



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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED
JUNE 30, 2017**

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, 2017

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, 2017 and, to the best of my knowledge and belief, the same is complete and accurate.

Janet Berry
Executive Director
People's Place II, Inc. and Affiliate

Date

INDEPENDENT AUDITOR'S REPORT

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October 27, 2017

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

Report on the 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, 2017, 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.

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 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, 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.

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

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

Prior Period Summarized Comparative Information

We have previously audited People's Place II, Inc. and affiliate's June 30, 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 31, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited consolidated financial statements from which it was 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 20 through 30 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*, 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 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 October 27, 2017 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

PEOPLE'S PLACE II, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

ASSETS	2017	2016
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,183,163	\$ 2,067,031
Accounts receivable, net	674,379	794,333
Prepaid expenses	20,786	21,713
Deposits	12,918	12,918
Total Current Assets	2,891,246	2,895,995
PROPERTY AND EQUIPMENT:		
Land	553,486	553,486
Buildings	3,969,834	3,969,834
Building improvements	1,518,222	1,482,492
Furniture and equipment	1,173,668	1,144,231
Automobiles	332,731	332,731
	7,547,941	7,482,774
Less: Accumulated depreciation	(3,500,455)	(3,273,952)
Net Property and Equipment	4,047,486	4,208,822
OTHER ASSETS:		
Cash escrow and reserve funds	301,960	291,751
TOTAL ASSETS	\$ 7,240,692	\$ 7,396,568
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and other accrued expenses	\$ 85,477	\$ 106,871
Accrued payroll expenses	391,632	533,904
Current portion of long-term debt	46,394	115,041
Deferred revenue	209,050	207,832
Total Current Liabilities	732,553	963,648
NONCURRENT LIABILITIES:		
Long-term debt, net of current portion	2,956,195	2,960,008
TOTAL LIABILITIES	3,688,748	3,923,656
NET ASSETS:		
Unrestricted	3,036,604	2,971,562
Temporarily restricted	515,340	501,350
Total Net Assets	3,551,944	3,472,912
TOTAL LIABILITIES AND NET ASSETS	\$ 7,240,692	\$ 7,396,568

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, 2017
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	Unrestricted	Temporarily Restricted	Totals	
			2017	2016
REVENUES AND SUPPORT				
Public support, received directly	\$ 278,698	\$ -	\$ 278,698	\$ 259,077
Public support, received indirectly	-	53,716	53,716	50,527
Revenue from governmental agencies	-	4,648,588	4,648,588	4,908,995
Program service fees	2,707,915	-	2,707,915	2,689,033
Rent	135,668	-	135,668	116,654
Miscellaneous revenue	22,348	-	22,348	52,260
Interest Income	5,022	-	5,022	2,967
In-kind revenue	274,078	-	274,078	192,348
Net assets released from restrictions:				
Satisfaction of program restrictions	4,688,314	(4,688,314)	-	-
TOTAL REVENUES AND SUPPORT	8,112,043	13,990	8,126,033	8,271,861
EXPENSES				
Programs:				
Counseling Center	2,351,275	-	2,351,275	2,463,036
Shelter, Advocacy, Freedom, and Empowerment (SAFE)	1,250,438	-	1,250,438	1,245,445
Residential Alternative to Detention (RAD)	572,429	-	572,429	796,329
Group Home for Girls	513,509	-	513,509	478,412
Centers for Community Justice	167,555	-	167,555	175,346
Independent Living	543,217	-	543,217	615,309
Whatcoat Social Services	351,479	-	351,479	334,960
Abriendo Puertas	330,471	-	330,471	346,460
Veterans Outreach	51,542	-	51,542	59,676
Turning Point	538,475	-	538,475	560,103
Visitation Centers	166,442	-	166,442	168,460
TOTAL PROGRAM EXPENSES	6,836,832	-	6,836,832	7,243,536
Administrative and general	1,210,169	-	1,210,169	1,052,513
TOTAL EXPENSES	8,047,001	-	8,047,001	8,296,049
CHANGE IN NET ASSETS	65,042	13,990	79,032	(24,188)
NET ASSETS, BEGINNING OF YEAR	2,971,562	501,350	3,472,912	3,497,100
NET ASSETS, END OF YEAR	\$ 3,036,604	\$ 515,340	\$ 3,551,944	\$ 3,472,912

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, 2017
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)**

	Counseling Center	SAFE	RAD	Group Home for Girls	Centers for Community Justice	Independent Living	Whatcoat Social Services
Salaries	\$ 1,762,921	\$ 625,046	\$ 323,452	\$ 297,923	\$ 112,902	\$ 206,189	\$ 185,690
Employee benefits	126,824	66,366	21,804	35,216	3,809	19,751	16,908
Payroll taxes, etc.	126,805	45,773	33,888	20,695	9,283	14,668	13,345
Total salaries and related costs	<u>2,016,550</u>	<u>737,185</u>	<u>379,144</u>	<u>353,834</u>	<u>125,994</u>	<u>240,608</u>	<u>215,943</u>
Advertising	1,434	2,859	86	346	522	472	95
Assistance to individuals	12	147,996	5,481	8,719	-	240,524	19
Building and equipment rental and maintenance	16,124	43,673	10,569	8,826	60	89	17,539
Conferences, conventions, etc.	4,678	5,467	2,411	13,312	3,175	24	1,304
Electronic health records	57,945	-	-	-	-	-	-
In-kind expenses	3,055	127,211	12,529	23,266	6,550	13,150	24,026
Insurance	69,503	23,892	11,087	12,111	3,897	8,940	6,321
Interest expense	8,833	29	-	-	10	17	100
Membership dues	1,714	463	-	-	-	-	47
Miscellaneous	561	8,531	845	7,877	-	4,002	851
Occupancy	73,616	2,866	-	-	-	11,824	-
Postage	7,110	419	38	-	1,424	98	342
Printing and publications	2,030	1,696	202	68	225	-	397
Professional fees	33,307	21,003	17,619	11,303	10,207	4,550	2,842
Supplies	10,634	54,565	33,991	33,838	8,949	528	42,516
Telephone	16,637	19,056	8,991	9,589	2,403	6,559	6,470
Travel and vehicle expense	4,719	26,541	69,376	12,504	3,058	11,413	1,905
Utilities	8,993	25,880	13,087	10,061	-	-	26,713
Total Before Depreciation	<u>2,337,455</u>	<u>1,249,332</u>	<u>565,456</u>	<u>505,654</u>	<u>166,474</u>	<u>542,798</u>	<u>347,430</u>
Depreciation	13,820	1,106	6,973	7,855	1,081	419	4,049
Total Expenses	<u>\$ 2,351,275</u>	<u>\$ 1,250,438</u>	<u>\$ 572,429</u>	<u>\$ 513,509</u>	<u>\$ 167,555</u>	<u>\$ 543,217</u>	<u>\$ 351,479</u>

Continued on next page.

**PEOPLE'S PLACE II, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)**

	Abriendo Puertas	Veterans Outreach	Turning Point	Visitation Centers	Program Services Total	Administrative and General	Totals	
							2017	2016
Salaries	\$ 167,171	\$ 33,579	\$ 405,293	\$ 132,467	\$ 4,252,633	\$ 464,947	\$ 4,717,580	\$ 5,020,920
Employee benefits	5,723	8,108	33,456	6,045	344,010	96,943	440,953	366,027
Payroll taxes, etc.	12,944	2,279	30,281	12,320	322,281	43,182	365,463	359,119
Total salaries and related costs	<u>185,838</u>	<u>43,966</u>	<u>469,030</u>	<u>150,832</u>	<u>4,918,924</u>	<u>605,072</u>	<u>5,523,996</u>	<u>5,746,066</u>
Advertising	79	-	-	-	5,893	3,034	8,927	7,363
Assistance to individuals	2,971	39	2,081	-	407,842	-	407,842	450,209
Building and equipment rental and maintenance	24,776	-	2,255	567	124,478	123,122	247,600	239,491
Conferences, conventions, etc.	3,257	-	6,019	1,209	40,856	9,261	50,117	46,803
Electronic health records	-	-	-	-	57,945	-	57,945	59,390
In-kind expenses	57,326	691	2,950	280	271,034	3,044	274,348	192,348
Insurance	6,164	1,667	14,059	4,894	162,535	27,125	189,660	207,240
Interest expense	-	-	47	-	8,989	54,684	63,673	65,150
Membership dues	-	-	-	-	2,271	5,471	7,742	7,497
Miscellaneous	28	-	769	-	23,464	5,560	29,024	28,205
Occupancy	-	-	-	-	88,306	395	88,701	66,901
Postage	177	-	826	-	10,434	3,142	13,576	16,169
Printing and publications	-	-	570	-	5,188	2,915	8,103	5,690
Professional fees	3,393	481	5,722	655	111,082	64,937	176,019	200,468
Supplies	15,706	-	6,024	3,836	210,587	25,674	236,261	273,001
Telephone	8,318	777	6,907	2,222	87,929	13,373	101,302	104,596
Travel and vehicle expense	7,054	3,921	13,737	1,502	155,730	6,018	161,748	182,474
Utilities	9,192	-	-	-	93,926	53,044	146,970	144,084
Total Before Depreciation	<u>324,279</u>	<u>51,542</u>	<u>530,996</u>	<u>165,997</u>	<u>6,787,413</u>	<u>1,005,871</u>	<u>7,793,284</u>	<u>8,043,145</u>
Depreciation	<u>6,192</u>	<u>-</u>	<u>7,479</u>	<u>445</u>	<u>49,419</u>	<u>204,298</u>	<u>253,717</u>	<u>252,904</u>
Total Expenses	<u>\$ 330,471</u>	<u>\$ 51,542</u>	<u>\$ 538,475</u>	<u>\$ 166,442</u>	<u>\$ 6,836,832</u>	<u>\$ 1,210,169</u>	<u>\$ 8,047,001</u>	<u>\$ 8,296,049</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, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Grants, contributions, and fees received	\$ 7,809,997	\$ 7,871,916
Cash paid to suppliers, employees, and government	(7,617,054)	(7,332,833)
Rent received	135,668	116,654
Other	22,348	52,260
Interest received	5,022	2,967
Interest paid	(63,673)	(65,150)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>292,308</u>	<u>645,814</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property and equipment	(93,507)	(189,384)
Additions to cash escrow funds	(10,209)	(10,005)
NET CASH USED FOR INVESTING ACTIVITIES	<u>(103,716)</u>	<u>(199,389)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of borrowings	(72,460)	(69,181)
NET CASH USED FOR FINANCING ACTIVITIES	<u>(72,460)</u>	<u>(69,181)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	116,132	377,244
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,067,031</u>	<u>1,689,787</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,183,163</u>	<u>\$ 2,067,031</u>
CHANGE IN NET ASSETS	\$ 79,032	\$ (24,188)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO CHANGE IN NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	253,717	252,904
Loss on disposition of assets	1,126	-
(Increase) decrease in:		
Accounts receivable	119,954	(35,716)
Prepaid expenses	927	30,164
Deposits	-	(7,350)
Increase (decrease) in:		
Accounts payable and other accrued expenses	(21,394)	16,687
Accrued payroll expenses	(142,272)	212,695
Deferred revenue	1,218	200,618
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 292,308</u>	<u>\$ 645,814</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.

Residential Alternative to Detention (RAD) – RAD is a residential program for youths ages 8 - 19 who have been arrested and cannot return home. They live in a structured setting, monitored by a round-the-clock staff while awaiting their court appearance. RAD ceased operations at the end of February 2017.

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.

PEOPLE'S PLACE II, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION (cont'd)

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.

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

PEOPLE'S PLACE II, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

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, 2016, 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, temporarily restricted net assets are reclassified to unrestricted net assets 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.

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

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

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 the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets 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 \$274,078 for the year ended June 30, 2017, and are included in revenues and expenses.

PEOPLE'S PLACE II, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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.

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. Accordingly, certain costs have been allocated among the programs and supporting 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.

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, 2017:

Client fees and health insurance, net	\$ 225,765
Delaware Criminal Justice Council	196,164
Division of Services for Children, Youth, and their Families	152,543
U. S. Department of Justice	35,573
Miscellaneous	<u>64,334</u>
Total	<u>\$ 674,379</u>

PEOPLE'S PLACE II, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 ACCOUNTS RECEIVABLE (cont'd)

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 \$49,558 at June 30, 2017. 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, 2016	Asset Acquisitions	Asset Disposals	As of June 30, 2017
Counseling Center	\$ 192,569	\$ 2,540	\$ -	\$ 195,109
SAFE	307,088	10,558	-	317,646
RAD **	94,066	-	(28,340)	65,726
Group Home for Girls	333,126	30,231	-	363,357
Centers for Community Justice	15,654	-	-	15,654
Independent Living	19,511	-	-	19,511
Whatcoat Social Services	133,029	1,812	-	134,841
Abriendo Puertas	59,112	6,586	-	65,698
Veterans Outreach	29,061	-	-	29,061
Turning Point	36,292	-	-	36,292
Visitation Centers	24,672	-	-	24,672
People's Place Properties, Inc.	6,071,069	40,562	-	6,111,631
Administrative and general	167,525	1,218	-	168,743
	<u>\$ 7,482,774</u>	<u>\$ 93,507</u>	<u>\$ (28,340)</u>	7,547,941
Less: Accumulated depreciation				<u>(3,500,455)</u>
Net property and equipment				<u>\$ 4,047,486</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.

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

NOTE 6 LONG-TERM DEBT

Debt obligations consisted of the following at June 30, 2017:

In April 2011, the Organization entered into a loan agreement with Wilmington Savings Fund Society, FSB ("WSFS") for \$190,000, with a monthly payment of \$2,715 and a maturity date of April 25, 2018. The interest rate is 5.25% and is secured by all the assets of the Organization. \$ 5,180

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. 187,421

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

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. 627,250

PEOPLE'S PLACE II, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

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. 152,427

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. 51,727

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%. 182,848

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, 2017. 500,000

\$ 3,002,589

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,

2018	\$ 46,394
2019	43,485
2020	45,889
2021	48,431
2022	51,122
Thereafter	<u>2,767,268</u>
	<u>\$ 3,002,589</u>

The Organization held an unsecured demand line of credit with WSFS Bank in the amount of \$200,000 for the year ended June 30, 2017, with a maturity date of April 25, 2018. The interest rate was 3.5 percent on June 30, 2017. There were no borrowings outstanding on the line of credit as of June 30, 2017.

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

Net assets were temporarily restricted by donors for the following purposes as of June 30, 2017:

Counseling Center	\$ 8,204
SAFE	144,446
Independent Living	30,505
Furniture purchases	1,380
Abriendo Puertas	23,082
Veterans Outreach	5,763
People's Place Properties - DSHA Reserves	<u>301,960</u>
	<u>\$ 515,340</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 \$4,688,314 for the year ended June 30, 2017.

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

PEOPLE'S PLACE II, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 DEFINED CONTRIBUTION PLAN (cont'd)

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, 2017 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, 2017 were \$34,023.

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 \$85,485 for the year ended June 30, 2017.

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, 2017:

For the Year Ending June 30,

2018	\$	84,218
2019		80,870
2020		52,797
2021		52,413
2022		51,888
Thereafter		<u>26,328</u>
	\$	<u>348,514</u>

NOTE 10 OPERATING LEASES - LESSOR

The Organization leases out office space at various locations under operating leases with terms expiring through February 2020.

Future minimum rentals are as follows:

For the Year Ending June 30,

2018	\$	78,040
2019		79,361
2020		<u>39,336</u>
	\$	<u>196,737</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, 2017 is \$55,364 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, 2017 are as follows:

	Sussex County Domestic Center	Vera's Haven	Total
Insurance escrow	\$ -	\$ 4,210	\$ 4,210
Replacement reserve	96,242	19,699	115,941
Operating reserve and residual receipts	12,187	169,622	181,809
Total	<u>\$ 108,429</u>	<u>\$ 193,531</u>	<u>\$ 301,960</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 \$36,778 as of June 30, 2017. 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 \$1,924,526 as of June 30, 2017. The Organization has not experienced any losses in such accounts.

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

NOTE 15 SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through October 27, 2017, 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, 2017

	People's Place II, Inc.	People's Place Properties, Inc.	Eliminations	Totals
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 1,792,679	\$ 390,484	\$ -	\$ 2,183,163
Accounts receivable	1,231,298	-	(556,919)	674,379
Prepaid expenses	20,716	70	-	20,786
Deposits	11,000	1,918	-	12,918
Total Current Assets	<u>3,055,693</u>	<u>392,472</u>	<u>(556,919)</u>	<u>2,891,246</u>
PROPERTY AND EQUIPMENT:				
Land	-	553,486	-	553,486
Buildings	-	3,969,834	-	3,969,834
Building improvements	277,880	1,240,342	-	1,518,222
Furniture and equipment	784,004	389,664	-	1,173,668
Automobiles	332,731	-	-	332,731
	<u>1,394,615</u>	<u>6,153,326</u>	<u>-</u>	<u>7,547,941</u>
Less: Accumulated depreciation	<u>(1,115,827)</u>	<u>(2,384,628)</u>	<u>-</u>	<u>(3,500,455)</u>
Net Property and Equipment	278,788	3,768,698	-	4,047,486
OTHER ASSETS:				
Cash escrow and reserve funds	-	301,960	-	301,960
TOTAL ASSETS	<u><u>\$ 3,334,481</u></u>	<u><u>\$ 4,463,130</u></u>	<u><u>\$ (556,919)</u></u>	<u><u>\$ 7,240,692</u></u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable and other accrued expenses	\$ 40,935	\$ 601,461	\$ (556,919)	\$ 85,477
Accrued payroll expenses	391,124	508	-	391,632
Current portion of long-term debt	-	46,394	-	46,394
Deferred revenue	209,050	-	-	209,050
Total Current Liabilities	<u>641,109</u>	<u>648,363</u>	<u>(556,919)</u>	<u>732,553</u>
NONCURRENT LIABILITIES:				
Long-term debt, net of current portion	-	2,956,195	-	2,956,195
Total Liabilities	<u>641,109</u>	<u>3,604,558</u>	<u>(556,919)</u>	<u>3,688,748</u>
NET ASSETS:				
Unrestricted	2,178,032	858,572	-	3,036,604
Temporarily restricted	515,340	-	-	515,340
Total Net Assets	<u>2,693,372</u>	<u>858,572</u>	<u>-</u>	<u>3,551,944</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,334,481</u></u>	<u><u>\$ 4,463,130</u></u>	<u><u>\$ (556,919)</u></u>	<u><u>\$ 7,240,692</u></u>

**PEOPLE'S PLACE II, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

	People's Place II, Inc.	People's Place Properties, Inc.	Eliminations	Totals
REVENUES AND SUPPORT				
Public support, received directly	\$ 278,698	\$ -	\$ -	\$ 278,698
Public support, received indirectly	53,716	-	-	53,716
Revenue from governmental agencies	4,648,588	-	-	4,648,588
Program service fees	2,707,915	-	-	2,707,915
Rent	3,745	383,965	(252,042)	135,668
Miscellaneous revenue	10,358	11,990	-	22,348
Interest income	3,626	1,396	-	5,022
In-kind revenue	274,078	-	-	274,078
	<u>7,980,724</u>	<u>397,351</u>	<u>(252,042)</u>	<u>8,126,033</u>
EXPENSES				
Programs:				
Counseling Center	2,386,514	-	(35,239)	2,351,275
Shelter, Advocacy, Freedom, and Empowerment (SAFE)	1,283,438	-	(33,000)	1,250,438
Residential Alternative to Detention (RAD)	610,829	-	(38,400)	572,429
Group Home for Girls	535,469	-	(21,960)	513,509
Centers for Community Justice	183,998	-	(16,443)	167,555
Independent Living	550,345	-	(7,128)	543,217
Whatcoat Social Services	365,879	-	(14,400)	351,479
Abriendo Puertas	350,271	-	(19,800)	330,471
Veterans Outreach	51,839	-	(297)	51,542
Turning Point	563,141	-	(24,666)	538,475
Visitation Centers	182,512	-	(16,070)	166,442
	<u>7,064,235</u>	<u>-</u>	<u>(227,403)</u>	<u>6,836,832</u>
Administrative and general	774,631	460,177	(24,639)	1,210,169
	<u>7,838,866</u>	<u>460,177</u>	<u>(252,042)</u>	<u>8,047,001</u>
CHANGE IN NET ASSETS	141,858	(62,826)	-	79,032
NET ASSETS, BEGINNING OF YEAR	<u>2,551,514</u>	<u>921,398</u>	<u>-</u>	<u>3,472,912</u>
NET ASSETS, END OF YEAR	<u>\$ 2,693,372</u>	<u>\$ 858,572</u>	<u>\$ -</u>	<u>\$ 3,551,944</u>

**PEOPLE'S PLACE II, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2017**

	<u>People's Place II, Inc.</u>	<u>People's Place Properties, Inc.</u>	<u>Eliminations</u>	<u>Totals</u>
Salaries	\$ 4,674,663	\$ 42,917	\$ -	\$ 4,717,580
Employee benefits	430,997	9,956	-	440,953
Payroll taxes, etc.	362,684	2,779	-	365,463
Advertising	8,193	734	-	8,927
Assistance to individuals	407,842	-	-	407,842
Building and equipment rental and maintenance	160,665	86,935	-	247,600
Conferences, conventions, etc.	50,052	65	-	50,117
Electronic health records	57,945	-	-	57,945
In-kind expenses	274,078	-	-	274,078
Insurance	188,075	1,585	-	189,660
Interest expense	9,865	53,808	-	63,673
Membership dues	7,742	-	-	7,742
Miscellaneous	27,538	1,486	-	29,024
Occupancy	340,348	395	(252,042)	88,701
Postage	13,351	225	-	13,576
Printing and publications	7,710	393	-	8,103
Professional fees	172,495	3,524	-	176,019
Supplies	219,965	16,296	-	236,261
Telephone	97,581	3,721	-	101,302
Travel and vehicle expense	156,678	5,070	-	161,748
Utilities	93,926	53,044	-	146,970
TOTAL BEFORE DEPRECIATION	7,762,393	282,933	(252,042)	7,793,284
Depreciation	76,472	177,245	-	253,717
TOTAL EXPENSES	\$ 7,838,865	\$ 460,178	\$ (252,042)	\$ 8,047,001

**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, 2017

Part I	Description of Account		Amount*		
RENTAL INCOME 5100	Rent Revenue - Gross Potential	5120	\$ 54,064		
	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			\$ 54,064
VACANCIES 5200	Apartments	5220	\$ 1,129		
	Stores and Commercial	5240			
	Rental Concessions	5250			
	Garage and Parking Space	5270			
	Miscellaneous	5290			
		Total Vacancies			\$ (1,129)
	Net Rent Revenues (Rent Revenue less Vacancies)			\$ 52,935	
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	\$ 15		
	Revenue from Investments - Replacement Reserve	5440	\$ 65		
	Expiration of Gift Donor Restrictions (Non-profits)	5460			
	Gifts (Non-profits)	5470			
	Revenue from Investments - Miscellaneous	5490			
	Total Financial Revenue			\$ 80	
OTHER REVENUE 5900	Laundry and Vending Revenue	5910			
	Tenant Changes (NSF and Late Charges)	5920	\$ 90		
	Damages and Cleaning Fees	5930			
	Forfeited Tenant Security Deposits	5940			
	Interest Reduction Payments Revenue	5945			
	Miscellaneous Revenue (Specify) Operating Reserves	5990	\$ 602		
	Total Other Revenue			\$ 692	
	Total Revenue			\$ 53,707	
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	\$ 13,255		
	Office Expenses	6311	\$ 225		
	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	\$ 602		
	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			\$ 15,082
	UTILITIES EXPENSE 6400	Fuel Oil / Coal	6420		
Electricity (Lights and Miscellaneous Power)		6450	\$ 872		
Water		6451	\$ 2,810		
Gas		6452			
Sewer		6453	\$ 2,810		
	Total Utilities Expense			\$ 6,492	

**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, 2017

OPERATING AND MAINTENANCE 6500	Janitor and Cleaning Payroll	6510		
	Janitorial Supplies	6515		
	Janitorial Cleaning Contracts	6517		
	Exterminating Contract / Payroll	6519	\$	910
	Exterminating Supplies	6520		
	Operating and Maintenance - Rent Free Unit	6521		
	Garbage and Trash Removal	6525	\$	1,868
	Fire Safety / Equipment and Contract	6528		
	Security Payroll / Contract	6530		
	Security Rent Free Unit	6531		
	Grounds Payroll	6535		
	Grounds Supplies	6536		
	Grounds Contract	6537	\$	1,820
	Repairs Payroll	6540		
	Repairs Material	6541	\$	18,146
	Repairs Contracts	6542		
	Elevator Maintenance	6545		
	Heating / Cooling / Repairs and Maintenance	6546	\$	1,544
	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		9,155	
	Total Operating and Maintenance Expense			\$ 33,443
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			\$ 55,017
	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			\$ 55,017
	Profit (Loss) Before Depreciation		\$ (1,310)	
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)			\$ (52,809)
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	2,386	
	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, 2017

Account Type	Beginning Balance	Deposits	Withdrawals	Ending Balance
DSHA Insurance Escrow	\$ 4,210	-	-	\$ 4,210
DSHA Replacement Reserve	17,248	2,451	-	19,699
DSHA Operating Reserve and Residual Receipts	169,091	617	(86)	169,622
Total	\$ 190,549	\$ 3,068	\$ (86)	\$ 193,531

**PEOPLE'S PLACE II, INC. AND AFFILIATE
VERA'S HAVEN ACCOUNTS RECEIVABLE AGING
JUNE 30, 2017**

Tenants	30 Days	60 Days	90 Days	>90 Days	Total
C. L.	\$ 34	-	-	-	\$ 34
K. L.	25	-	-	-	25
H. A.	534	533	-	-	1,067
C. B.	11	-	-	-	11
K. W.	427	-	-	-	427
Total	\$ 1,031	\$ 533	\$ -	\$ -	\$ 1,564

**PEOPLE'S PLACE II, INC. AND AFFILIATE
VERA'S HAVEN ACCOUNTS PAYABLE AGING
JUNE 30, 2017**

Vendors	30 Days	60 Days	90 Days	>90 Days	Total
City of Dover	\$ 713	-	-	-	\$ 713
Decks Unlimited	3,000	-	-	-	3,000
Donovan's Plumbing	1,337	-	-	-	1,337
Lawns Plus	248	-	-	-	248
People's Place Properties, Inc.	114	-	-	-	114
WSFS Bankcard	853	-	-	-	853
Total	<u>\$ 6,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,265</u>

**PEOPLE'S PLACE II, INC. AND AFFILIATE
VERA'S HAVEN TENANT SECURITY DEPOSITS HELD AT WSFS BANK
JUNE 30, 2017**

<u>Tenants</u>	<u>Deposit</u>
K. L.	\$ 509
H. A.	509
C. B.	509
M. J.	509
S. S.	409
K. W.	409
J. F. & B. W.	409
J. L. & E. O.	409
	<hr/>
Total	<u>\$ 3,672</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, 2017	DSHA/HDF Number 297-FY06-08
-------------------------------	--------------------------------------	--------------------------------

PART A - COMPUTE SURPLUS CASH

Section I - Cash

1. Cash	\$	51,692	
2. Tenant Subsidy Vouchers due for Period Covered by Financial Statements	\$	-	
3. Other (Describe) Tenant Security Deposits	\$	3,672	
(A) Total Cash (Add Lines 1, 2, & 3)		3,672	\$ 55,364

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)	\$	6,265	
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	\$	3,672	
13. Other (describe) _____	\$	-	
(B) Total Liabilities		-	\$ 9,937
(C) Surplus Cash (Deficiency)			\$ 45,427
Line (A) Minus Line (B)			\$ 45,427

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

1. Surplus Cash	\$	45,427	
2. a. Beginning Balance: Accrued Distributions from Prior Year(s) Unpaid		45,427	
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	\$	45,427	
(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, 2017**

<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

October 27, 2017

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, 2017, 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 October 27, 2017.

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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

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
BARBACANE, THORNTON & COMPANY LLP

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

October 27, 2017

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

Report on Compliance for Each 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, 2017. 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.

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.

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

Opinion on Each 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, 2017.

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, 2017**

Federal Grantor/Pass-through Grantor Program or Cluster Title	Source Code	Federal CFDA Number	Pass-through Entity 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	\$ 50,000	\$ -
Total Passed through First State Community Action Agency				<u>50,000</u>	<u>-</u>
Passed through Criminal Justice Council					
Family Violence Prevention and Services	I	93.671	DH15-1263	21,035	-
Family Violence Prevention and Services	I	93.671	DH15-1260	29,350	-
Family Violence Prevention and Services	I	93.671	DH15-1261	26,414	-
Family Violence Prevention and Services	I	93.671	DH15-1262	36,869	-
Family Violence Prevention and Services	I	93.671	DH16-1533	82,119	-
Family Violence Prevention and Services	I	93.671	DH16-1534	85,520	-
Family Violence Prevention and Services	I	93.671	DH16-1535	78,030	-
Family Violence Prevention and Services	I	93.671	DH16-1536	6,917	-
Total CFDA #93.671				<u>366,254</u>	<u>-</u>
Passed through Delaware Department of Services for Children, Youth, and their Families					
Chafee Foster Care Independence Program	I	93.674	DFS 11438	164,572	-
U.S. Department of Justice					
Transitional Housing Assistance for Victims of Domestic Violence					
	D	16.736	N/A	103,844	-
Passed through Criminal Justice Council					
Crime Victim Assistance	I	16.575	VF15-1321	44,684	-
Crime Victim Assistance	I	16.575	VF15-1298	46,448	-
Crime Victim Assistance	I	16.575	VF15-1297	26,904	-
Crime Victim Assistance	I	16.575	VF15-1442	69,008	-
Crime Victim Assistance	I	16.575	VF16-1539	111,317	-
Crime Victim Assistance	I	16.575	VF16-1538	50,880	-
Crime Victim Assistance	I	16.575	VF16-1537	99,695	-
Total CFDA #16.575				<u>448,936</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-03-16	20,000	-
Emergency Solutions Grant Program	I	14.231	ESG-04-16	15,452	-
Emergency Solutions Grant Program	I	14.231	ESG-05-16	20,000	-
Total CFDA #14.231				<u>55,452</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 1,189,058</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 programs:

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

Type of auditor's report issued on compliance for major programs [*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 programs:

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.