



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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED
JUNE 30, 2020**

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, 2020

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, 2020 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

January 13, 2021

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, 2020, 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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People's Place II, Inc.

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, 2020, 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 B to the financial statements, in the year ended June 30, 2020, People's Place II, Inc. and Affiliate adopted the provisions of Financial Accounting Standards Board Accounting Standards Update 2016-18. 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, 2019 financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 4, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), 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 comparing and reconciling such information directly to the underlying accounting

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

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 January 13, 2021, 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 solely to describe the scope of our testing of the effectiveness of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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, 2020 AND 2019

ASSETS	2020	2019
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,642,088	\$ 2,359,924
Accounts receivable, net	986,129	932,402
Prepaid expenses	64,429	32,272
Deposits	12,918	12,918
Total Current Assets	4,705,564	3,337,516
PROPERTY AND EQUIPMENT:		
Land	553,486	553,486
Buildings	4,704,139	3,969,834
Building improvements	1,694,712	1,662,712
Furniture and equipment	1,317,578	1,274,300
Automobiles	428,246	428,246
	8,698,161	7,888,578
Less: Accumulated depreciation	(4,308,752)	(4,019,700)
Net Property and Equipment	4,389,409	3,868,878
OTHER ASSETS:		
Cash escrow and reserve funds	330,573	317,856
TOTAL ASSETS	\$ 9,425,546	\$ 7,524,250
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and other accrued expenses	\$ 156,119	\$ 100,738
Accrued payroll expenses	486,636	406,277
Current portion of long-term debt	70,204	45,260
Deferred revenue	224,154	219,162
Total Current Liabilities	937,113	771,437
NONCURRENT LIABILITIES:		
Long-term debt, net of current portion	4,371,967	2,865,300
TOTAL LIABILITIES	5,309,080	3,636,737
NET ASSETS:		
Without donor restriction	3,335,271	3,243,234
With donor restriction	781,195	644,279
Total Net Assets	4,116,466	3,887,513
TOTAL LIABILITIES AND NET ASSETS	\$ 9,425,546	\$ 7,524,250

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, 2020
(With Summarized Financial Information for the Year Ended June 30, 2019)**

	Without Donor Restriction	With Donor Restriction	Totals	
			2020	2019
REVENUES AND SUPPORT				
Public support, received directly	\$ 225,002	\$ -	\$ 225,002	\$ 312,456
Public support, received indirectly	-	23,187	23,187	30,807
Revenue from governmental agencies	-	4,603,413	4,603,413	4,380,293
Program service fees	2,929,096	-	2,929,096	2,978,746
Rent	217,850	-	217,850	168,209
Miscellaneous revenue	10,963	-	10,963	10,713
Interest income	14,830	-	14,830	18,054
In-kind revenue	221,240	-	221,240	312,787
Net assets released from restrictions:				
Satisfaction of program restrictions	4,489,684	(4,489,684)	-	-
TOTAL REVENUES AND SUPPORT	8,108,665	136,916	8,245,581	8,212,065
EXPENSES				
Programs:				
Counseling Center	2,636,908	-	2,636,908	2,595,104
Shelter, Advocacy, Freedom, and Empowerment (SAFE)	1,405,220	-	1,405,220	1,156,970
Group Home for Girls	614,682	-	614,682	546,475
Centers for Community Justice	177,891	-	177,891	165,704
Independent Living	538,102	-	538,102	568,912
Whatcoat Social Services	452,644	-	452,644	509,911
Abriendo Puertas	354,766	-	354,766	520,971
Veterans Outreach	57,956	-	57,956	57,873
Turning Point	522,022	-	522,022	549,686
Visitation Centers	180,713	-	180,713	179,004
TOTAL PROGRAM EXPENSES	6,940,904	-	6,940,904	6,850,610
Administrative and general	1,075,724	-	1,075,724	1,058,002
TOTAL EXPENSES	8,016,628	-	8,016,628	7,908,612
CHANGE IN NET ASSETS	92,037	136,916	228,953	303,453
NET ASSETS, BEGINNING OF YEAR	3,243,234	644,279	3,887,513	3,584,060
NET ASSETS, END OF YEAR	\$ 3,335,271	\$ 781,195	\$ 4,116,466	\$ 3,887,513

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, 2020
(With Summarized Financial Information for the Year Ended June 30, 2019)**

	Counseling Center	SAFE	Group Home for Girls	Centers for Community Justice	Independent Living	Whatcoat Social Services
Salaries	\$ 1,877,182	\$ 716,380	\$ 359,606	\$ 96,861	\$ 175,192	\$ 204,241
Employee benefits	111,022	80,850	31,805	3,186	9,237	7,972
Payroll taxes, etc.	183,311	70,328	35,207	9,824	17,803	20,496
Total salaries and related costs	<u>2,171,515</u>	<u>867,558</u>	<u>426,618</u>	<u>109,871</u>	<u>202,232</u>	<u>232,709</u>
Advertising	-	-	-	-	-	-
Assistance to individuals	3,640	251,588	22,333	-	271,809	57,904
Building and equipment rental and maintenance	34,049	12,922	18,253	17,673	2,047	2,609
Conferences, conventions, etc.	3,841	1,472	1,662	4,651	29	170
Electronic health records	68,201	-	-	-	-	-
In-kind expenses	2,053	22,955	5,153	3,333	1,749	46,587
Insurance	43,165	14,281	14,398	1,118	4,936	3,531
Interest expense	-	-	-	-	-	-
Membership dues	2,616	2,467	907	-	3,606	110
Miscellaneous	13,991	29	-	286	4	30
Occupancy	105,126	64,391	23,114	-	13,697	57,351
Postage	5,328	439	28	1,820	-	72
Printing and publications	770	882	628	1,774	176	-
Professional fees	45,893	14,957	13,895	14,037	3,926	4,894
Supplies	11,667	56,145	42,778	10,822	174	19,382
Telephone	21,727	26,465	9,466	3,570	6,241	7,846
Travel and vehicle expense	2,785	24,769	13,943	2,291	7,819	725
Total Before Depreciation	<u>2,536,367</u>	<u>1,361,320</u>	<u>593,176</u>	<u>171,246</u>	<u>518,445</u>	<u>433,920</u>
Depreciation	<u>100,541</u>	<u>43,900</u>	<u>21,506</u>	<u>6,645</u>	<u>19,657</u>	<u>18,724</u>
TOTAL EXPENSES	<u><u>\$ 2,636,908</u></u>	<u><u>\$ 1,405,220</u></u>	<u><u>\$ 614,682</u></u>	<u><u>\$ 177,891</u></u>	<u><u>\$ 538,102</u></u>	<u><u>\$ 452,644</u></u>

Continued on next page.

PEOPLE'S PLACE II, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With Summarized Financial Information for the Year Ended June 30, 2019)

	Abriendo Puertas	Veterans Outreach	Turning Point	Visitation Centers	Program Services Total	Administrative and General	Totals	
							2020	2019
Salaries	\$ 212,179	\$ 36,657	\$ 370,262	\$ 135,076	\$ 4,183,636	\$ 399,028	\$ 4,582,664	\$ 4,439,403
Employee benefits	27,216	7,368	26,156	6,121	310,933	72,542	383,475	397,226
Payroll taxes, etc.	20,909	3,506	37,469	13,589	412,442	40,805	453,247	319,644
Total salaries and related costs	<u>260,304</u>	<u>47,531</u>	<u>433,887</u>	<u>154,786</u>	<u>4,907,011</u>	<u>512,375</u>	<u>5,419,386</u>	<u>5,156,273</u>
Assistance to individuals	1,349	1,089	5,900	200	615,812	270	616,082	447,493
Building and equipment rental and maintenance	13,322	-	15,546	5,828	122,249	146,979	269,228	314,956
Conferences, conventions, etc.	1,229	-	2,403	660	16,117	4,282	20,399	52,119
Electronic health records	-	-	-	-	68,201	108	68,309	73,535
In-kind expenses	-	307	2,546	1,434	86,117	135,123	221,240	312,787
Insurance	5,225	1,307	4,323	1,367	93,651	19,803	113,454	193,007
Interest expense	-	-	-	-	-	48,463	48,463	63,357
Membership dues	2,288	-	250	225	12,469	10,361	22,830	11,449
Miscellaneous	44	-	23	-	14,407	7,489	21,896	22,793
Occupancy	17,375	-	146	44	281,244	24,501	305,745	228,105
Postage	245	302	1,276	-	9,510	3,892	13,402	13,986
Printing and publications	3,254	198	455	275	8,412	6,446	14,858	57,717
Professional fees	2,453	562	9,331	553	110,501	86,802	197,303	285,210
Supplies	16,520	65	11,224	3,853	172,630	17,875	190,505	188,824
Telephone	10,076	631	6,602	3,103	95,727	13,480	109,207	111,355
Travel and vehicle expense	3,863	3,579	8,312	1,152	69,238	6,031	75,269	112,063
Total Before Depreciation	<u>337,547</u>	<u>55,571</u>	<u>502,224</u>	<u>173,480</u>	<u>6,683,296</u>	<u>1,044,280</u>	<u>7,727,576</u>	<u>7,645,029</u>
Depreciation	<u>17,219</u>	<u>2,385</u>	<u>19,798</u>	<u>7,233</u>	<u>257,608</u>	<u>31,444</u>	<u>289,052</u>	<u>263,583</u>
TOTAL EXPENSES	<u>\$ 354,766</u>	<u>\$ 57,956</u>	<u>\$ 522,022</u>	<u>\$ 180,713</u>	<u>\$ 6,940,904</u>	<u>\$ 1,075,724</u>	<u>\$ 8,016,628</u>	<u>\$ 7,908,612</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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Grants, contributions, and fees received	\$ 7,737,934	\$ 7,614,232
Cash paid to suppliers, employees, and government	(7,349,298)	(7,328,183)
Rent received	217,850	168,209
Interest received	14,830	18,054
Interest paid	(48,463)	(63,357)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>572,853</u>	<u>408,955</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property and equipment	(809,583)	(154,140)
NET CASH USED FOR INVESTING ACTIVITIES	<u>(809,583)</u>	<u>(166,309)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	1,580,162	-
Repayments of borrowings	(48,551)	(44,891)
NET CASH PROVIDED (USED) FOR FINANCING ACTIVITIES	<u>1,531,611</u>	<u>(44,891)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,294,881	197,755
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	<u>2,677,780</u>	<u>2,467,856</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	<u>\$ 3,972,661</u>	<u>\$ 2,677,780</u>
CHANGE IN NET ASSETS	\$ 228,953	\$ 303,453
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO CHANGE IN NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	289,052	263,583
(Increase) decrease in:		
Accounts receivable	(53,727)	(98,783)
Prepaid expenses	(32,157)	5,188
Increase (decrease) in:		
Accounts payable and other accrued expenses	55,381	(122,552)
Accrued payroll expenses	80,359	49,502
Deferred revenue	4,992	8,564
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 572,853</u>	<u>\$ 408,955</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents	\$ 3,642,088	\$ 2,359,924
Cash escrow and reserve funds	330,573	317,856
TOTAL CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	<u>\$ 3,972,661</u>	<u>\$ 2,677,780</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, 2019, 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 donor restrictions when the donated or acquired assets are placed in service, as instructed by

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

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

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 \$221,240 for the year ended June 30, 2020 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)

Advertising Expense

The Organization expenses the production costs of advertising when incurred.

GAAP prescribes 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 GAAP 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 2016-18

During the year ended June 30, 2020, the Organization implemented Financial Accounting Standards Board Accounting Standards Update ("FASB ASU") 2016-18. FASB ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents (cash escrow and reserve funds for the Organization) are now included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

In addition, the presentation of the prior year financial statements was revised to reflect the implementation of this standard.

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, 2020:

Client fees and health insurance, net	\$ 257,222
Delaware Criminal Justice Council	295,539
Division of Services for Children, Youth, and their Families	171,501
U.S. Department of Justice	46,086
Department of Health and Social Services	20,742
Miscellaneous	<u>195,039</u>
 TOTAL	 <u>\$ 986,129</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 \$56,463 at June 30, 2020. 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:

	As of July 1, 2019	Asset Acquisitions	Asset Disposals	As of June 30, 2020
Counseling Center	\$ 195,109	\$ -	\$ -	\$ 195,109
SAFE	421,610	-	-	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	149,445	-	-	149,445
Abriendo Puertas	102,532	-	-	102,532

PEOPLE'S PLACE II, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 PROPERTY AND EQUIPMENT AND DEPRECIATION

	As of July 1, 2019	Asset Acquisitions	Asset Disposals	As of June 30, 2020
(cont'd)				
Veterans Outreach	29,061	-	-	29,061
Turning Point	36,292	-	-	36,292
Visitation Centers	24,672	-	-	24,672
People's Place Properties, Inc.	6,274,763	766,305	-	7,041,068
Administrative and general	190,846	43,278	-	234,124
	<u>\$ 7,888,578</u>	<u>\$ 809,583</u>	<u>\$ -</u>	8,698,161
Less: accumulated depreciation				<u>(4,308,752)</u>
Net property and equipment				<u>\$ 4,389,409</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, 2020:

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.

\$ 152,865

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. 586,150

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. 143,277

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. 48,656

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%. 137,111

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, 2020. 500,000

In June 2020, the Organization entered into a loan agreement with WSFS Bank for \$599,250, with a monthly payment of \$3,419 at an interest rate of 3.27% with a maturity date of June 2040. The mortgage is secured by property located on Georges Aly, Smyrna, Delaware. 597,464

PEOPLE'S PLACE II, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

In May 2020, the Organization received a Paycheck Protection Program (PPP) loan through the United States Small Business Administration, in the amount of \$980,912 as a result of the COVID-19 pandemic. The Organization expects this loan to be forgiven in fiscal year 2021. Any portion not forgiven will bear interest at an interest rate of 1.00% with payment due through May 2022.

980,912

\$4,442,171

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

For the Year Ending June 30,

2021	\$ 70,204
2022	1,054,528
2023	77,209
2024	82,963
2025	87,313
Thereafter	<u>3,069,954</u>
	<u>\$ 4,442,171</u>

NOTE 7 NET ASSETS WITH DONOR RESTRICTION

Net assets were restricted by donors for the following purposes as of June 30, 2020:

Counseling Center	\$ 35,900
Criminal Justice Council	46,018
SAFE	79,071
Independent Living	92,528
Whatcoat	37,241
Abriendo Puertas	55,922
Womenade	5,324
GGH	13,463
Veterans Outreach	2,658
Turning Point	32,529
Other	49,968
People's Place Properties - DSHA Reserves	<u>330,573</u>
	<u>\$ 781,195</u>

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 \$4,489,684 for the year ended June 30, 2020.

PEOPLE'S PLACE II, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 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, 2020 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, 2020 were \$36,781.

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 \$63,624 for the year ended June 30, 2020 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, 2020:

For the Year Ending June 30,

2021	\$ 53,493
2022	51,888
2023	<u>26,328</u>
	<u>\$ 131,709</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,

2021	<u>\$ 23,411</u>
	<u>\$ 23,411</u>

PEOPLE'S PLACE II, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 RESTRICTED CASH

Included in cash and cash equivalents at June 30, 2020 is \$35,881 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, 2020 are as follows:

	Sussex County Domestic Center	Vera's Haven	Total
Insurance escrow	\$ -	\$ 4,210	\$ 4,210
Replacement reserve	120,292	24,821	145,113
Operating reserve and residual receipts	12,431	168,819	181,250
TOTAL	\$ 132,723	\$ 197,850	\$ 330,573

NOTE 12 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 \$39,782 as of June 30, 2020. This amount is not presented in the Organization's financial statements based on the control and governance provisions of the Delaware Community Foundation.

NOTE 13 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 \$1,472,471 as of June 30, 2020. The Organization has not experienced any losses in such accounts.

NOTE 14 LIQUIDITY AND AVAILABILITY OF RESOURCES

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

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

NOTE 14 LIQUIDITY AND AVAILABILITY OF RESOURCES (cont'd)

The following reflects the Organization's financial assets as of June 30, 2020, 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	\$ 4,628,217
Less those unavailable for general expenditures within one year due to:	
Donor-imposed purpose or time restriction	<u>781,195</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,847,022</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 \$1,977,000. At June 30, 2020, the Organization had \$3,847,022 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 15 UNCERTAINTY – COVID-19 PANDEMIC

As a result of the spread of the COVID-19 coronavirus which was ongoing at June 30, 2020, economic and operational uncertainties have arisen which may impact the Organization in fiscal year 2021. There exist uncertainties surrounding the Organization's operations in the upcoming fiscal year in terms of the Organization's ability to hold fundraising and programmatic events. The uncertainties surrounding the operation of these events will have a direct impact on individual revenue and expense items that are dependent on these events. The extent of the potential impact is unknown as the COVID-19 pandemic continues to develop.

NOTE 16 SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through January 13, 2021, 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, 2020**

	People's Place II, Inc.	People's Place Properties, Inc.	Eliminations	Totals
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 3,170,770	\$ 471,318	\$ -	\$ 3,642,088
Accounts receivable	1,697,758	-	(711,629)	986,129
Prepaid expenses	64,429	-	-	64,429
Deposits	11,000	1,918	-	12,918
	<u>4,943,957</u>	<u>473,236</u>	<u>(711,629)</u>	<u>4,705,564</u>
Total Current Assets				
PROPERTY AND EQUIPMENT:				
Land	-	553,486	-	553,486
Buildings	-	4,704,139	-	4,704,139
Building improvements	330,933	1,363,779	-	1,694,712
Furniture and equipment	927,914	389,664	-	1,317,578
Automobiles	398,246	30,000	-	428,246
	<u>1,657,093</u>	<u>7,041,068</u>	<u>-</u>	<u>8,698,161</u>
Less: Accumulated depreciation	<u>(1,351,761)</u>	<u>(2,956,991)</u>	<u>-</u>	<u>(4,308,752)</u>
Net Property and Equipment	<u>305,332</u>	<u>4,084,077</u>	<u>-</u>	<u>4,389,409</u>
OTHER ASSETS:				
Cash escrow and reserve funds	<u>203</u>	<u>330,370</u>	<u>-</u>	<u>330,573</u>
TOTAL ASSETS	<u>\$ 5,249,492</u>	<u>\$ 4,887,683</u>	<u>\$ (711,629)</u>	<u>\$ 9,425,546</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable and other accrued expenses	\$ 85,481	\$ 782,267	\$ (711,629)	\$ 156,119
Accrued payroll expenses	486,636	-	-	486,636
Current portion of long-term debt	-	70,204	-	70,204
Deferred revenue	224,154	-	-	224,154
	<u>796,271</u>	<u>852,471</u>	<u>(711,629)</u>	<u>937,113</u>
Total Current Liabilities				
NONCURRENT LIABILITIES:				
Long-term debt, net of current portion	<u>980,912</u>	<u>3,391,055</u>	<u>-</u>	<u>4,371,967</u>
Total Liabilities	<u>1,777,183</u>	<u>4,243,526</u>	<u>(711,629)</u>	<u>5,309,080</u>
NET ASSETS:				
Without donor restriction	2,691,114	644,157	-	3,335,271
With donor restriction	781,195	-	-	781,195
	<u>3,472,309</u>	<u>644,157</u>	<u>-</u>	<u>4,116,466</u>
Total Net Assets				
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,249,492</u>	<u>\$ 4,887,683</u>	<u>\$ (711,629)</u>	<u>\$ 9,425,546</u>

**PEOPLE'S PLACE II, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	People's Place II, Inc.	People's Place Properties, Inc.	Eliminations	Totals
REVENUES AND SUPPORT				
Public support, received directly	\$ 225,002	\$ -	\$ -	\$ 225,002
Public support, received indirectly	23,187	-	-	23,187
Revenue from governmental agencies	4,603,413	-	-	4,603,413
Program service fees	2,929,096	-	-	2,929,096
Rent	1,125	452,190	(235,465)	217,850
Miscellaneous revenue	-	10,963	-	10,963
Interest income	13,812	1,018	-	14,830
In-kind revenue	221,240	-	-	221,240
	<u>8,016,875</u>	<u>464,171</u>	<u>(235,465)</u>	<u>8,245,581</u>
Total Revenues and Support				
EXPENSES				
Programs:				
Counseling Center	2,674,230	-	(37,322)	2,636,908
Shelter, Advocacy, Freedom, and Empowerment (SAFE)	1,439,870	-	(34,650)	1,405,220
Group Home for Girls	638,431	-	(23,749)	614,682
Centers for Community Justice	190,390	-	(12,499)	177,891
Independent Living	543,884	-	(5,782)	538,102
Whatcoat Social Services	467,044	-	(14,400)	452,644
Abriendo Puertas	374,566	-	(19,800)	354,766
Veterans Outreach	60,320	-	(2,364)	57,956
Turning Point	547,330	-	(25,308)	522,022
Visitation Centers	195,629	-	(14,916)	180,713
	<u>7,131,694</u>	<u>-</u>	<u>(190,790)</u>	<u>6,940,904</u>
Total Program Expenses				
Administrative and general	<u>608,721</u>	<u>511,678</u>	<u>(44,675)</u>	<u>1,075,724</u>
Total Expenses	<u>7,740,415</u>	<u>511,678</u>	<u>(235,465)</u>	<u>8,016,628</u>
CHANGE IN NET ASSETS	276,460	(47,507)	-	228,953
NET ASSETS, BEGINNING OF YEAR	<u>3,195,849</u>	<u>691,664</u>	<u>-</u>	<u>3,887,513</u>
NET ASSETS, END OF YEAR	<u>\$ 3,472,309</u>	<u>\$ 644,157</u>	<u>\$ -</u>	<u>\$ 4,116,466</u>

**PEOPLE'S PLACE II, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2020**

	People's Place II, Inc.	People's Place Properties, Inc.	Eliminations	Totals
Salaries	\$ 4,538,419	\$ 44,245	\$ -	\$ 4,582,664
Employee benefits	376,456	7,019	-	383,475
Payroll taxes, etc.	448,975	4,272	-	453,247
Assistance to individuals	616,082	-	-	616,082
Building and equipment rental and maintenance	179,231	89,997	-	269,228
Conferences, conventions, etc.	20,399	-	-	20,399
Electronic health records	68,309	-	-	68,309
In-kind expenses	221,239	-	-	221,239
Insurance	111,074	2,381	-	113,455
Interest expense	-	48,463	-	48,463
Membership dues	22,758	72	-	22,830
Miscellaneous	16,151	5,745	-	21,896
Occupancy	466,824	74,386	(235,465)	305,745
Postage	12,872	530	-	13,402
Printing and publications	14,858	-	-	14,858
Professional fees	193,014	4,289	-	197,303
Supplies	180,545	9,960	-	190,505
Telephone	105,022	4,185	-	109,207
Travel and vehicle expense	72,505	2,764	-	75,269
TOTAL BEFORE DEPRECIATION	7,664,733	298,308	(235,465)	7,727,576
Depreciation	75,682	213,370	-	289,052
TOTAL EXPENSES	\$ 7,740,415	\$ 511,678	\$ (235,465)	\$ 8,016,628

**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, 2020

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	\$ 3,507	
Stores and Commercial		5240			
Rental Concessions		5250			
Garage and Parking Space		5270			
Miscellaneous		5290			
Total Vacancies					\$ (3,507)
Net Rent Revenues (Rent Revenue less Vacancies)				\$ 52,773	
	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			
FINANCIAL REVENUE 5400	Expiration of Gift Donor Restrictions (Non-profits)	5460			
	Gifts (Non-profits)	5470			
	Revenue from Investments - Miscellaneous	5490	\$ 332		
	Total Financial Revenue			\$ 332	
	Laundry and Vending Revenue	5910			
OTHER REVENUE 5900	Tenant Changes (NSF and Late Charges)	5920	\$ 220		
	Damages and Cleaning Fees	5930			
	Forfeited Tenant Security Deposits	5940			
	Interest Reduction Payments Revenue	5945			
	Miscellaneous Revenue (Specify) Operating Reserves	5990			
Total Other Revenue				\$ 220	
Total Revenue				\$ 53,325	
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	\$ 10,905		
	Office Expenses	6311	\$ 683		
	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	\$ 416		
	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				\$ 13,004
	UTILITIES EXPENSE 6400	Fuel Oil / Coal	6420		
Electricity (Lights and Miscellaneous Power)		6450	\$ 492		
Water		6451	\$ 69		
Gas		6452			
Sewer		6453	\$ 69		
Total Utilities Expense				\$ 630	

**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, 2020

OPERATING AND MAINTENANCE 6500	Janitor and Cleaning Payroll	6510		
	Janitorial Supplies	6515		
	Janitorial Cleaning Contracts	6517		
	Exterminating Contract / Payroll	6519		
	Exterminating Supplies	6520	\$ 270	
	Operating and Maintenance - Rent Free Unit	6521		
	Garbage and Trash Removal	6525	\$ 234	
	Fire Safety / Equipment and Contract	6528		
	Security Payroll / Contract	6530		
	Security Rent Free Unit	6531		
	Grounds Payroll	6535		
	Grounds Supplies	6536	\$ 633	
	Grounds Contract	6537	\$ 6,370	
	Repairs Payroll	6540		
	Repairs Material	6541	\$ 19,788	
	Repairs Contracts	6542		
	Elevator Maintenance	6545		
	Heating / Cooling / Repairs and Maintenance	6546	\$ 2,695	
	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	\$ 3,925		
	Total Operating and Maintenance Expense			\$ 33,915
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			\$ 47,549
	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			\$ 47,549
	Profit (Loss) Before Depreciation		\$ 5,776	
DEPRECIATION 6600	Depreciation Expenses	6600	\$ 51,499	
	Amortization Expenses	6610		
	Operating Profit or (Loss)			\$ (45,723)
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)			\$ (45,723)
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	2,851	
	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, 2020

<u>Account Type</u>	<u>Beginning Balance</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Ending Balance</u>
DSHA Insurance Escrow	\$ 4,210	\$ -	\$ -	\$ 4,210
DSHA Replacement Reserve	21,970	2,851	-	24,821
DSHA Operating Reserve and Residual Receipts	<u>167,491</u>	<u>1,328</u>	<u>-</u>	<u>168,819</u>
Total	<u>\$ 193,671</u>	<u>\$ 4,179</u>	<u>\$ -</u>	<u>\$ 197,850</u>

**PEOPLE'S PLACE II, INC. AND AFFILIATE
VERA'S HAVEN ACCOUNTS RECEIVABLE AGING
JUNE 30, 2020**

<u>Tenants</u>	<u>30 Days</u>	<u>60 Days</u>	<u>90 Days</u>	<u>>90 Days</u>	<u>Total</u>
L. W.	\$ 1	\$ -	\$ -	\$ -	\$ 1
Z. H.	3	-	-	-	3
S. B.	25	-	-	-	25
S. S.	42	-	-	-	42
L. P.	132	-	-	-	132
L. L.	20	-	-	-	20
Total	<u>\$ 223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223</u>

**PEOPLE'S PLACE II, INC. AND AFFILIATE
 VERA'S HAVEN ACCOUNTS PAYABLE AGING
 JUNE 30, 2020**

<u>Vendors</u>	<u>30 Days</u>	<u>60 Days</u>	<u>90 Days</u>	<u>>90 Days</u>	<u>Total</u>
Ashley Parker	\$ 10	\$ -	\$ -	\$ -	\$ 10
Lawns Plus	360	-	-	-	360
WSFS Bankcard	14	-	-	-	14
Total	<u>\$ 384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 384</u>

**PEOPLE'S PLACE II, INC. AND AFFILIATE
VERA'S HAVEN TENANT SECURITY DEPOSITS HELD AT WSFS BANK
JUNE 30, 2020**

<u>Tenants</u>	<u>Deposit</u>
J. W.	\$ 509
L. W.	509
L. W.	509
Z. H.	509
B. M.	509
S. B.	509
S. S.	409
L. P.	409
L. L.	409
S. C.	409
Total	<u>\$ 4,690</u>

**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, 2020	DSHA/HDF Number 297-FY06-08
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PART A - COMPUTE SURPLUS CASH

Section I - Cash

1. Cash	\$	35,881	
2. Tenant Subsidy Vouchers due for Period Covered by Financial Statements	\$	-	
3. Other (Describe) Tenant Security Deposits	\$	4,690	
(A) Total Cash (Add Lines 1, 2, & 3)			\$ 40,571

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)	\$	384	
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	\$	4,690	
13. Other (describe) _____	\$	-	
(B) Total Liabilities			\$ 5,074

(C) Surplus Cash (Deficiency)

Line (A) Minus Line (B)

\$ 35,497

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

1. Surplus Cash	\$	35,497	
2. a. Beginning Balance: Accrued Distributions from Prior Year(s) Unpaid			
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, 2020**

<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) 468-4001

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

January 13, 2021

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, 2020, 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 January 13, 2021.

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

January 13, 2021

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, 2020. 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 (CFR) 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, 2020.

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, 2020

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 Community Services Block Grant	I	93.569	N/A	\$ 25,000	\$ -
Passed through Delaware Department of Health and Social Services Grants to States for Access and Visitation Programs	I	93.597	N/A	82,576	-
Passed through Criminal Justice Council					
Family Violence Prevention and Services	I	93.671	DH-shelter-1806	63,821	-
Family Violence Prevention and Services	I	93.671	DH-shelter-1807	31,811	-
Family Violence Prevention and Services	I	93.671	DH-shelter-1808	18,665	-
Family Violence Prevention and Services	I	93.671	DH-Shelter-1809	42,713	-
Family Violence Prevention and Services	I	93.671	DH-Admin-2114	80,325	-
Family Violence Prevention and Services	I	93.671	DH-Admin-2115	177,405	-
Total CFDA #93.671				<u>414,740</u>	<u>-</u>
Passed through Delaware Department of Services for Children, Youth and their Families Chafee Foster Care Independence Program	I	93.674	DFS 13436	142,139	-
U.S. Department of Justice					
Transitional Housing Assistance for Victims of Domestic Violence	D	16.736	N/A	206,556	-
Passed through Criminal Justice Council					
Crime Victim Assistance	I	16.575	VF-Passthru-2077	326,411	-
Crime Victim Assistance	I	16.575	VF-Passthru-2086	192,691	-
Crime Victim Assistance	I	16.575	VF-Passthru-2123	33,919	-
Crime Victim Assistance	I	16.575	VF-Passthru-2225	118,421	-
Total CFDA #16.575				<u>671,442</u>	<u>-</u>
U.S. Department of Housing and Urban Development					
Passed through Delaware State Housing Authority					
Emergency Solutions Grant Program	I	14.231	ESG-08-19	14,500	-
Emergency Solutions Grant Program	I	14.231	ESG-09-19	10,000	-
Emergency Solutions Grant Program	I	14.231	ESG-03-19	15,350	-
Total CFDA #14.231				<u>39,850</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 1,582,303</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

16.575

Name of Federal Program or Cluster

Crime Victim Assistance

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.