

THE PEOPLE CONCERN

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

THE PEOPLE CONCERN
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The People Concern

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The People Concern as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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), and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Awards from the Los Angeles Housing and Community Investment Department is presented at the request of the funder. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

To the Board of Directors
The People Concern

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of The People Concern'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 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 The People Concern's internal control over financial reporting and compliance.

Green Hasson & Janks LLP

December 20, 2019
Los Angeles, California

THE PEOPLE CONCERN

STATEMENT OF FINANCIAL POSITION

June 30, 2019

ASSETS

Cash and Cash Equivalents	\$ 678,563
Restricted Cash - Held for Clients	481,730
Investments	4,142,353
Accounts and Other Receivables (Net)	9,669,786
Pledges Receivable (Net)	1,139,064
Prepaid Expenses and Other Assets	1,206,387
Deferred Rent	3,568,182
Property and Equipment (Net)	<u>21,557,939</u>
TOTAL ASSETS	<u><u>\$ 42,444,004</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts Payable	\$ 2,921,830
Accrued Liabilities	2,263,656
Funds Held on Behalf of Clients	481,730
Line of Credit	2,000,000
Contract Advances	3,487,186
Contract Reserves	1,175,977
Notes Payable	<u>9,826,504</u>
TOTAL LIABILITIES	22,156,883

NET ASSETS:

Without Donor Restrictions:

Undesignated	\$ 7,172,521
Board Designated	<u>782,398</u>

TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS 7,954,919

With Donor Restrictions

12,332,202

TOTAL NET ASSETS 20,287,121

TOTAL LIABILITIES AND NET ASSETS \$ 42,444,004

The Accompanying Notes are an Integral Part of These Financial Statements

THE PEOPLE CONCERN

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Government Grants and Contracts	\$ 40,167,827	\$ -	\$ 40,167,827
Contributions	3,636,150	3,966,857	7,603,007
Special Events (Net of Direct Donor Benefit Expenses of \$58,527)	11,724	208,485	220,209
Contributions In-Kind	1,073,541	470,406	1,543,947
Investment Income (Net)	154,718	186,540	341,258
Rental and Other Income	930,918	-	930,918
Net Assets Released from Donor Restrictions	3,865,747	(3,865,747)	-
TOTAL REVENUE AND SUPPORT	49,840,625	966,541	50,807,166
EXPENSES:			
Program Services	46,746,543	-	46,746,543
Management and General	2,618,213	-	2,618,213
Fundraising	1,385,188	-	1,385,188
TOTAL EXPENSES	50,749,944	-	50,749,944
CHANGE IN NET ASSETS	(909,319)	966,541	57,222
Net Assets - Beginning of Year	8,864,238	11,365,661	20,229,899
NET ASSETS - END OF YEAR	\$ 7,954,919	\$ 12,332,202	\$ 20,287,121

The Accompanying Notes are an Integral Part of These Financial Statements

THE PEOPLE CONCERN

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	Program Services					Total	Management and General	Fundraising	Total
	Housing	Mental Health	Domestic Violence	Outreach and Engagement	Wellness and Life Skills				
Salaries	\$ 12,081,365	\$ 3,707,493	\$ 1,044,968	\$ 3,698,150	\$ 994,660	\$ 21,526,636	\$ 627,711	\$ 925,240	\$ 23,079,587
Payroll Taxes and Employee Benefits	2,834,612	742,575	247,065	864,521	232,487	4,921,260	93,180	153,771	5,168,211
TOTAL PERSONNEL COST	14,915,977	4,450,068	1,292,033	4,562,671	1,227,147	26,447,896	720,891	1,079,011	28,247,798
Subcontractor Expenses	3,005,802	-	-	1,644,620	-	4,650,422	-	-	4,650,422
Direct Program Services	3,894,116	186,323	37,268	322,062	40,842	4,480,611	-	-	4,480,611
Occupancy	1,634,281	531,585	22,117	530,144	6,321	2,724,448	4,981	2,260	2,731,689
Professional Services	956,695	412,258	18,689	116,820	32,749	1,537,211	1,067,643	86,010	2,690,864
Utilities	794,206	154,784	48,965	151,581	61,485	1,211,021	74,103	28,576	1,313,700
Security	715,775	98,984	40,543	210,149	85,977	1,151,428	48,827	7,026	1,207,281
Repairs and Maintenance	579,848	124,758	43,324	130,968	47,218	926,116	67,561	18,867	1,012,544
Furniture and Equipment	283,614	405,268	21,683	142,099	13,818	866,482	28,063	13,988	908,533
Depreciation	439,557	130,752	37,737	102,934	20,081	731,061	19,975	6,017	757,053
Mileage and Parking	449,865	95,155	6,497	116,519	20,673	688,709	3,755	9,092	701,556
Office Expenses	212,469	117,515	24,755	73,557	16,723	445,019	35,734	47,124	527,877
Insurance	189,913	52,095	13,095	55,191	16,472	326,766	46,963	8,884	382,613
Mortgage Interest	114,605	42,198	19,218	33,220	6,481	215,722	51,862	8,731	276,315
Bad Debt Expense	-	-	-	-	-	-	245,128	-	245,128
Meetings and Conferences	119,109	21,608	7,858	23,025	4,663	176,263	13,595	19,811	209,669
Licenses and Fees	62,733	18,728	7,802	12,752	2,128	104,143	69,074	17,304	190,521
Bank Fees	-	-	-	-	-	-	104,153	-	104,153
Advertising	19,996	7,363	1,178	5,796	1,131	35,464	5,310	1,524	42,298
Fundraising and Events	-	-	-	-	-	-	-	29,895	29,895
Travel	16,034	2,418	230	388	1,574	20,644	218	1,029	21,891
Miscellaneous Expenses	6,565	236	34	251	31	7,117	10,377	39	17,533
TOTAL FUNCTIONAL EXPENSES	\$ 28,411,160	\$ 6,852,096	\$ 1,643,026	\$ 8,234,747	\$ 1,605,514	\$ 46,746,543	\$ 2,618,213	\$ 1,385,188	\$ 50,749,944
						92%	5%	3%	100%

The Accompanying Notes are an Integral Part of These Financial Statements

THE PEOPLE CONCERN
STATEMENT OF CASH FLOWS
Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$	57,222
Adjustments to Reconcile Change in Net Assets to Net Cash Used In Operating Activities:		
Depreciation		757,053
Realized and Unrealized Gains on Investments		(93,757)
Forgiveness of Notes Payable		(53,896)
Amortization of Deferred Rent		90,909
Donated Stock		(1,711,666)
Proceeds from Sale of Donated Stock		1,837,369
Realized Gain on Sale of Donated Stock		(125,703)
Donated Membership Interest		(300,000)
Donated Land		(470,406)
(Increase) Decrease in:		
Restricted Cash		(88,411)
Accounts and Other Receivables		(2,463,491)
Pledges Receivable		693,553
Prepaid Expenses and Other Assets		(327,087)
Increase (Decrease) in:		
Accounts Payable		1,898,808
Accrued Liabilities		299,524
Funds Held on Behalf of Clients		88,411
Contract Advances		1,808,332
Contract Reserves		189,363

NET CASH USED IN OPERATING ACTIVITIES 2,086,127

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Property and Equipment		(1,018,141)
Interest and Dividends Reinvested (Net)		(67,880)
Purchase of Investments		(2,874,043)
Proceeds on Sale of Investments		2,916,977

NET CASH PROVIDED BY INVESTING ACTIVITIES (1,043,087)

CASH FLOWS FROM FINANCING ACTIVITIES:

Net Borrowings on Line of Credit		1,400,000
Payments on Notes Payable		(2,105,061)

NET CASH USED IN FINANCING ACTIVITIES (705,061)

NET INCREASE IN CASH AND CASH EQUIVALENTS 337,979

Cash and Cash Equivalents - Beginning of Year 340,584

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 678,563

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW
INFORMATION:**

Cash Paid During the Year for Interest \$ 276,315

The Accompanying Notes are an Integral Part of These Financial Statements

THE PEOPLE CONCERN

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1 - NATURE OF ORGANIZATION

One of Los Angeles County's largest social services agencies, The People Concern was formed in 2016 in a merger of two trusted social service organizations based in Los Angeles County, Ocean Park Community Center (OPCC) and LAMP, Inc. dba Lamp Community (Lamp). Informed by more than fifty years of work in the community, The People Concern is a leading provider of, and advocate for, evidence-based solutions to the multi-faceted challenges inherent in homelessness and domestic violence.

The People Concern provides a fully integrated system of care - including outreach, interim housing, mental and medical health care, substance abuse services, domestic violence services, lifeskills and wellness programs, and permanent supportive housing - tailored to the unique needs of homeless individuals, survivors of domestic violence, challenged youth, and others who have nowhere else to turn.

The merger was formally approved by the California Secretary of State on January 25, 2019.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) NET ASSETS

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions.** Net assets available for use in general operations and not subject to donor-imposed restrictions. The board of directors has designated, from net assets without donor restrictions, net assets of \$782,398 for an operating reserve.
- **Net Assets With Donor Restrictions.** Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

THE PEOPLE CONCERN

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The People Concern considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents. The carrying value of cash and cash equivalents at June 30, 2019 approximates its fair value.

The People Concern maintains separate cash accounts for certain of its participants who receive pension and social security payments, as well as cash from other sources. Participant funds that have been set aside in restricted trust bank accounts at June 30, 2019 amounted to \$481,730.

(d) INVESTMENTS

Investments in equity and debt securities with readily determinable market values are reported at fair value. The fair value of these investments is determined based on the closing price on the last business day of the fiscal year.

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses (including investments bought, sold, and held during the year), and interest and dividend income are reflected in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulations or by law.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Because of the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Included in investments is a 7.673% membership interest in 82nd Street Development, LLC, an entity whose purpose is to acquire, own, develop, and operate a permanent supportive housing project. The interest was received by The People Concern by donation and is valued at estimated fair value at the date of donation (June 12, 2019), which is considered to be a reasonable approximation of fair value at June 30, 2019.

In addition, The People Concern is the managing general partner of various permanent supportive housing projects. The general partners in a limited partnership are presumed to control that limited partnership regardless of the general partners' ownership interest in the limited partnership. If a limited partnership has multiple general partners, the determination of which, if any, general partner within the group controls, and therefore, shall consolidate the limited partnership is based on an analysis of the relevant facts and circumstances. In situations involving multiple general partners, entities under common control are considered to be a single general partner for purposes of applying the guidance. If the limited partners have substantive kick-out rights or substantive participating rights, the presumption of control by the general partners is overcome and each of the general partners shall account for its investment in the limited partnership using the equity method of accounting. In each of the following projects, the presumption of control by The People Concern is overcome through the limited partners having substantive participating rights and consequently equity accounting is appropriate. Currently the permanent supportive housing projects are not generating any earnings.

THE PEOPLE CONCERN

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) ACCOUNTS AND OTHER RECEIVABLES

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts represents their estimated fair value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2019, the allowance for uncollectible receivables was \$66,746.

(f) CONCENTRATIONS

The People Concern places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. The People Concern has not incurred losses related to these investments and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The accounts and other receivables balance outstanding at June 30, 2019 consists primarily of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of The People Concern's receivables consist of earned fees from contracts granted by governmental agencies.

During the year ended June 30, 2019, The People Concern earned \$16,376,425 (32% of total revenue and support) under intensive case management programs administered by the Los Angeles County Department of Health Services. The People Concern also earned \$11,671,834 (23% of total revenue and support) under homeless services programs administered by the Los Angeles Homeless Services Authority (with a portion passed through the U.S. Department of Housing and Urban Development) and \$7,341,254 (14% of total revenue and support) under mental health services administered by the Los Angeles County Department of Mental Health. The People Concern anticipates that it will continue to run these programs. There can be no assurance that The People Concern will be able to obtain future grant agreements upon the expiration of the current term of the contracts.

(g) CONTRIBUTIONS AND PLEDGES RECEIVABLE

Unconditional contributions, including pledges recorded at estimated fair value, are recognized as revenues in the period received. The People Concern reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give are not included as support until such time as the conditions are substantially met.

THE PEOPLE CONCERN

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) DEFERRED RENT

In September 2003, The People Concern entered into a 55-year lease with the City of Santa Monica to lease the Cloverfield Services Center. Under the terms of the lease, annual rent of \$1 is due for the 55-year term of the lease. The City of Santa Monica purchased the building, at a cost of \$5,000,000 with the specific intent to lease it to The People Concern under this arrangement. Accordingly, the below-market lease was recorded as a deferred rent asset with a corresponding temporarily restricted contribution recognized. The deferred rent asset is being amortized over the period of the lease, and amortization expense for the year ended June 30, 2019 was \$90,909.

(i) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation, if donated. Depreciation is provided over the estimated useful lives of the related assets on a straight-line basis as follows:

Buildings and Improvements	23-40 Years
Furniture and Fixtures	5-10 Years
Automobiles and Trucks	5 Years
Leasehold Improvements	Lesser of Useful Life or Lease Term (Including Extensions)

Expenditures for maintenance and repairs are charged to operations as incurred while renewals and betterments are capitalized. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year. Expenditures for property and equipment acquired under certain grant agreements are expensed when incurred because the grantor retains title to such assets.

(j) LONG-LIVED ASSETS

The People Concern reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flow is less than the carrying amount of the assets, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended June 30, 2019.

(k) CONTRACT ADVANCES

During the year ended June 30, 2019, The People Concern received additional cash flow advances from the Los Angeles Homeless Services Authority (LAHSA) bringing the total advance balance to \$3,271,146 as of June 30, 2019. Additional contract advance balances include \$188,198 from the Department of Health Services (DHS) and \$27,842 from Los Angeles County. Included in accounts and other receivables at June 30, 2019 is approximately \$3,105,000 due from LAHSA and approximately \$3,468,000 due from DHS.

THE PEOPLE CONCERN

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) CONTRACT RESERVES

Contract reserves at June 30, 2019, amounting to \$1,175,977, are comprised of \$1,107,371 in estimated amounts due to the Los Angeles County Department of Mental Health for contract years ranging from 2006-2007 through 2018-2019 and \$68,606 in estimated amounts due back to other funders.

(m) CONTRIBUTED GOODS AND SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed goods and services were valued at \$59,573 for the year ended June 30, 2019. Contributed facility usage was valued at \$713,968 for the year ended June 30, 2019. In addition, The People Concern received a membership interest in a permanent supportive housing project valued at \$300,000 (refer to Note 3) as well as donated land valued at \$470,406.

A substantial number of volunteers have donated significant amounts of their time to The People Concern. Some of the services that these individuals rendered, however, do not meet the above criteria and, as such, are not recognized as revenue.

(n) INCOME TAXES

The People Concern is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

(o) ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

The People Concern has adopted the fair value standard that clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Further, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The Financial Accounting Standards Board (FASB) ASC 820 establishes a three-tier hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

For cash, accounts receivable, pledges receivable, accounts payable and accrued liabilities, the carrying amounts represent a reasonable estimate of fair values due to their short-term maturity. Investments are reflected at estimated fair value as described in Note 3. The carrying value of notes payable approximates its fair value at June 30, 2019.

THE PEOPLE CONCERN

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing The People Concern's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The People Concern uses full-time equivalents to allocate indirect and shared costs.

(q) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

(r) NEW ACCOUNTING PRONOUNCEMENTS

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which is intended to reduce complexity in financial reporting. The ASU focuses on improving the current net asset classification requirements and information presented in financial statements that is useful in assessing a nonprofit's liquidity, financial performance, and cash flows. The People Concern implemented this ASU during the year ended June 30, 2019.

In May 2014, FASAB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which improves and converges the revenue recognition requirements of accounting principles generally accepted in the United States of America and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASUs between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on scope exceptions, and various other narrow aspects, as identified and addressed in such updates. For The People Concern, the ASU and subsequent amendments will be effective for the year ending June 30, 2020.

THE PEOPLE CONCERN

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) NEW ACCOUNTING PRONOUNCEMENTS (continued)

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* which is intended to reduce diversity in the presentation of restricted cash and restricted cash equivalents in the cash flow statement. The ASU requires that restricted cash and restricted cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows. For The People Concern, the ASU will be effective for the year ending June 30, 2020.

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance. For The People Concern, the ASU will be effective for the year ending June 30, 2020.

In February 2016, FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the consolidated statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and providing additional information about the amounts recorded in the financial statements. For The People Concern, the ASU will be effective for the year ending June 30, 2022.

(s) SUBSEQUENT EVENTS

The People Concern has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2019 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through December 20, 2019, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred except as described in Note 6.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 3 - INVESTMENTS

The following table presents information about The People Concern's investments that are measured at fair value on a recurring basis at June 30, 2019 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stock	\$ 1,687,949	\$ 1,687,949	\$ -	\$ -
Fixed Income Mutual Funds	1,546,489	1,546,489	-	-
Exchange Traded Funds	119,822	119,822	-	-
Corporate Bonds	243,223	-	243,223	-
U.S. Treasuries	244,870	-	244,870	-
Membership Interest	300,000	-	-	300,000
TOTAL INVESTMENTS	\$ 4,142,353	\$ 3,354,260	\$ 488,093	\$ 300,000

The fair values of marketable securities within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

The fair value of corporate bonds and U.S. treasuries within Level 2 inputs were determined by discounting the related cash flows based on current yields of similar instruments with comparable durations and considering the credit-worthiness of the issuer.

The fair value of the membership interest was determined based on subscription interest sales of similar interests at the date of assignment by the donor to The People Concern (June 12, 2019), which is considered to be a reasonable approximation of fair value at June 30, 2019.

The People Concern recognizes transfers at the beginning of each reporting period. Transfers between Level 1 and Level 2 generally relate to whether a market becomes active or inactive. Transfers between Level 2 and Level 3 relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety and when redemption rules become more or less restrictive. There were no transfers between levels during the year ended June 30, 2019.

At July 1, 2018 there were no investments within Level 3. The movement in Level 3 during the year ended June 30, 2019 is due to the \$300,000 membership interest received by donation.

Investments at June 30, 2019 include funds held in trust of \$1,901,923 restricted for use by The People Concern's Sojourn program.

THE PEOPLE CONCERN

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 3 - INVESTMENTS (continued)

In addition, The People Concern is the managing general partner of the following permanent supportive housing projects. The People Concern will be responsible for providing all social services for the tenants of the projects, when complete, for which The People Concern will receive an annual social services fee. As described in Note 2(d), The People Concern will account for these investments using the equity method of accounting.

	Membership Interest	Initial Investment		Project
Lamp Lodge LP	0.005%	\$ -		Lamp Lodge, Los Angeles
When Life Hands You Lemons, LP	0.005%	50		Kensington Campus, Lancaster
Neighborhood Works 9502 Purchasing, L.P. (held through Watts PSH, LLC)	0.005%	-		Watts Works, Compton

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2019 are expected to be collected as follows:

Within One Year	\$	858,564
In Two to Five Years		240,500
After Five Years		40,000
TOTAL PLEDGES RECEIVABLE	\$	1,139,064

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2019:

Land	\$	4,760,888
Buildings and Improvements		13,149,314
Furniture and Equipment		1,417,145
Leasehold Improvements		12,591,652
Construction in Progress		641,356
TOTAL		32,560,355
Less: Accumulated Depreciation		(11,002,416)
PROPERTY AND EQUIPMENT (NET)	\$	21,557,939

Depreciation expense for the year ended June 30, 2019 was \$757,053. The estimated costs to complete the construction in progress are \$2.5 million.

THE PEOPLE CONCERN

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 6 - LINE OF CREDIT

The People Concern has a revolving bank line of credit with a facility of \$2,000,000 (secured by all real and personal property) through October 2022. The line of credit bears interest at the bank's prime rate plus 0% with a floor rate of 4.0%. The bank's prime rate at June 30, 2019 was 5.5%. At June 30, 2019 there was \$2,000,000 outstanding on the line of credit. The line of credit contains various covenants, including a minimum debt service coverage ratio and a minimum liquidity requirement. In July 2019, the line of credit facility was increased to \$4,000,000.

NOTE 7 - NOTES PAYABLE

Notes payable consists of the following at June 30, 2019:

NOTES PAYABLE - GOVERNMENT AGENCIES:

Note payable to California Department of Housing and Community Development (CDHCD) in the original principal amount of \$1,000,000, collateralized by The People Concern's interest (including rents) in, and improvements to, 660 South Stanford Avenue, Los Angeles (Lamp Lodge), principal and interest at 3% due in annual payments made exclusively from residual receipts (as defined in the loan agreement) derived from Lamp Lodge, due April 2021. \$ 1,000,000

Note payable to CDHCD under the Emergency Housing and Assistance Program (EHAP) in the original principal amount of \$1,000,000, collateralized by the Village property located at 526 San Pedro Street, with principal and interest at 3% due in annual installments from residual receipts (as defined in the loan agreement) from the Village as long as the Village is used as an emergency shelter, a transitional housing facility, or a safe haven, due May 2021. The loan is forgivable at the end of the term. The loan was issued to fund the rehabilitation of the Village building and funded in January 2015. 1,000,000

Note payable to City of Santa Monica in the original principal amount of \$1,200,000, entered into in September 2003, collateralized by the Cloverfield Services Center in Santa Monica, with principal and interest at 5.98% due in annual installments from residual receipts (as defined in the loan agreement) from the Center as long as the Center is used to provide congregate housing and emergency shelter for very low income persons. The loan is forgivable at the end of the 55-year term. 1,200,000

Non-interest bearing note payable to City of Santa Monica as successor to the Redevelopment Agency of the City of Santa Monica in the original principal amount of \$1,197,112, entered into in September 2003, collateralized by the Cloverfield Services Center in Santa Monica. The note is forgivable annually over the 55-year term provided the Center is used to provide congregate housing and emergency shelter for very low income persons. 866,647

Non-interest bearing note payable to City of Los Angeles in the original principal amount of \$650,000, entered into in August 2000, collateralized by the Sojourn property. Principal repayment in the form of services to victims of domestic violence at a rate of \$32,500 per annum over the 20-year term. 116,458

TOTAL NOTES PAYABLE - GOVERNMENT AGENCIES \$ 4,183,105

THE PEOPLE CONCERN

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 7 - NOTES PAYABLE (continued)

It is not anticipated that The People Concern will have any residual receipts on the operations of Lamp Lodge or the Village that will activate the requirement to make cash payments on the two loans from CDHCD, nor is it anticipated that The People Concern will have any residual receipts on the operations of the Cloverfield Services Center that will activate the requirement to make cash payments on the loan from the City of Santa Monica. It is also anticipated that, for the foreseeable future, the Village will continue to operate as an emergency shelter, transitional housing facility or safe haven and that the Cloverfield Services Center will continue to provide congregate housing and emergency shelter for very low income persons. It is anticipated that Lamp Lodge LP will assume liability of the Lamp Lodge loan [refer to Note 11(a)]. Contingent interest on the notes payable to CDHCD amounted to \$981,000 at June 30, 2019. Contingent interest on the note payable to the City of Santa Monica amounted to \$1,611,381 at June 30, 2019.

NOTES PAYABLE - BANKS AND OTHER:

Note payable to a bank in the original principal amount of \$5,500,000, secured by a deed of trust over properties in Santa Monica and Los Angeles. The note bears interest at a fixed rate of 3.95% per annum and matures in October 2047 with monthly principal and interest payments of \$26,227. The note contains various covenants, including a minimum debt service coverage ratio and a minimum liquidity requirement.

\$ 5,325,071

Note payable to a bank in the original principal amount of \$344,000, secured by a deed of trust over the Sojourn property. The note bears interest at a fixed rate of 4.7% per annum until January 2022 when the rate changes to an adjustable rate base on LIBOR plus 2.25% with an interest rate floor of 2.7% and an interest rate ceiling of 9.95%. The note matures in January 2045 with monthly principal and interest payments of \$1,784.

318,328

TOTAL NOTES PAYABLE - BANKS AND OTHER

5,643,399

TOTAL NOTES PAYABLE

\$ 9,826,504

Future maturities of notes payable are as follows:

Year Ended June 30

2020	\$	163,601
2021		2,168,707
2022		174,515
2023		166,906
2024		152,445
Thereafter		<u>7,000,330</u>
TOTAL	\$	<u>9,826,504</u>

Interest expense on notes payable - government and other for the year ended June 30, 2019 was \$276,315.

THE PEOPLE CONCERN

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 8 - EMPLOYEE BENEFIT PLANS

The People Concern currently offers two retirement plans for its employees as noted below:

Lamp has established a profit sharing plan for its full time employees. The plan provides for annual contributions to be made at the discretion of the Board of Directors. Lamp made no contributions to this plan, and was working to close it out during the year ended June 30, 2019. Since November 2010, Lamp has also had a 403(b) tax-sheltered annuity plan. This plan covers all employees who normally work less than 20 hours a week and have one year of service. Lamp contributes 100% of eligible employee contributions up to 2.5% of compensation. There were no employer contributions made to the plan during the year ended June 30, 2019.

OPCC offers its employees the opportunity to participate in a 403(b) retirement plan, which represents an annuity contract purchased from VOYA. Employees are eligible to contribute to the plan immediately upon hire and may contribute a maximum amount as permitted by law per year. Employer contributions to the plan are not required. There were no employer contributions made to the plan during the year ended June 30, 2019.

The People Concern is in the process of consolidating payroll activities and shifting to a single retirement plan.

NOTE 9 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following at June 30, 2019:

Undesignated	\$ 7,172,521
Board Designated Reserve Fund	<u>782,398</u>
<i>TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS</i>	<u>\$ 7,954,919</u>

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2019:

Subject to the Passage of Time:	
Time Restricted	\$ 374,815
Subject to Expenditure for Specified Purpose:	
Contributed Rent	3,568,182
Sojourn	5,081,021
Kensington Campus	470,406
Hospital Programs	150,750
Housing	1,217,278
Health and Wellness	905,557
K9 Connection	140,658
Capital	34,857
Capacity Building	80,763
Malibu Programs	242,893
Other Activities	<u>65,022</u>
<i>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</i>	<u>\$ 12,332,202</u>

THE PEOPLE CONCERN

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2019:

Expiration of Specified Time Period:		
Time Restriction	\$	272,912
Satisfaction of Purpose Restrictions:		
Contributed Rent		804,877
Sojourn		497,601
Hospital Programs		124,250
Housing		1,009,167
Health and Wellness		320,119
Outreach and Engagement		205,524
K9 Connection		224,417
Capital		101,245
Capacity Building		139,237
Malibu Programs		7,798
Pacific Palisades Programs		100,669
Other Activities		57,931
		<hr/>
TOTAL NET ASSETS RELEASED		
FROM DONOR RESTRICTIONS	\$	<u>3,865,747</u>

NOTE 11 - COMMITMENTS AND CONTINGENCIES

(a) OPERATING LEASES

The People Concern has an operating lease with the City of Los Angeles for property located in Los Angeles. The lease term is through December 31, 2028. There are no monthly lease payments, provided Lamp continues to provide housing and social services to the homeless community of Los Angeles and perform certain prescribed maintenance, repairs and upgrades to the premises.

The People Concern leased certain property located in Los Angeles (Lamp Lodge) from the City of Los Angeles Housing Department (City) as successor to the Community Redevelopment Agency of the City of Los Angeles. The term of the lease, which was entered into in April 1990, is 55 years, with an option to extend for 44 years. On October 4, 2017, the City approved the transfer of the lease to Lamp Lodge LP, a California limited partnership that was established to lease, maintain, operate, redevelop, finance and construct approximately 75-80 units of affordable housing. The People Concern is the managing partner of Lamp Lodge LP with a 0.0049% interest in the partnership and a responsibility to provide all social services for the tenants of Lamp Lodge.

The People Concern also leases certain supportive housing units and equipment under month-to-month operating leases.

THE PEOPLE CONCERN

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11 - COMMITMENTS AND CONTINGENCIES (continued)

(a) OPERATING LEASES (continued)

The People Concern rents eleven facilities and various equipment under operating lease agreements expiring at various dates through December 2038. Future minimum commitments under existing non-cancellable leases as of June 30, 2019 are as follows:

Years Ending June 30

2020	\$ 1,639,484
2021	1,683,263
2022	1,403,370
2023	992,328
2024	970,229
Thereafter	<u>3,897,785</u>
TOTAL	\$ <u>10,586,459</u>

Rent expense under operating leases for the year ended June 30, 2019 was \$1,619,809, which is included in occupancy expense in the statement of functional expenses.

(b) LEGAL PROCEEDINGS

In the ordinary course of conducting its business, The People Concern from time-to-time becomes involved in various lawsuits. Some of these proceedings may result in judgments being assessed against The People Concern which may have an impact on changes in net assets. The People Concern believes that these proceedings, individually or in the aggregate, would not have a material effect on these financial statements.

(c) CONTRACTS

The People Concern's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and accordingly no provision has been made in these financial statements, except as described in Note 2(l).

NOTE 12 - RELATED PARTY TRANSACTIONS

FlyawayHomes is a nonprofit affordable housing developer that has introduced a scalable, replicable and cost-effective model for building permanent supportive housing (PSH) in a third of the time and for a third of the cost per person of the traditional development model.

Certain members of The People Concern's Board of Directors have invested in properties developed by FlyawayHomes. In addition, certain members of The People Concern's Board of Directors serve in pro-bono roles as the Founder and Chairman, the President and Chief Executive Officer, and the Founder and Chief Financial Officer of Flyaway Homes.

THE PEOPLE CONCERN

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 12 - RELATED PARTY TRANSACTIONS (continued)

Through People Co, LLC, The People Concern has entered into a lease agreement with PSH Colden, LLC, a PSH property developed by FlyawayHomes. In addition to serving as the master lessee of the property, The People Concern is the service provider for clients residing at that location. There are also members of the Board of Directors of The People Concern that have invested in the PSH Colden, LLC property. The term of this master lease is September 1, 2018 through December 31, 2038, with rental payments of \$23,150 per month due in advance. All utilities are paid by the landlord. An annual increase equivalent to the annual Consumer Price Index increase published by the Bureau of Labor Statistics shall begin on January 1, 2020 and continue through January 1, 2038. Lease commitments related to this lease are included in Note 11(a).

The People Concern has adopted a conflict of interest policy and at meetings of the Board of Directors of The People Concern, any Board members with potential conflicts of interest recuse themselves from any vote related to FlyawayHomes.

NOTE 13 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by The People Concern at June 30, 2019 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at June 30, 2019	
Cash and Cash Equivalents	\$ 678,563
Investments	3,842,353
Accounts Receivable (Net of Contract Advances and Reserves)	5,006,623
Pledges Receivable (Net)	<u>1,139,064</u>
TOTAL FINANCIAL ASSETS	
AT JUNE 30, 2019	10,666,603
Less Amounts Not Available to Be Used within One Year, Due to:	
Donor-Imposed Restrictions:	
Funds Held with Purpose Restrictions	(7,154,550)
Pledges Receivable Restricted by Purpose and or Time	(1,139,064)
Board Designations:	
Board Designated Reserve Fund	<u>(782,398)</u>
FINANCIAL ASSETS AVAILABLE TO	
MEET GENERAL EXPENDITURES	
WITHIN ONE YEAR	\$ 1,590,591

The People Concern regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The People Concern is substantially supported by government grants and contracts, which can result in The People Concern having to carry significant accounts receivable balances. As part of The People Concern's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

THE PEOPLE CONCERN

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 13 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (continued)

The People Concern has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, and a \$2,000,000 line of credit (increased to \$4,000,000 in July 2019). The People Concern also has a Board designated reserve fund of \$782,398 that can be drawn upon to fund unanticipated liquidity needs.

THE PEOPLE CONCERN

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2019

THE PEOPLE CONCERN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

Federal Grantor/Passed Through Grantor/Program or Cluster Title	Federal CFDA Number	Contract Number	Governmental Revenue Federal	Program Expenditures from Governmental Grants
FEDERAL AWARDS				
U.S. Department of Housing and Urban Development:				
Direct Award				
Continuum of Care Program	14.267	CA0460L9DOO1710	\$ 108,838	\$ 108,838
Home Investment Partnerships Program (b)	14.239		800,000	800,000
Pass-through Housing and Community Investment Department- City of Los Angeles				
Community Development Block Grant	14.218	C132051	147,147	147,147
Pass-through Housing Authority of the County of Los Angeles				
Continuum of Care Program	14.267	CA1344L9D001602, CA1344L9D001703	15,416	15,416
Continuum of Care Program	14.267	CA0409L9D001609, CA1502L9D001702	112,626	112,626
Continuum of Care Program	14.267	CA0998L9D001601, CA0998L9D001702	15,816	15,816
Pass-through Los Angeles Community Development Commission				
Community Development Block Grant	14.218	109757	20,000	20,000
Pass-through Los Angeles Homeless Services Authority				
Continuum of Care Program	14.267	CA0527L9D001710	584,327	584,327
Emergency Solutions Grant	14.231	2017CNESG03	140,750	140,750
Pass-through, Los Angeles Homeless Services Authority,				
Continuum of Care Program - Lodge SHP	14.267	CA0409L9D001508/ CA0409L9D001609	287,267	287,267
Pass-through, Housing Authority of the City of Los Angeles				
Continuum of Care Program - Lodge Vouchers	14.267	CA0407L9D001508/ CA0407L9D001609	89,135	89,135
Pass-through, City of Los Angeles, Housing Opportunities for Persons with AIDS				
Emergency Transitional Housing and Supportive Services	14.241	C120290	<u>603,408</u>	<u>603,408</u>
Total U.S. Department of Housing and Urban Development			2,924,730	2,924,730

See Independent Auditor's Report

THE PEOPLE CONCERN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

	Federal CFDA Number	Contract Number	Governmental Revenue Federal	Program Expenditures from Governmental Grants
FEDERAL AWARDS				
Federal Grantor/Passed Through Grantor/Program or Cluster Title				
U.S. Department of Homeland Security:				
Pass-through, United Way, Emergency Food and Shelter National Board Program Emergency Food and Shelter Program	97.024	Phase 35/36	\$ 34,326	\$ 34,326
Pass-through, United Way, Emergency Food and Shelter National Board Program	97.024	069500-145	15,690	15,690
Total U.S. Department of Homeland Security			50,016	50,016
U.S. Department of Health and Human Services:				
Direct Award				
Services in Supportive Housing (a)	93.243	5H79SM062292-03, 5H79SM062292-04	349,166	349,166
Pass-through Los Angeles County Department of Mental Health				
Total U.S. Department of Health and Human Services			349,166	349,166
U.S. Department of Justice:				
Pass-through California Emergency Management Agency/ VOCA				
Domestic Violence Assistance Program/ VOCA (a)	16.575	DV17321197, DV18331197	289,920	289,920
Domestic Violence Assistance Program/ VOCA - Legal (a)	16.575	KL18011197	53,595	53,595
LA County DA-California Emergency Management Agency/ VOCA County Victim Services (XC) Program/ VOCA (a)	16.575	XC16010190	120,819	120,819
Total U.S. Department of Justice			464,334	464,334
TOTAL FEDERAL AWARDS			\$ 3,788,246	\$ 3,788,246

See Independent Auditor's Report

THE PEOPLE CONCERN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

Federal CFDA Number	Contract Number	Governmental Revenue Federal	Program Expenditures from Governmental Grants
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Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2019

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of The People Concern under programs of the Federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The People Concern, it is not intended to and does not present the financial position, changes in net assets, or cash flows of The People Concern.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

The People Concern has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Awards to Subrecipients

The People Concern has not provided any Federal awards to subrecipients from the Federal expenditures presented in the Schedule.

(a) Audited as a major program.

(b) Federal loan program.

See Independent Auditor's Report

THE PEOPLE CONCERN

**SCHEDULE OF EXPENDITURES OF AWARDS
FROM THE LOS ANGELES HOUSING AND
COMMUNITY INVESTMENT DEPARTMENT**

Year Ended June 30, 2019

	Federal CFDA Number	Contract Number	Governmental Revenue Federal	Governmental Revenue Non-Federal	Program Expenditures from Governmental Grants
U.S. Department of Housing and Urban Development:					
Pass-through Housing and Community Investment Department- City of Los Angeles					
Community Development Block Grant	14.218	C132051	\$ 147,147	\$ -	\$ 147,147
City of Los Angeles General Funds		C132051	-	90,187	90,187
TOTAL AWARDS			<u>\$ 147,147</u>	<u>\$ 90,187</u>	<u>\$ 237,334</u>

Notes to the Schedule of Expenditures of Awards from the Los Angeles Housing and Community Investment Department for the Year Ended June 30, 2019

1. Awards to Subrecipients

The People Concern has not provided any awards to subrecipients from the expenditures above.

2. Award Period

The contract period is July 1, 2018 through June 30, 2019, which is the same as the audit period.

See Independent Auditor's Report