

**PEOPLE IN NEED, INC. OF
DELAWARE COUNTY OHIO
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2021**

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
People In Need, Inc. of Delaware County Ohio
Delaware, Ohio

We have audited the accompanying financial statements of People In Need, Inc. of Delaware County Ohio (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 People In Need, Inc. of Delaware County Ohio as of June 30, 2021, 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.

Ottinger & Associates, LLC
Ottinger & Associates, LLC
Galena, Ohio
September 30, 2021

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PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
<u>CURRENT ASSETS:</u>			
Cash and Cash Equivalents	\$ 349,284	\$ 98,205	\$ 447,489
Prepaid Expenses	7,089		7,089
Other Current Assets	233		233
TOTAL CURRENT ASSETS	<u>356,606</u>	<u>98,205</u>	<u>454,811</u>
<u>PROPERTY AND EQUIPMENT:</u>			
Land	140,000		140,000
Building and Improvements	478,201		478,201
Equipment and Furniture	149,318		149,318
IT and Telecommunications	34,470		34,470
Vehicles	83,359		83,359
Land Improvements	66,499		66,499
Construction In Progress	19,881		19,881
Less: Accumulated Depreciation	(341,658)		(341,658)
NET PROPERTY AND EQUIPMENT	<u>630,070</u>	<u>0</u>	<u>630,070</u>
<u>OTHER ASSETS:</u>			
Morgan Stanley Equity & Fixed Income Investment	603,733		603,733
PIN Endowment Fund		273,086	273,086
TOTAL OTHER ASSETS	<u>603,733</u>	<u>273,086</u>	<u>876,819</u>
TOTAL ASSETS	<u>\$ 1,590,409</u>	<u>\$ 371,291</u>	<u>\$ 1,961,700</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$ 3,848		\$ 3,848
Accrued Expenses	10,286		10,286
Deferred Revenue	68,000		68,000
TOTAL CURRENT LIABILITIES	<u>82,134</u>	<u>0</u>	<u>82,134</u>
TOTAL LIABILITIES	<u>82,134</u>	<u>0</u>	<u>82,134</u>

NET ASSETS:

Net Assets	1,508,275	371,291	1,879,566
TOTAL NET ASSETS	<u>1,508,275</u>	<u>371,291</u>	<u>1,879,566</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 1,590,409</u>	<u>\$ 371,291</u>	<u>\$ 1,961,700</u>

See Independent Auditor's Report and Accompanying Notes to the Financial Statements.

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

<u>CHANGES IN NET ASSETS:</u>	Net Assets	Net Assets	
<u>INCREASES IN NET ASSETS:</u>	Without Donor	With Donor	Total
	Restrictions	Restrictions	
<u>REVENUE:</u>			
<u>Public Support:</u>			
Monetary Contributions to Programs	\$ 628,911	\$ 140,133	\$ 769,044
Legacies and Bequests	32,928		32,928
Foundation Support	7,665		7,665
Goods Contributed to Programs	981,582		981,582
Total Public Support	1,651,086	140,133	1,791,219
<u>Other Revenue:</u>			
Other Grants	136,476		136,476
Investment Income	17,244		17,244
SBA Loan Forgiveness	51,700		51,700
Miscellaneous Income	161		161
Total Other Revenue	205,581		205,581
Transfer of Revenues for which Restrictions have or have not been met	73,405	(73,405)	-
TOTAL INCREASES IN NET ASSETS	1,930,072	66,728	1,996,800
<u>DECREASES IN NET ASSETS:</u>			
<u>Expenses:</u>			
<u>Program Expenses:</u>			
Emergency Assistance	301,473		301,473
Food Pantry	1,185,818		1,185,818
Holiday Clearing House	57,086		57,086
Total Program Expenses	1,544,377		1,544,377
<u>Management, General and Fundraising Expenses:</u>			
Management and General	72,811		72,811
Fundraising	62,747		62,747
Total Management, General and Fundraising Expenses	135,558		135,558
TOTAL DECREASES IN NET ASSETS	1,679,935		1,679,935
<u>OTHER INCREASES/(DECREASES) IN NET ASSETS</u>			
Unrealized Gain/(Loss) on Investments	35,940	74,682	110,622
NET INCREASE/(DECREASE) IN NET ASSETS	286,077	141,410	427,487
NET ASSETS AT BEGINNING OF YEAR	1,222,198	229,881	1,452,079
NET ASSETS AT END OF YEAR	\$ 1,508,275	\$ 371,291	\$ 1,879,566

See Independent Auditor's Report and Accompanying Notes to the Financial Statements.

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Management & General	Fundraising	Emergency Assistance	Food Pantry	Holiday Clearing House	Total Expenses
Contributed Goods	\$ -	\$ -	\$ -	\$ 981,582	\$ -	\$ 981,582
Specific Assistance to Individuals	-	-	241,561	42,610	384	284,555
Salaries	40,930	35,290	31,056	73,457	33,743	214,476
Depreciation	2,086	1,798	1,942	29,133	3,884	38,843
Occupancy	1,761	1,518	1,640	24,596	3,279	32,794
Health Insurance	6,049	5,215	4,589	10,856	4,987	31,696
Payroll Taxes	3,237	2,791	2,456	5,810	2,669	16,963
Printing and Publications	2,302	1,985	7,338	2,829	2,692	17,146
Legal and Professional Fees	8,931	7,701	-	-	-	16,632
Miscellaneous	1,246	1,075	3,976	1,533	1,459	9,289
Postage and Shipping	798	688	2,543	980	933	5,942
Equipment Rental and Maintenance	443	382	412	6,182	824	8,243
Travel - Staff and Volunteers	273	236	254	3,818	509	5,090
Membership Dues	3,084	2,628	-	-	-	5,712
Retirement Costs	552	476	419	993	455	2,895
Telephone	368	317	1,173	452	430	2,740
Supplies	624	538	1,988	767	729	4,646
Life Insurance	115	99	87	205	95	601
Conferences, conventions	12	10	39	15	14	90
Total Functional Expenses	\$ 72,811	\$ 62,747	\$ 301,473	\$ 1,185,818	\$ 57,086	\$ 1,679,935

See Independent Auditor's Report and Accompanying Notes to the Financial Statements.

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Cash Flows From Operating Activities:			
Net Increase/(Decrease) in Net Assets	\$ 286,077	\$ 141,410	\$ 427,487
Adjustments to Reconcile Net Increase/(Decrease) in Net Assets to Net Cash Provided By/(Used In)			
Operating Activities:			
Depreciation Expense	38,843		38,843
Unrealized (Gains)/Losses	(35,940)	(74,682)	(110,622)
SBA Loan Forgiveness	(51,700)		(51,700)
Changes in Operating Assets and Liabilities:			
(Increase) / Decrease in Grants Receivable	800		800
(Increase) / Decrease in Prepaid Expenses	(176)		(176)
(Increase) / Decrease in Other Current Assets	(233)		(233)
Increase / (Decrease) in Accounts Payable	1,221		1,221
Increase / (Decrease) in Accrued Expenses	(10,306)		(10,306)
Increase / (Decrease) in Deferred Revenue	68,000		68,000
Net Cash Provided By/(Used In) Operating Activities	296,586	66,728	363,314
Cash Flows From/(Used In) Investing Activities:			
Purchase of Property and Equipment	(24,534)		(24,534)
Purchases, Net of Proceeds from Sales of Investments	(407,186)	(4,090)	(411,276)
Net Cash Provided by/(Used In) Investing Activities	(431,720)	(4,090)	(435,810)
Net Increase/(Decrease) in Cash and Cash Equivalents	(135,134)	62,638	(72,496)
Cash and Cash Equivalents - Beginning of Year	484,418	35,567	519,985
Cash and Cash Equivalents - End of Year	\$ 349,284	\$ 98,205	\$ 447,489
Supplemental Information:			
Income Taxes Paid	- 0 -		
Interest Paid	- 0 -		

See Independent Auditor's Report and Accompanying Notes to the Financial Statements.

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Organization

People in Need, Inc. of Delaware County Ohio (the Organization) was organized in 1981 and incorporated as an Ohio nonprofit corporation. The Organization is located in Delaware, Ohio and exists to help Delaware County residents with immediate emergency needs possibly created by job loss, break-up of family, illness, death, or other unexpected family emergencies.

The Organization receives funding primarily through United Way, local community organizations, corporations and individuals.

The Organization's primary programs are as follows:

Emergency Assistance - Housing vouchers are provided to those individuals and families who are unable to maintain their present location. Limited assistance is available for unusual and unexpected utility bills and other miscellaneous expenses for those who are experiencing hard times. Assistance for certain medical needs is provided on a limited basis. Dental treatment is available to adults and school-age children through financial allocations.

Food Pantry – Needy families and individuals are provided with emergency food orders and nutritional guidance.

Holiday Clearing House – New toys and new clothes are distributed to needy children, food baskets to their families and senior/disabled shut-ins for the holidays. Remaining donations of food and monies are Board-allocated to the direct services of the Food Pantry and Emergency Assistance Programs.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, which recognizes income when it's earned and expenses when they are incurred. This basis of accounting is in accordance with accounting principles generally accepted in the United States of America. The Organization is required to report information regarding its financial position and activities according to net assets with and without donor restrictions.

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

Without Donor Restrictions – Net assets not subject to donor-imposed stipulations.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The donors of these assets permit the Organization to use all of the income earned on related investments for general or specific purposes. Net Assets with donor restrictions also include net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Revenue Recognition

All items of support and revenue are stated on the accrual basis.

Support and revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions that are not satisfied in the accounting period. Gains and losses on investments and other assets or liabilities are recorded as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 2 - Summary of Significant Accounting Policies -- (Continued)

Revenue Recognition -- (Continued)

All expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets, that is, the expiration of the donor-imposed stipulated purposes or the elapsing of the specified time period, are reported as reclassifications of net assets.

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), the Organization recognizes revenue when control of the promised goods or services are transferred to outside parties in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services.

The Organization recognizes revenue from grants and contracts in accordance with Accounting Standards Update (ASU) 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Fair Value Measurements

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1—Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2—Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. There have been no changes in the methodologies used during the year ended June 30, 2021.

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 2 - Summary of Significant Accounting Policies -- (Continued)

Fair Value Measurements -- (Continued)

Fair Value of assets measured on a recurring basis as of June 30, 2021:

Cash and Cash Equivalents – Level 1 - \$447,489

Investment – Morgan Stanley brokerage account – Level 1 - \$603,733

Investment – PIN Endowment Fund – Level 1 - \$273,086

The portfolio at Morgan Stanley consists of mutual funds of \$603,733. The PIN Endowment at Delaware County Foundation consists of mutual funds of \$222,018 and \$51,068 of fixed income investments, all managed on a pooled fund basis by Mason Companies. All are stated at fair value on the statement of financial position as of June 30, 2021.

Use of Estimates

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Flows

For purposes of the statement of cash flows, the Organization considers all cash in checking accounts, money market accounts, certificates of deposit and petty cash to be cash equivalents (original maturities of three months or less). As of June 30, 2021, the total cash and cash equivalents were \$447,489.

Revenues

The Organization's primary sources of operating revenues are grants received from the United Way and monetary contributions received from individuals, corporations and community organizations. In addition, the Organization receives contributions of goods from local retailers, individuals and community organizations. Grants from United Way are program specific and are considered restricted for the specific programs when received. Other contributions are generally revenues without donor restrictions and are recognized when received.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been allocated on a functional basis among the various programs and support services. Where possible, expenses are identified with specific programs or support services and recorded accordingly.

Property and Equipment

Property and equipment are stated at cost if purchased or the fair value at the time of contribution and depreciated over the estimated useful lives of the assets using the straight-line method. The lives of the assets range from five to forty years. Expenditures over \$100 are considered for capitalization, lesser amounts are expensed.

Federal Income Taxes

All of the Organization's revenue is exempt from Federal income taxes pursuant to section 501 (c) (3) of the Internal Revenue Code. In addition, the Organization has been determined by Internal Revenue Service to not be a private foundation within the meaning of Section 509(a) of the Code. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization paid no taxes for the year ended June 30, 2021. The Organization is subject to income tax examination for years after June 30, 2018 related to the federal form 990, *Return of Organization Exempt from Income Tax*, which is filed on an annual basis.

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 2 - Summary of Significant Accounting Policies -- (Continued)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statements of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for fiscal year 2022. Early adoption is permitted. The Organization is in the process of evaluating the impact this standard will have on the financial statements.

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents include \$98,205 restricted to the Emergency Assistance program and Capital Projects. The remaining cash and cash equivalents of \$349,284 are without donor restrictions.

Note 4 - Contributed Goods

The Organization received non-monetary goods valued at \$981,582 from individuals, local community organizations, and corporations. These contributions have been recorded as contributed goods and expenses within the relevant programs, respectively.

Note 5 - Contributed Services

Contributed services are recorded when they meet the criteria of (1) creating or enhancing non-financial assets or (2) required specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Organization relies on volunteers for the operation of its programs. While the number of volunteers is significant, no value has been assigned to these services. The number of volunteers by program is presented below:

<u>Program</u>	<u>Number of Volunteers</u>	<u>Average Hours Contributed</u>	<u>Total Hours Contributed</u>
Board of Directors	11	22.0	242
Produce Market	173	4.5	779
Food Pantry	2,096	3.0	6,288
Holiday Clearing House	285	5.6	1,582
Special Events	5	5.0	25
	<u>2,570</u>		<u>8,916</u>

Note 6 - Retirement Plan

The Organization has adopted a SIMPLE IRA plan under which all eligible employees with over one year of service are eligible to participate. Contributions to the plan are discretionary and are determined by the Board of Directors. The Board of Directors can designate up to 2.0% of each employee's gross wages. Contributions for 2021 were 2.0% of each participant's eligible compensation, which amounted to \$2,895.

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 7 - Concentration of Credit Risk

The Organization maintains their bank accounts at two financial institutions. As of June 30, 2021, the Organization did exceed the Federal Deposit Insurance Corporation insured limit of \$250,000 per depositor with Richwood Bank by \$128,393. Although the Organization may exceed the insured limits at various times throughout the year, Management does not anticipate incurring any losses.

Note 8 - Net Asset Restrictions

As of June 30, 2021, the Organization had net assets with donor restrictions available for the following purposes:

Emergency Assistance	\$ 98,205
People In Need, Inc. of Delaware County Ohio Endowment Fund	<u>273,086</u>
Total Net Assets with Donor Restrictions	<u>\$371,291</u>

Net assets with donor restrictions were increased due to not satisfying the restricted purposes or by occurrence of other events specified by the donors. As of June 30, 2021, the transfers for restrictions were as follows:

Emergency Services	<u>\$73,405</u>
Net Transfer of Net Assets	<u>\$73,405</u>

Note 9 - Fair Values of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments appearing on the statement of financial position for which it is practicable to estimate that value:

a. Cash and cash equivalents

Cash and cash equivalents consist principally of investments in short-term (three months or less), interest bearing instruments and are carried at cost plus accrued interest, which approximates fair value.

b. Accounts receivable

The fair value of accounts receivable, after allowances for uncollectible accounts, was determined by historical collection rates and analysis of individual accounts.

c. Investments

The fair value of investments which consists principally of debt and equity securities was based principally upon quoted market prices.

Note 10 - Subsequent Events

The Organization has not experienced any subsequent event that would provide evidence about the conditions that existed as of the year ended June 30, 2021 or arose subsequent to the date of these financial statements. Also, there were no changes regarding tax status and no material business combinations as of the year ended June 30, 2021 or subsequent to the date of the financial statements.

Note 11 - Endowments

The Organization has sole authority for the receipt, management and investment of all endowment funds. The endowment consists of funds established for a variety of purposes, to provide long term financial stability, facilitate capital improvements and/or provide funding for the its programs.

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 11 - Endowments -- (Continued)

Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The responsibility for investment of all funds is solely the responsibility of the Board of Directors of the People in Need, Inc. of Delaware County Ohio. The interpretation by the Board of Directors of relevant law is stated as follows:

The Uniform Management of Institutional Funds Acts (UMIFA/ SMIFA) as enacted by the State of Ohio, effective June 1, 2009, applies to all funds unless the donor has specifically directed otherwise. The Board of Directors of the Organization interprets UMIFA/SMIFA as requiring the preservation of the "historic dollar value" of the original gift as of the gift date for donor-restricted endowment funds in the absence of explicit donor stipulations to the contrary. As a result of such interpretation, the Organization classifies as net assets with donor restrictions the original value of donor-restricted endowment funds, the original value of subsequent gifts to donor-restricted endowment funds, the value of accumulations and amounts the board adds at its discretion to the endowment fund made in accordance with the applicable gift instrument at the time the relevant accumulation was added to the fund.

The remaining portion of the donor-restricted endowment fund not classified in permanently restricted net assets is classified either as unrestricted or temporarily restricted net assets, depending on the intent of each endowment fund until those amounts are appropriated for expenditure by the Organization in a manner consistent with the uses, benefits, purposes and duration for which the endowment is established and the standard of prudence prescribed by UMIFA/SMIFA. In accordance with UPMIFA/SPMIFA the Board of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purpose of the organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effects of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the organization.
- The investment policies of the organization.

The Board of Directors considers the effect of inflation and deflation on the original gift value from the effective date of UPMIFA/SPMIFA, June 1, 2009, or the gift date, whichever is later. Endowment funds are appropriated as of the date of disbursement from the invested asset.

Spending Policy

The responsibility for investment of all funds is solely the responsibility of the Board of Directors of the Organization. The spending policy and how the investment objectives relate to the spending policy, which is applicable to the endowments herewith presented, are stated as follows:

The Organization has a policy of appropriating for potential distribution each year four percent of its endowment fund's average fair value over the twelve quarters proceeding the quarter in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected net return on its endowment. As of June 30, 2021, the Organization can distribute \$15,555 less a 0.5% fee for doing so.

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 11 - Endowments -- (Continued)

Spending Policy -- (Continued)

Accordingly, over the long term, the Organization expects its endowment assets to grow at a pace at least equal to inflation. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Return Objectives and Risk Parameters

The responsibility for investment of all funds in the Organization is solely the responsibility of the Board of Directors of the organization. The return objectives and risk parameters applicable to the endowments herewith presented are as follows:

The Organization has adopted investment policies for endowment assets that can provide if it is needed a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of appropriate benchmarks without putting the assets at imprudent risk.

Strategies Employed for Achieving Objectives

The responsibility for investment of all funds in the Organization is solely the responsibility of the Board of Directors of the Organization. The strategies employed for achieving objectives applicable to the endowments herewith presented are as follows:

To satisfy its long-term objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diverse asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Funds with Deficiencies

From time to time the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UMIFA/SMIFA requires the Organization to retain as a fund of perpetual duration. However, the Organization's endowments have not fallen below that donor level. Currently, endowment funds are invested with Delaware County Foundation on a pooled investment basis.

The following tables present the necessary information for endowments credited to People in Need, Inc. of Delaware County Ohio:

Balance June 30, 2020	\$ 194,314
Contributions	258
Investment Return:	
Interest/Dividends	5,977
Unrealized Gains/(Losses)	74,682
Withdrawals for Specified Purposes	0
Investment Fees	(2,145)
Balance June 30, 2021	<u>\$ 273,086</u>

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 12 - Liquidity and Reserves

The Organization has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The following table reflects the Organization's financial assets (cash and cash equivalents and instruments) as of June 30, 2021 reduced by amounts not available for general expenditures within one year.

	<u>2021</u>
Total financial assets	\$ 1,331,630
Less: those unavailable for general expenditures within one year due to:	
Purpose and time lapse restrictions	<u>(371,291)</u>
Financial assets available to meet needs for general expenditures within one year	<u>\$ 960,339</u>

NOTE 13 - SBA PPP Loan

On April 21, 2020, the Organization was awarded the Small Business Administration Payroll Protection Program loan in the amount of \$51,700. In accordance with FASB ASC 405-20-40-1, the proceeds from the loan would remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the debtor has been "legally released" or (2) the debtor pays off the loan to the creditor.

During fiscal year 2021, the Organization received notification that the loan was forgiven. Accordingly, the loan forgiveness was reported as revenue and support on the statement of activities and changes in net assets. No interest has been incurred or accrued on this loan as of the date of these financial statements.