospectively; however, the implementation of this guidance did not require restatement of prior accounting period balances.

PEOPLE'S PLACE II, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 ACCOUNTS RECEIVABLE

The following is a detail of the accounts receivable presented on the consolidated statement of financial position as of June 30, 2019:

Client fees and health insurance, net	\$ 238,638
Delaware Criminal Justice Council	301,174
Division of Services for Children, Youth, and their Families	219,482
Delaware State Housing Authority	53,981
Department of Health and Social Services	20,810
Miscellaneous	<u>98,317</u>
 Total	 <u>\$ 932,402</u>

Accounts receivable represents amounts due from various federal and state agencies along with amounts due from clients and health insurance companies. Management expects all amounts to be collected from these federal and state agencies. Client fees and health insurance receivables are net of an allowance for doubtful accounts of \$52,368 at June 30, 2019. Client fees and health insurance balances are analyzed through an aging of the accounts, and an allowance is developed for doubtful accounts based on historical collections.

NOTE 4 CONCENTRATION OF RISK

The Organization receives a substantial amount of its support from state, local, and federal agencies. If significant reductions in the level of this support were to occur, it would have an effect on the Organization's programs and activities.

NOTE 5 PROPERTY AND EQUIPMENT AND DEPRECIATION

The following is a breakdown of assets per various functions of the Organization:

	<u>As of</u> <u>July 1, 2018</u>	<u>Asset</u> <u>Acquisitions</u>	<u>Asset</u> <u>Disposals</u>	<u>As of</u> <u>June 30, 2019</u>
Counseling Center	\$ 195,109	\$ -	\$ -	\$ 195,109
SAFE	396,994	24,616	-	421,610
RAD **	65,726	-	-	65,726
Group Home for Girls	363,357	-	-	363,357
Centers for Community Justice	15,654	-	-	15,654
Independent Living	19,511	-	-	19,511
Whatcoat Social Services	134,841	14,604	-	149,445
Abriendo Puertas	102,532	-	-	102,532
Veterans Outreach	29,061	-	-	29,061

PEOPLE'S PLACE II, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 PROPERTY AND EQUIPMENT AND DEPRECIATION (cont'd)

(cont'd)	As of July 1, 2018	Asset Acquisitions	Asset Disposals	As of June 30, 2019
Turning Point	36,292	-	-	36,292
Visitation Centers	24,672	-	-	24,672
People's Place Properties, Inc.	6,111,631	45,701	-	6,157,332
Administrative and general	239,058	69,219	-	308,277
	<u>\$ 7,734,438</u>	<u>\$ 154,140</u>	<u>\$ -</u>	<u>7,888,578</u>
Less: accumulated depreciation				<u>(4,019,700)</u>
Net property and equipment				<u>\$ 3,868,878</u>

** The RAD program ceased operations at the end of February 2017. RAD assets remaining in the Agency's possession are available for the use of other programs.

NOTE 6 LONG-TERM DEBT

Debt obligations consisted of the following at June 30, 2019:

In March 2005, the Organization entered into a loan agreement with Citizens Bank for \$280,000, with a monthly payment of \$1,697 and for a period of 25 years at an interest rate of 4.73%. The mortgage is secured by property located in Milford, Delaware. The Organization subsequently entered into a change in terms agreement with Citizen's Bank, changing the maturity to March 1, 2025. \$ 164,927

In October 2001, the Organization entered into a loan agreement with the Delaware State Housing Authority ("DSHA") for \$142,500, at an interest rate of 3.00%, payable monthly. The mortgage is secured by property in Seaford, Delaware. Principal payments are to be deferred until final maturity date of November 2041. This agreement was modified August 2008, stating that no interest is due or accrued on the loan and to confirm a complete deferral of payment due to DSHA. 142,500

The Organization obtained a mortgage of \$1,153,236 in 2006 for a period of 30 years. The mortgage, due to DSHA, is secured by 10 transitional housing units called Vera's Haven located in Dover, Delaware. The loan has a 30-year interest-free term and principal payment deferred until final maturity in 2036. If certain terms and conditions of the loan are met, the loan will not have to be repaid. 1,153,236

PEOPLE'S PLACE II, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

In August 2003, the Organization entered into a loan agreement with the United States Department of Agriculture Rural Development ("USDA") for \$765,000, with a monthly payment of \$3,321 at an interest rate of 4.25% with a maturity date of August 2043. The mortgage is secured by property located on Airport Road, Milford, Delaware. 600,799

In September 2005, the Organization entered into a loan agreement with the USDA for \$180,000, with a monthly payment of \$767 at an interest rate of 4.125% with a maturity date of September 2045. The mortgage is secured by property located on Airport Road, Milford, Delaware. 146,420

In September 2005, the Organization entered into a loan agreement with the USDA for \$60,000, with a monthly payment of \$256 at an interest rate of 4.125% with a maturity date of September 2045. The mortgage is secured by property located on Airport Road, Milford, Delaware. 49,711

In February 2007, the Organization entered into a loan agreement with Community Bank Delaware for \$256,500, with a monthly payment of \$1,814 amortized over a period of 30 years at an interest rate of 7.50% and with a five-year maturity. The mortgage is secured by property located in Townsend, Delaware. In December 2012, the Organization entered into a change in terms agreement with Community Bank Delaware extending the maturity date to September 1, 2028 and reducing the interest rate to 4.00%. 152,967

The Organization received financing of \$500,000 in 2007 from the Federal Home Loan - Bank of Pittsburgh with a maturity date of February 6, 2022. The mortgage is secured by 10 transitional housing units called Vera's Haven located in Dover, Delaware. If the Organization fully complies with all mortgage provisions, no principal or interest will be required at the end of 15 years. The mortgage shall be deemed satisfied upon the termination of 15 years of operating the transitional housing units. Although the note includes an interest provision, the Organization has fully complied and intends to fully comply with all note agreement provisions; therefore, the likelihood the Organization will be required to repay the note is remote. As a result, the Organization has not recorded any accrued interest at June 30, 2019. 500,000

\$ 2,910,560

PEOPLE'S PLACE II, INC. AND AFFILIATE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

The following are maturities of the principal portion of debt obligations:

For the Year Ending June 30,

2020	\$	45,260
2021		47,756
2022		50,396
2023		53,190
2024		56,147
Thereafter		2,657,811
		\$ 2,910,560

NOTE 7 NET ASSETS WITH DONOR RESTRICTION

Net assets were restricted by donors for the following purposes as of June 30, 2019:

Counseling Center	\$	8,210
SAFE		147,040
Independent Living		52,367
Whatcoat		8,031
Abriendo Puertas		13,757
Womenade		2,946
GGH		18,757
Veterans Outreach		4,169
Technology		58,550
Other		12,596
People's Place Properties - DSHA Reserves		317,856
		\$ 644,279

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrences of other events specified by donors in the amount of \$4,357,932 for the year ended June 30, 2019.

NOTE 8 DEFINED CONTRIBUTION PLAN

The Organization has a defined contribution plan covering all full-time employees. Employees who have one year of eligibility service and are at least 21 years of age are eligible to

PEOPLE'S PLACE II, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 DEFINED CONTRIBUTION PLAN (cont'd)

participate. Each year, participants may contribute up to 100 percent of pretax annual compensation (minimum of one percent), as defined in the plan. The Organization may make a matching contribution based upon a percentage of participant deferrals. The Organization's matching contribution for the year ended June 30, 2019 was 50 percent of the first two percent of the participant's compensation. Contributions are subject to certain limitations. Employer contributions to the plan for the year ended June 30, 2019 were \$36,985.

NOTE 9 OPERATING LEASES - LESSEE

The Organization leases building space and equipment for use in its offices under various operating leases that expire through December 2022. Total lease payments amounted to \$80,870 for the year ended June 30, 2019, and are included in occupancy on the statement of functional expenses.

The following is a schedule of minimum future rental payments under noncancelable operating leasing arrangements having remaining terms in excess of one year as of June 30, 2019:

For the Year Ending June 30,

2020	\$ 64,671
2021	65,723
2022	53,000
2023	<u>26,328</u>
	<u>\$ 209,722</u>

NOTE 10 OPERATING LEASES - LESSOR

The Organization leases out office space at various locations under operating leases with terms expiring through February 2021.

Future minimum rentals are as follows:

For the Year Ending June 30,

2020	\$ 78,372
2021	<u>23,411</u>
	<u>\$ 101,783</u>

PEOPLE'S PLACE II, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 ADVERTISING EXPENSE

The Organization expenses the production costs of advertising when incurred.

NOTE 12 RESTRICTED CASH

Included in cash and cash equivalents at June 30, 2019 is \$11,259 of cash segregated for Vera's Haven rental property operations.

Cash escrow and reserve funds are maintained by the Delaware State Housing Authority for a shelter in Sussex County, Delaware, and for 10 transitional housing units (Vera's Haven) located in Dover, Delaware. The balances at June 30, 2019 are as follows:

	Sussex County Domestic Center	Vera's Haven	Total
Insurance escrow	\$ -	\$ 4,210	\$ 4,210
Replacement reserve	111,857	21,970	133,827
Operating reserve and residual receipts	12,328	167,491	179,819
Total	<u>\$ 124,185</u>	<u>\$ 193,671</u>	<u>\$ 317,856</u>

NOTE 13 DELAWARE COMMUNITY FOUNDATION

The Organization established two endowment funds with the Delaware Community Foundation. The funds are a permanent endowment whose purpose is to provide long-term financial support to the Organization. In determining the amount of annual support to be provided in any given year, the Delaware Community Foundation and the Organization will consider the total return of the funds and their original value. The Delaware Community Foundation's Board of Directors will have ultimate control and governance responsibility for all aspects of the funds. The total ending fund balance was \$39,745 as of June 30, 2019. This amount is not presented in the Organization's financial statements based on the control and governance provisions of the Delaware Community Foundation.

NOTE 14 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization's deposits exceeded federally insured limits by \$1,105,927 as of June 30, 2019. The Organization has not experienced any losses in such accounts.

PEOPLE'S PLACE II, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets consist of cash and cash equivalents and accounts receivable.

The following reflects the Organization's financial assets as of June 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restriction within one year of the date of the statement of financial position. Amounts not available include amounts set aside for Board-designated funds that could be drawn upon if the governing board approves that action.

Financial assets, at year-end	\$ 3,292,326
Less those unavailable for general expenditures within one year due to:	
Donor-imposed purpose or time restriction	<u>644,279</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,648,047</u>

The Organization has a goal to maintain highly liquid financial assets on hand to meet, at a minimum, 90 days of normal operating expenses, which is approximately \$1,910,000. At June 30, 2019 the Organization had \$2,359,924 in highly liquid financial assets. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 16 SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through November 4, 2019, the date the financial statements were available to be issued.

**PEOPLE'S PLACE II, INC. AND AFFILIATE
CONSOLIDATING FINANCIAL STATEMENTS**

**PEOPLE'S PLACE II, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019**

	People's Place II, Inc.	People's Place Properties, Inc.	Eliminations	Totals
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 1,891,340	\$ 468,584	\$ -	\$ 2,359,924
Accounts receivable	1,579,874	-	(647,472)	932,402
Prepaid expenses	32,272	-	-	32,272
Deposits	11,000	1,918	-	12,918
	<u>3,514,486</u>	<u>470,502</u>	<u>(647,472)</u>	<u>3,337,516</u>
PROPERTY AND EQUIPMENT:				
Land	-	553,486	-	553,486
Buildings	-	3,969,834	-	3,969,834
Building improvements	330,933	1,331,779	-	1,662,712
Furniture and equipment	884,636	389,664	-	1,274,300
Automobiles	398,246	30,000	-	428,246
	<u>1,613,815</u>	<u>6,274,763</u>	<u>-</u>	<u>7,888,578</u>
Less: Accumulated depreciation	(1,276,079)	(2,743,621)	-	(4,019,700)
Net Property and Equipment	<u>337,736</u>	<u>3,531,142</u>	<u>-</u>	<u>3,868,878</u>
OTHER ASSETS:				
Cash escrow and reserve funds	203	317,653	-	317,856
	<u>203</u>	<u>317,653</u>	<u>-</u>	<u>317,856</u>
TOTAL ASSETS	<u><u>\$ 3,852,425</u></u>	<u><u>\$ 4,319,297</u></u>	<u><u>\$ (647,472)</u></u>	<u><u>\$ 7,524,250</u></u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable and other accrued expenses	\$ 31,187	\$ 717,023	\$ (647,472)	\$ 100,738
Accrued payroll expenses	406,227	50	-	406,277
Current portion of long-term debt	-	45,260	-	45,260
Deferred revenue	219,162	-	-	219,162
	<u>656,576</u>	<u>762,333</u>	<u>(647,472)</u>	<u>771,437</u>
Total Current Liabilities	<u>656,576</u>	<u>762,333</u>	<u>(647,472)</u>	<u>771,437</u>
NONCURRENT LIABILITIES:				
Long-term debt, net of current portion	-	2,865,300	-	2,865,300
	<u>-</u>	<u>2,865,300</u>	<u>-</u>	<u>2,865,300</u>
Total Liabilities	<u>656,576</u>	<u>3,627,633</u>	<u>(647,472)</u>	<u>3,636,737</u>
NET ASSETS:				
Without donor restriction	2,551,570	691,664	-	3,243,234
With donor restriction	644,279	-	-	644,279
	<u>3,195,849</u>	<u>691,664</u>	<u>-</u>	<u>3,887,513</u>
Total Net Assets	<u>3,195,849</u>	<u>691,664</u>	<u>-</u>	<u>3,887,513</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,852,425</u></u>	<u><u>\$ 4,319,297</u></u>	<u><u>\$ (647,472)</u></u>	<u><u>\$ 7,524,250</u></u>

**PEOPLE'S PLACE II, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	People's Place II, Inc.	People's Place Properties, Inc.	Eliminations	Totals
REVENUES AND SUPPORT				
Public support, received directly	\$ 312,456	\$ -	\$ -	\$ 312,456
Public support, received indirectly	30,807	-	-	30,807
Revenue from governmental agencies	4,380,293	-	-	4,380,293
Program service fees	2,978,746	-	-	2,978,746
Rent	3,892	400,057	(235,740)	168,209
Miscellaneous revenue	1,622	9,091	-	10,713
Interest income	17,628	426	-	18,054
In-kind revenue	312,787	-	-	312,787
	<u>8,038,231</u>	<u>409,574</u>	<u>(235,740)</u>	<u>8,212,065</u>
EXPENSES				
Programs:				
Counseling Center	2,632,426	-	(37,322)	2,595,104
Shelter, Advocacy, Freedom, and Empowerment (SAFE)	1,196,585	-	(39,615)	1,156,970
Group Home for Girls	570,225	-	(23,750)	546,475
Centers for Community Justice	178,203	-	(12,499)	165,704
Independent Living	574,694	-	(5,782)	568,912
Whatcoat Social Services	524,311	-	(14,400)	509,911
Abriendo Puertas	540,771	-	(19,800)	520,971
Veterans Outreach	60,237	-	(2,364)	57,873
Turning Point	574,994	-	(25,308)	549,686
Visitation Centers	195,876	-	(16,872)	179,004
	<u>7,048,322</u>	<u>-</u>	<u>(197,712)</u>	<u>6,850,610</u>
Administrative and general	602,347	493,683	(38,028)	1,058,002
	<u>7,650,669</u>	<u>493,683</u>	<u>(235,740)</u>	<u>7,908,612</u>
CHANGE IN NET ASSETS	387,562	(84,109)	-	303,453
NET ASSETS, BEGINNING OF YEAR	<u>2,808,287</u>	<u>775,773</u>	<u>-</u>	<u>3,584,060</u>
NET ASSETS, END OF YEAR	<u>\$ 3,195,849</u>	<u>\$ 691,664</u>	<u>\$ -</u>	<u>\$ 3,887,513</u>

**PEOPLE'S PLACE II, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2019**

	People's Place II, Inc.	People's Place Properties, Inc.	Eliminations	Totals
Salaries	\$ 4,396,675	\$ 42,728	\$ -	\$ 4,439,403
Employee benefits	388,936	8,290	-	397,226
Payroll taxes, etc.	316,655	2,989	-	319,644
Advertising	49,992	-	-	49,992
Assistance to individuals	449,810	-	-	449,810
Building and equipment rental and maintenance	183,846	131,110	-	314,956
Conferences, conventions, etc.	52,119	-	-	52,119
Electronic health records	73,535	-	-	73,535
In-kind expenses	312,787	-	-	312,787
Insurance	190,741	2,266	-	193,007
Interest expense	14,525	48,832	-	63,357
Membership dues	11,306	143	-	11,449
Miscellaneous	22,640	153	-	22,793
Occupancy	330,805	435	(235,740)	95,500
Postage	13,799	187	-	13,986
Printing and publications	7,725	-	-	7,725
Professional fees	280,278	4,932	-	285,210
Supplies	172,686	13,821	-	186,507
Telephone	107,226	4,129	-	111,355
Travel and vehicle expense	109,158	2,905	-	112,063
Utilities	80,713	51,892	-	132,605
TOTAL BEFORE DEPRECIATION	7,565,957	314,812	(235,740)	7,645,029
Depreciation	84,712	178,871	-	263,583
TOTAL EXPENSES	\$ 7,650,669	\$ 493,683	\$ (235,740)	\$ 7,908,612

**PEOPLE'S PLACE II, INC. AND AFFILIATE
OTHER SUPPLEMENTARY INFORMATION**

**PEOPLE'S PLACE II, INC. AND AFFILIATE
DSHA STATEMENT OF PROFIT AND LOSS**

Project Name: Vera's Haven

Project Number: DE-HDF-297-FY06-08

Year Ended:

June 30, 2019

Part I	Description of Account	Amount*		
RENTAL INCOME 5100	Rent Revenue - Gross Potential	5120	\$ 56,280	
	Tenant Assistance Payments	5121		
	Rent Revenue - Stores and Commercial	5140		
	Garage and Parking Space	5170		
	Flexible Subsidy Revenue	5180		
	Miscellaneous Rent Revenue	5190		
	Excess Rent	5191		
	Rent Revenue - Insurance	5192		
	Special Claims Revenue	5193		
	Retained Excess Revenue	5194		
	Lease Revenue	5195		
		Total Rent Revenue		\$ 56,280
VACANCIES 5200	Apartments	5220	\$ 8,304	
	Stores and Commercial	5240		
	Rental Concessions	5250		
	Garage and Parking Space	5270		
	Miscellaneous	5290		
		Total Vacancies		\$ (8,304)
	Net Rent Revenues (Rent Revenue less Vacancies)		\$ 47,976	
FINANCIAL REVENUE 5400	Nursing Homes / Assisted Living / Board and Care / Other Elderly Care / Coop / and Other Revenue	5300		
	Members Group Life Insurance Expense (Coops)	5320		
	Financial Revenue - Project Operations	5410		
	Revenue from Investments - Residual Receipts	5430		
	Revenue from Investments - Replacement Reserve	5440		
	Expiration of Gift Donor Restrictions (Non-profits)	5460		
Gifts (Non-profits)	5470			
Revenue from Investments - Miscellaneous	5490	\$ 22		
	Total Financial Revenue		\$ 22	
OTHER REVENUE 5900	Laundry and Vending Revenue	5910		
	Tenant Changes (NSF and Late Charges)	5920	\$ 65	
	Damages and Cleaning Fees	5930		
	Forfeited Tenant Security Deposits	5940		
	Interest Reduction Payments Revenue	5945		
	Miscellaneous Revenue (Specify) Operating Reserves	5990		
	Total Other Revenue		\$ 65	
	Total Revenue		\$ 48,063	
ADMINISTRATIVE EXPENSES 6200 6300	Conventions and Meetings	6203		
	Management Consultants	6204		
	Advertising and Marketing	6210		
	Social Activity	6215		
	Other Renting Expenses	6250		
	Office Salaries	6310	\$ 11,622	
	Office Expenses	6311	\$ 29	
	Office or Model Apartment Rent	6312		
	Computer Costs	6313		
	Management Fee	6320		
	Manager or Superintendent Salaries	6330		
	Administrative Rent Free Unit	6331		
	Legal Expenses - Project	6340	\$ 262	
	Auditing Expenses - Project	6350	\$ 1,000	
	Bookkeeping Fees / Accounting Services	6351		
	Telephone and Answering Services	6360		
	Bad Debt Expense	6370		
	Miscellaneous Administrative Expenses (Specify) Tech Support	6390		
		Total Administrative Expenses		\$ 12,913
	UTILITIES EXPENSE 6400	Fuel Oil / Coal	6420	
Electricity (Lights and Miscellaneous Power)		6450	\$ 3,051	
Water		6451	\$ 939	
Gas		6452		
Sewer		6453	\$ 939	
	Total Utilities Expense		\$ 4,929	

**PEOPLE'S PLACE II, INC. AND AFFILIATE
DSHA STATEMENT OF PROFIT AND LOSS**

Project Name: Vera's Haven

Project Number: DE-HDF-297-FY06-08

Year Ended:

June 30, 2019

OPERATING AND MAINTENANCE 6500	Janitor and Cleaning Payroll	6510		
	Janitorial Supplies	6515		
	Janitorial Cleaning Contracts	6517		
	Exterminating Contract / Payroll	6519		
	Exterminating Supplies	6520		
	Operating and Maintenance - Rent Free Unit	6521		
	Garbage and Trash Removal	6525	\$	1,102
	Fire Safety / Equipment and Contract	6528		
	Security Payroll / Contract	6530		
	Security Rent Free Unit	6531		
	Grounds Payroll	6535		
	Grounds Supplies	6536	\$	700
	Grounds Contract	6537	\$	1,536
	Repairs Payroll	6540		
	Repairs Material	6541	\$	24,146
	Repairs Contracts	6542		
	Elevator Maintenance	6545		
	Heating / Cooling / Repairs and Maintenance	6546	\$	248
	Swimming Pool Maintenance / Contract	6547		
	Snow Removal	6548		
	Decorating Payroll / Contract	6560		
	Decorating Supplies	6561		
	Vehicle and Maintenance Equipment Operation	6570		
Miscellaneous Operating and Maintenance Expenses	6590		2,489	
Total Operating and Maintenance Expense				\$ 30,221
TAXES AND INSURANCE 6700	Real Estate Taxes	6710		
	Payroll Taxes (FICA) (Project's Share)	6711		
	Property and Liability Insurance (Hazard)	6720		
	Fidelity Bond Insurance	6721		
	Workmen's Compensation	6722		
	Health Insurance and Other Employee Benefits	6723		
	Miscellaneous Taxes, Licenses, Permits, and Insurance	6790		
	Total Taxes and Insurance			
Total Operating Expenses				\$ 48,063
Net Operating Income				
FINANCIAL EXPENSES 6800	Interest on Bonds Payable	6819		
	Interest on Mortgage Payable	6820		
	Interest on Notes Payable (Long-term)	6830		
	Interest on Notes Payable (Short-term)	6840		
	Mortgage Insurance Premium / Service Charge	6850		
	Miscellaneous Financial Expenses	6890		
Total Financial Expenses				\$ -
	Nursing Homes / Assisted Living / Board and Care / Other Elderly Care / Coop and Other Expenses	6900		
Total Costs of Operations Before Depreciation				\$ 48,063
Profit (Loss) Before Depreciation				\$ -
DEPRECIATION 6600	Depreciation Expenses	6600	\$	51,499
	Amortization Expenses	6610		
	Operating Profit or (Loss)			
CORPORATE OR MORTGAGOR ENTITY EXPENSES 7100	Entity Revenue	7105		
	Officers Salaries	7110		
	Legal Expenses	7120		
	Federal, State, and Other Income Taxes	7130		
	Interest Income	7140		
	Interest on Mortgage Payable	7141		
	Other Expenses	7142		
Net Entity Expenses				\$ -
Profit or Loss (Net Income or Loss)				\$ (51,499)
PART II*				
1. Total principal payments required under the mortgage, even if payments under a Workout Agreement are less or more than those required under the mortgage.		2320		
2. Replacement Reserve deposits required by the Regulatory Agreement or Amendments thereto, even if payments may be temporarily suspended or waived.		1320	2,663	
3. Replacement or Painting Reserve Releases which are included as expense items on this Profit and Loss Statement.		1322	-	
4. Project Improvement Reserve Releases under the Flexible Subsidy Program that are included as expense items on this Profit and Loss Statement.			-	

***Part II - Must be completed for all financial statements**

PEOPLE'S PLACE II, INC. AND AFFILIATE
SCHEDULE OF VERA'S HAVEN ESCROW AND RESERVE ACCOUNTS
JUNE 30, 2019

Account Type	Beginning Balance	Deposits	Withdrawals	Ending Balance
DSHA Insurance Escrow	\$ 4,210	-	-	\$ 4,210
DSHA Replacement Reserve	19,307	2,663	-	21,970
DSHA Operating Reserve and Residual Receipts	166,193	1,298	-	167,491
Total	\$ 189,710	\$ 3,961	-	\$ 193,671

PEOPLE'S PLACE II, INC. AND AFFILIATE
 VERA'S HAVEN ACCOUNTS RECEIVABLE AGING
 JUNE 30, 2019

Tenants	30 Days	60 Days	90 Days	>90 Days	Total
N. W.	\$ 125	-	-	-	\$ 125
L. K.	-	4	-	-	4
T. M.	534	489	-	-	1,023
Total	<u>\$ 659</u>	<u>\$ 493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,152</u>

**PEOPLE'S PLACE II, INC. AND AFFILIATE
VERA'S HAVEN ACCOUNTS PAYABLE AGING
JUNE 30, 2019**

Vendors	30 Days	60 Days	90 Days	>90 Days	Total
LaVere Electric	\$ 150	-	-	-	\$ 150
Lawns Plus	502	-	-	-	502
People's Place Properties, Inc.	22	-	-	-	22
WSFS Bankcard	417	-	-	-	417
Total	<u>\$ 1,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,091</u>

**PEOPLE'S PLACE II, INC. AND AFFILIATE
VERA'S HAVEN TENANT SECURITY DEPOSITS HELD AT WSFS BANK
JUNE 30, 2019**

<u>Tenants</u>	<u>Deposit</u>
N. W.	\$ 509
L. W.	509
L. K.	510
W. N.	509
T. M.	500
A. P.	509
T. A.	409
T. B.	409
D. C.	409
N. V.	409
	<hr/>
Total	\$ 4,682
	<hr/> <hr/>

**PEOPLE'S PLACE II, INC. AND AFFILIATE
DELAWARE STATE HOUSING AUTHORITY
COMPUTATION OF SURPLUS CASH AND DISTRIBUTIONS**

Property Name Vera's Haven	Fiscal Period Ended June 30, 2019	DSHA/HDF Number 297-FY06-08
-------------------------------	--------------------------------------	--------------------------------

PART A - COMPUTE SURPLUS CASH

Section I - Cash

1. Cash	\$	6,577	
2. Tenant Subsidy Vouchers due for Period Covered by Financial Statements	\$	-	
3. Other (Describe) Tenant Security Deposits	\$	4,682	
(A) Total Cash (Add Lines 1, 2, & 3)		4,682	\$ 11,259

Section II - Current Obligations

4. Accrued Mortgage Interest Payables	\$	-	
5. Delinquent Mortgage Principal Payments	\$	-	
6. Delinquent Deposits to Reserve for Replacements	\$	-	
7. Accounts Payable (due within 30 days)	\$	1,091	
8. Loans and Notes Payable (due within 30 days)	\$	-	
9. Deficient Tax Insurance/Mortgage Insurance Escrow	\$	-	
10. Accrued Expenses (not escrowed)	\$	-	
11. Prepaid Rents	\$	-	
12. Tenant Security Deposits Liability	\$	4,682	
13. Other (describe) _____	\$	-	
(B) Total Liabilities		-	\$ 5,773

(C) Surplus Cash (Deficiency)

Line (A) Minus Line (B)

\$ 5,486

PART B - COMPUTE OWNERS DISTRIBUTIONS & REQUIRED HDF LOAN BALANCE REDUCTION

1. Surplus Cash	\$	5,486	
2. a. Beginning Balance: Accrued Distributions from Prior Year(s) Unpaid		5,486	
Annual Distribution Earned During Fiscal Period Covered	\$	-	
Annual Distribution Paid During Audit Year Against Audit Year	\$	-	
Annual Distribution Paid During Audit Year Against Prior Year(s)	\$	-	
b. Ending Balance: Distributions Unpaid From Audit Year and Prior Year(s) at Audit Year End (Amount Carried on Balance Sheet)	\$	-	
3. Amount available for distribution (the lesser of Line 1 or Line 2b)	\$	-	
4. Amount due to DHSa to be applied to DSHA Permanent Loan or deposited in to residual receipts	\$	-	

(Line 1 minus Line 3)

Prepared By: _____

Reviewed By: _____

Date: _____

Date: _____

**PEOPLE'S PLACE II, INC. AND AFFILIATE
VERA'S HAVEN IDENTIFICATION OF ENGAGEMENT AUDITOR
JUNE 30, 2019**

<u>Lead Auditor</u>	<u>Address</u>	<u>Telephone Number</u>	<u>Fax Number</u>
Barbacane, Thornton & Company LLP Jeffrey A. Kowalczyk, CPA, CFE, CGAP	200 Springer Building 3411 Silverside Road Wilmington, DE 19810	(302) 468-4036	(302) 468-4037

PEOPLE'S PLACE II, INC. AND AFFILIATE
SINGLE AUDIT INFORMATION



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

November 4, 2019

To the Board of Directors
People's Place II, Inc.
Milford, Delaware

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 consolidated financial statements of People's Place II, Inc. (a nonprofit organization) and affiliate, which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 4, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered People's Place II, Inc. and affiliate'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 opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of People's Place II, Inc. and affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of People's Place II, Inc. and affiliate'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.

To the Board of Directors
People's Place II, Inc.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether People's Place II, Inc. and affiliate's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 People's Place II, Inc. and affiliate's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering People's Place II, Inc. and affiliate's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


BARBACANE, THORNTON & COMPANY LLP



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

November 4, 2019

To the Board of Directors
People's Place II, Inc.
Milford, Delaware

Report on Compliance for Major Federal Program

We have audited People's Place II, Inc.'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on People's Place II, Inc.'s major federal program for the year ended June 30, 2019. People's Place II, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

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 People's Place II, Inc.'s major federal program 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's Place II, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

To the Board of Directors
People's Place II, Inc.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of People's Place II, Inc.'s compliance.

Opinion on the Major Federal Program

In our opinion, People's Place II, Inc. complied, in all material aspects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of People's Place II, Inc. 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's Place II, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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's Place II, Inc.'s 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 preceding paragraph 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.


BARBACANE, THORNTON & COMPANY LLP

PEOPLE'S PLACE II, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-through Grantor Program or Cluster Title	Source Code	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Passed Through to Sub-recipients
U.S. Department of Health and Human Services					
Passed through First State Community Action Agency	I	93.569	N/A	\$ 12,500	\$ -
Community Services Block Grant					
Passed through Delaware Department of Health and Social Services	I	93.597	N/A	71,851	-
Grants to States for Access and Visitation Programs					
Passed through Criminal Justice Council					
Family Violence Prevention and Services	I	93.671	DH-shelter-1806	44,576	-
Family Violence Prevention and Services	I	93.671	DH-shelter-1807	35,766	-
Family Violence Prevention and Services	I	93.671	DH-shelter-1808	28,377	-
Family Violence Prevention and Services	I	93.671	DH-Shelter-1809	34,875	-
Family Violence Prevention and Services	I	93.671	DH-Admin-2114	98,269	-
Family Violence Prevention and Services	I	93.671	DH-Admin-2115	55,094	-
Family Violence Prevention and Services	I	93.671	DH-Admin-2116	35,101	-
Total CFDA #93.671				<u>332,058</u>	<u>-</u>
Passed through Delaware Department of Services for Children, Youth and their Families	I	93.674	DFS 13436	175,962	-
Chafee Foster Care Independence Program					
U.S. Department of Justice					
Transitional Housing Assistance for Victims of Domestic Violence	D	16.736	N/A	2,216	-
Passed through Criminal Justice Council					
Crime Victim Assistance	I	16.575	VF-Passthru-1703	95,883	-
Crime Victim Assistance	I	16.575	VF-Passthru-1762	28,693	-
Crime Victim Assistance	I	16.575	VF-Passthru-1830	94,085	-
Crime Victim Assistance	I	16.575	VF-Passthru-1831	115,347	-
Crime Victim Assistance	I	16.575	VF-Passthru-1832	99,446	-
Crime Victim Assistance	I	16.575	VF-Passthru-1892	38,776	-
Crime Victim Assistance	I	16.575	VF-Passthru-2123	37,776	-
Total CFDA #16.575				<u>510,006</u>	<u>-</u>
U.S. Department of Housing and Urban Development					
Passed through Delaware State Housing Authority	I	14.231	ESG-08-18	11,500	-
Emergency Solutions Grant Program	I	14.231	ESG-09-18	11,500	-
Emergency Solutions Grant Program	I	14.231	ESG-03-18	19,231	-
Total CFDA #14.231				<u>42,231</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 1,146,824</u>	<u>\$ -</u>

Source Codes:

- D = Direct Funding
- I = Indirect Funding

PEOPLE'S PLACE II, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A BASIS OF ACCOUNTING

All expenditures included in the schedule of expenditures of federal awards are presented on the basis that expenditures are reported to the respective federal grantor agencies. Accordingly, expenditures are recorded when the federal obligation is determined.

NOTE B FEDERAL EXPENDITURES

The schedule of expenditures of federal awards reflects federal and state expenditures for all individual grants which were active during the fiscal year.

NOTE C INDIRECT COST RATE

The Organization did not use the 10 percent de minimis indirect cost rate.

PEOPLE'S PLACE II, INC.
SCHEDULE OF
FINDINGS AND RECOMMENDATIONS

PEOPLE'S PLACE II, INC.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major program:

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

Type of auditor's report issued on compliance for major program [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

Yes No

Identification of major program:

CFDA Number

93.671

Name of Federal Program or Cluster

Family Violence Prevention and Services

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes No

PEOPLE'S PLACE II, INC.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.