



PERSON-TO-PERSON

Helping Others, One Person at a Time.

**FINANCIAL STATEMENTS
(TOGETHER WITH INDEPENDENT AUDITORS' REPORT
AND SUPPLEMENTARY INFORMATION)**

**FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017**

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

PERSON-TO-PERSON, INC.
FINANCIAL STATEMENTS
(TOGETHER WITH INDEPENDENT AUDITORS' REPORT)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Person-to-Person, Inc.

We have audited the accompanying financial statements of Person-to-Person, Inc. (a not-for-profit organization, the "Organization"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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 Person-to-Person, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Policy

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, the Organization adopted Accounting Standards Update 2016-14, "Not-for-Profit Entities." Our opinion is not modified with respect to this matter.

Related Party Support

As explained in Note 11 of the financial statements, Person-to-Person, Inc. is a separate not-for-profit organization founded by Saint Luke's Parish of Darien, Connecticut. Saint Luke's Parish and Person-to-Person, Inc. are related parties under common control and share economic resources. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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.

A handwritten signature in black ink, appearing to read "Mark Peneth" followed by a stylized flourish or initials.

Purchase, New York
April 25, 2019

PERSON-TO-PERSON, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents	\$ 1,716,629	\$ 1,814,942
Loans receivable from clients	575	3,027
Grants receivable, current portion	49,257	7,513
Donations receivable	26,665	302,961
Inventory	171,210	206,815
Prepaid expenses and other receivables	<u>83,954</u>	<u>51,376</u>
Total Current Assets	2,048,290	2,386,634
 Property and Equipment, net	 900,853	 814,665
 Security deposit	 10,587	 10,587
Grants receivable, net of current portion and discount of \$6,393 in 2018	43,607	-
Investments - Janet Evans Endowment Fund	<u>3,114,001</u>	<u>3,328,323</u>
 TOTAL ASSETS	 <u>\$ 6,117,338</u>	 <u>\$ 6,540,209</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 87,845	\$ 78,301
Agency liabilities	13,984	14,964
Due to Saint Luke's Parish	<u>-</u>	<u>2,056</u>
Total Current Liabilities	101,829	95,321
 Net Assets		
Without donor restrictions:		
Available for operations	646,533	709,805
Net investment in property and equipment	<u>900,853</u>	<u>814,665</u>
Total without donor restrictions	1,547,386	1,524,470
With donor restrictions	<u>4,468,123</u>	<u>4,920,418</u>
 TOTAL NET ASSETS	 <u>6,015,509</u>	 <u>6,444,888</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 6,117,338</u>	 <u>\$ 6,540,209</u>

PERSON-TO-PERSON, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Contributions - cash	\$ 1,235,396	\$ 1,142,316	\$ 2,377,712
Contributions - goods	10,049,192	-	10,049,192
In-kind contributions - other	56,234	-	56,234
Government grants	142,462	-	142,462
Investment return	3,773	(170,850)	(167,077)
Special events income	750,949	266,232	1,017,181
Less: Costs of direct benefit to donors	<u>(310,194)</u>	<u>-</u>	<u>(310,194)</u>
Net revenues from special events	440,755	266,232	706,987
OPUS dues	8,296	-	8,296
Other revenue	6,449	6,310	12,759
Net assets released from restrictions:			
Satisfaction of program and purpose restrictions	<u>1,696,303</u>	<u>(1,696,303)</u>	<u>-</u>
Total Public Support and Revenue	<u>13,638,860</u>	<u>(452,295)</u>	<u>13,186,565</u>
EXPENSES			
Program Services			
Emergency assistance	12,165,770	-	12,165,770
Scholarships	346,159	-	346,159
Camperships	<u>364,141</u>	<u>-</u>	<u>364,141</u>
Total Program Services	<u>12,876,070</u>	<u>-</u>	<u>12,876,070</u>
Supporting Services			
Management and general	157,444	-	157,444
Fund development	<u>582,430</u>	<u>-</u>	<u>582,430</u>
Total Supporting Services	<u>739,874</u>	<u>-</u>	<u>739,874</u>
Total Expenses	<u>13,615,944</u>	<u>-</u>	<u>13,615,944</u>
CHANGE IN NET ASSETS	22,916	(452,295)	(429,379)
Net assets - beginning of year	<u>1,524,470</u>	<u>4,920,418</u>	<u>6,444,888</u>
Net assets - end of year	<u>\$ 1,547,386</u>	<u>\$ 4,468,123</u>	<u>\$ 6,015,509</u>

PERSON-TO-PERSON, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions - cash	\$ 1,172,817	\$ 2,057,334	\$ 3,230,151
Contributions - goods	10,000,483	-	10,000,483
In-kind contributions - other	263,141	-	263,141
Government grants	139,600	-	139,600
Investment return	(18,878)	516,181	497,303
Special events income	417,476	222,795	640,271
Less: Costs of direct benefit to donors	(206,103)	-	(206,103)
Net revenues from special events	211,373	222,795	434,168
OPUS dues	11,214	-	11,214
Other revenue	4,918	6,525	11,443
Net assets released from restrictions:			
Satisfaction of program restrictions	1,518,387	(1,518,387)	-
Total Public Support and Revenue	13,303,055	1,284,448	14,587,503
EXPENSES			
Program Services			
Emergency assistance	11,948,235	-	11,948,235
Scholarships	390,317	-	390,317
Camperships	363,742	-	363,742
Total Program Services	12,702,294	-	12,702,294
Supporting Services			
Management and general	224,783	-	224,783
Fund development	548,213	-	548,213
Total Supporting Services	772,996	-	772,996
Total Expenses	13,475,290	-	13,475,290
CHANGE IN NET ASSETS	(172,235)	1,284,448	1,112,213
Net assets - beginning of year	1,696,705	3,635,970	5,332,675
Net assets - end of year	\$ 1,524,470	\$ 4,920,418	\$ 6,444,888

PERSON-TO-PERSON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	PROGRAM SERVICES				SUPPORTING SERVICES			TOTAL FUNCTIONAL EXPENSES
	EMERGENCY ASSISTANCE	SCHOLAR- SHIPS	CAMPER- SHIPS	TOTAL	MANAGEMENT AND GENERAL	FUND DEVELOPMENT	TOTAL	
Salaries	\$ 893,072	\$ 68,258	\$ 80,000	\$ 1,041,330	\$ 100,645	\$ 387,399	\$ 488,044	\$ 1,529,374
Payroll taxes	70,692	5,403	6,333	82,428	7,967	30,665	38,632	121,060
Benefits	121,569	9,292	10,890	141,751	13,700	52,735	66,435	208,186
Payroll and Related Expenditures	1,085,333	82,953	97,223	1,265,509	122,312	470,799	593,111	1,858,620
Clothing and food distributed	10,084,797	-	-	10,084,797	-	-	-	10,084,797
Grants and assistance	282,729	251,703	239,201	773,633	-	-	-	773,633
Food and supplies	122,783	-	-	122,783	-	-	-	122,783
Program supplies	29,856	-	-	29,856	-	-	-	29,856
Donated services	56,234	-	-	56,234	-	-	-	56,234
Occupancy	174,472	1,939	1,939	178,350	5,818	9,694	15,512	193,862
Office expenses	34,376	1,734	1,125	37,235	1,177	34,454	35,631	72,866
Postage	1,281	62	2,093	3,436	75	3,876	3,951	7,387
Equipment maintenance and support	65,431	3,829	2,971	72,231	2,497	8,897	11,394	83,625
Computer supplies and software	1,012	195	203	1,410	54	244	298	1,708
Telephone	15,591	757	891	17,239	913	4,121	5,034	22,273
Transportation	20,566	-	-	20,566	-	-	-	20,566
Volunteers and training	16,789	227	267	17,283	273	3,798	4,071	21,354
Audit	-	-	-	-	17,400	-	17,400	17,400
Communications	19,791	116	15,276	35,183	140	31,783	31,923	67,106
Consulting	8,295	350	825	9,470	-	4,413	4,413	13,883
Project consulting	3,602	-	-	3,602	1,854	-	1,854	5,456
Other	5,697	541	322	6,560	205	1,457	1,662	8,222
Total Expenses before Depreciation and Amortization	12,028,635	344,406	362,336	12,735,377	152,718	573,536	726,254	13,461,631
Depreciation and Amortization	137,135	1,753	1,805	140,693	4,726	8,894	13,620	154,313
Total Functional Expenses	\$ 12,165,770	\$ 346,159	\$ 364,141	\$ 12,876,070	\$ 157,444	\$ 582,430	\$ 739,874	\$ 13,615,944

See accompanying notes to financial statements.

PERSON-TO-PERSON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	PROGRAM SERVICES				SUPPORTING SERVICES			TOTAL
	EMERGENCY ASSISTANCE	SCHOLAR- SHIPS	CAMPER- SHIPS	TOTAL	MANAGEMENT AND GENERAL	FUND DEVELOPMENT	TOTAL	FUNCTIONAL EXPENSES
Salaries	\$ 742,827	\$ 68,526	\$ 42,486	\$ 853,839	\$ 143,905	\$ 372,783	\$ 516,688	\$ 1,370,527
Payroll taxes	63,528	5,861	3,634	73,023	12,307	31,882	44,189	117,212
Benefits	103,889	9,584	5,942	119,415	20,126	52,136	72,262	191,677
Payroll and Related Expenditures	910,244	83,971	52,062	1,046,277	176,338	456,801	633,139	1,679,416
Clothing and food distributed	9,940,782	-	-	9,940,782	-	-	-	9,940,782
Grants and assistance	379,907	295,731	283,350	958,988	-	-	-	958,988
Food and supplies	80,071	-	-	80,071	-	-	-	80,071
Program supplies	20,736	-	-	20,736	-	-	-	20,736
Donated services	263,141	-	-	263,141	-	-	-	263,141
Occupancy	118,333	1,382	1,658	121,373	6,119	6,288	12,407	133,780
Office expenses	27,632	1,165	884	29,681	2,129	29,055	31,184	60,865
Postage	1,859	83	1,716	3,658	204	3,217	3,421	7,079
Equipment maintenance and support	51,004	3,084	2,476	56,564	4,091	8,055	12,146	68,710
Computer supplies and software	780	222	154	1,156	95	331	426	1,582
Telephone	10,098	502	597	11,197	1,350	3,156	4,506	15,703
Transportation	9,753	-	-	9,753	-	-	-	9,753
Volunteers and training	17,354	355	421	18,130	952	2,226	3,178	21,308
Audit	-	-	-	-	16,725	-	16,725	16,725
Communications	11,858	149	14,682	26,689	400	28,986	29,386	56,075
Consulting	6,225	1,430	3,625	11,280	-	-	-	11,280
Project consulting	3,207	-	-	3,207	10,381	-	10,381	13,588
Other	7,484	965	588	9,037	916	3,714	4,630	13,667
Total Expenses before Depreciation and Amortization	11,860,468	389,039	362,213	12,611,720	219,700	541,829	761,529	13,373,249
Depreciation and Amortization	87,767	1,278	1,529	90,574	5,083	6,384	11,467	102,041
Total Functional Expenses	\$ 11,948,235	\$ 390,317	\$ 363,742	\$ 12,702,294	\$ 224,783	\$ 548,213	\$ 772,996	\$ 13,475,290

See accompanying notes to financial statements.

PERSON-TO-PERSON, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (429,379)	\$ 1,112,213
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Realized and unrealized losses (gains) on investments, net	279,627	(411,924)
Depreciation and amortization	154,313	102,041
Changes in Operating Assets and Liabilities:		
Loans receivable from clients	2,452	5,979
Grants and donations receivable	190,945	(240,581)
Prepaid expenses and other receivables	(32,578)	(10,550)
Inventory	35,605	(59,701)
Accounts payable, accrued expenses and agency liabilities	8,564	(11,409)
Due to Saint Luke's Parish	(2,056)	2,056
Total Adjustments	<u>636,872</u>	<u>(624,089)</u>
Net Cash Provided by Operating Activities	<u>207,493</u>	<u>488,124</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	587,976	2,808,258
Purchase of investments	(653,281)	(2,989,965)
Payment of security deposit	-	(3,316)
Purchase of property and equipment	<u>(240,501)</u>	<u>(246,018)</u>
Net Cash Used by Investing Activities	<u>(305,806)</u>	<u>(431,041)</u>
<u>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</u>	<u>(98,313)</u>	<u>57,083</u>
Cash and cash equivalents - beginning of year	<u>1,814,942</u>	<u>1,757,859</u>
Cash and cash equivalents - end of year	<u>\$ 1,716,629</u>	<u>\$ 1,814,942</u>

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Person-to-Person, Inc. (“Person-to-Person” or the “Organization”), a not-for-profit human services organization, was established in 1968 by Saint Luke’s Parish of Darien, Connecticut. Person-to-Person was incorporated as a separate organization on December 2, 1994. Person-to-Person is a volunteer-driven, community-supported agency which, through the sharing of goods and talents, responds to individuals and families who lack the basic necessities or resources to improve their lives. The Organization provides rapid response assistance to client emergencies, as well as access to interconnected services that support its clients’ journeys toward self-sufficiency. Person-to-Person offers assistance through three key programs: emergency assistance, camperships and scholarships. The emergency assistance program provides food, clothing, financial assistance, including eviction mediation, and crisis counseling to residents of Lower Fairfield County, Connecticut. More than 520 children attended summer day camps in 2018 through the campership program. The scholarship program provides financial assistance for local students from low-income households.

In 2017, Person-to-Person launched the P2P on Wheels program. The purpose of the program is to take food and financial assistance into low-income neighborhoods five days a week. In late 2017 Person-to-Person purchased and took possession of a 32’ truck for P2P On Wheels, and in early 2018 launched its new program.

The Organization receives most of its support from the general public through cash and in-kind contributions. OPUS, a fundraising arm of Person-to-Person, was established to raise funds and public awareness for Person-to-Person. OPUS has dues-paying members who engage primarily in special event fundraising. OPUS is not a separate legal entity, but rather a part of Person-to-Person.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Basis

Person-to-Person’s financial statements have been prepared on the accrual basis of accounting and presented in accordance with Financial Accounting Standards Board (“FASB”) guidance for not-for-profit organizations. Under that guidance, the Organization is required to report information regarding its net assets and revenues, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- Without donor restrictions – Net assets that are not subject to explicit donor-imposed stipulations, including board designated funds functioning as endowment.
- With donor restrictions – Net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of the Organization or the passage of time, stipulations that they be maintained permanently by the Organization, and net assets from endowments not yet appropriated for spending. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenue Recognition

Contributions: Person-to-Person reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Change in Net Assets as net assets released from restrictions.

Promises to Give: Unconditional promises to give are recognized as revenue in the period received and recorded as assets. Conditional promises to give are recognized when the conditions on which they depend are *substantially met*.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Government Grants: The Organization has certain grants that are based on expenditure-driven grant revenue (i.e., the Organizations must first incur the expenditure as a basis for reimbursement) that is recognized when the related expenditure is incurred.

Non-cash Contributions: The Organization receives a substantial amount of volunteer services in carrying out its programs and activities. Volunteers perform various administrative and fundraising functions. However, only certain amounts have been reflected in the financial statements for those services meeting the criteria for recognition. Contributed services are not recognized unless the donated services create or enhance non-financial assets or require specialized skills that would typically be purchased if not donated. In-kind contributions are measured at the fair value of the assets transferred to Person-to-Person or the liabilities cancelled or settled. The Organization received and recognized contributed services from specialized professionals for its emergency assistance programs and administrative functions of \$56,234 and \$263,141 during the years ended December 31, 2018 and 2017, respectively. The programs run by the Organization require the dedication and resources of over 4,000 volunteers who provided approximately 70,000 hours of service assisting clients, stocking the food pantry, sorting clothing, packing bags and boxes for clients, and other tasks.

Accounts Receivable and Loans Receivable from Clients

Management reviews the balances of grants and donations receivable on a regular basis and expects all amounts to be fully collectible; therefore, there is no allowance for doubtful accounts. Client loans receivable are reviewed on a quarterly basis and approximately 75% are converted to emergency assistance grants on an annual basis consistent with the nature of the Organization's ongoing mission.

Inventory

Inventory consists of clothing, food, household items and supplies. Items are valued based on unit values published by The Salvation Army, Feeding America, and Second Harvest, and other available data.

Investments

Person-to-Person follows FASB guidance on fair value, which, among other things, defines fair value, establishes a hierarchical framework for measuring fair value, and expands disclosure about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy is organized into three levels based upon the assumptions (referred to as "inputs") used in pricing the asset or liability, as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, with fair value being determined through the use of models or other valuation methodologies.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (continued)

Level 3: Inputs are unobservable for the asset or liability and are used to the extent that observable inputs do not exist. Level 3 inputs require significant management judgment and estimation. Factors considered include the purchase cost, prices of recent private placements of the same issuer, liquidity of the investment, changes in financial condition of the issuer, and valuations of similar companies.

The Organization values all of its investments using Level 1 inputs. For common stock, municipal bonds, and asset-backed securities, the inputs are valued at the closing price reported on the active market on which the individual securities are traded. For mutual funds, the inputs are valued at the net asset value of shares held at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The Organization reports investment income and gains and losses as increases or decreases in net assets without donor restrictions in the Statements of Activities and Change in Net Assets unless a donor or law restricts their use.

Property and Equipment

Property and equipment are carried at cost, if purchased, or at fair values on dates donated, if contributed. Person-to-Person reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as donor restricted support. Purchases over \$500 with a useful life greater than one year are capitalized. Repairs and maintenance of existing assets are expensed as incurred.

Depreciation is determined by use of the straight-line method over the following estimated useful lives or lease term:

Leasehold improvements	5 - 20 years
Equipment and furnishings	3 - 15 years
Vehicles	5 - 6 years

Uncertainty in Income Taxes

The Organization evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of December 31, 2018, the Organization does not believe that it has taken any positions that would require recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Person-to-Person expenses the cost of advertising when the advertising takes place. Amounts spent during the year ended December 31, 2018 were \$9,900. Amounts spent for the year ended December 31, 2017 were immaterial.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Organization regularly assesses these estimates and, while actual results may differ from these estimates, management believes that material changes will not occur in the near term.

Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investments with an initial maturity of less than three months when purchased to be cash equivalents.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort. The direct costs of special events include expenses for the benefit of the donors.

Reclassification

Certain reclassifications were made to the presentation of the 2017 financial statements to conform to the 2018 financial statement presentation of functional expenses.

Recent Authoritative Pronouncements

FASB Accounting Standards Update (“ASU”) 2016-14, “Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities” and ASU 2016-18 “Statement of Cash Flows” were adopted for the year ended December 31, 2018. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. ASU 2016-14 provides for a number of changes including the presentation of two classes of net assets and enhanced disclosure of liquid resources and expense allocation. ASU 2016-18 requires that restricted cash be included with cash and cash equivalents on the accompanying statement of cash flows. These changes had no impact on the change in net assets for the year ended December 31, 2018. Due to these changes, the Organization has reclassified prior periods and fully comparative financial statements are presented. Net assets as of December 31, 2017 were reclassified to conform to the new presentation. The unrestricted net asset class has been renamed net assets without donor restrictions.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Authoritative Pronouncements (continued)

The FASB has issued standards that the Organization must consider for adoption over the next two years. Those standards include the following: 1) “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made”, effective for the year ended December 31, 2019; which aims to assist entities in evaluating whether contributions should be accounted for as contributions or exchange transactions and determination as to whether a contribution is conditional, and 2) “Leases,” effective for the year ended December 31, 2020, which aims to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The Organization is currently evaluating the impact of the adoption of these standards on its financial statements.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, and marketable equity securities. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of emergency assistance, campership, and scholarship as well as services undertaken to support those activities to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. As of December 31, 2018, the Organization’s financial assets were as follows:

Cash and cash equivalents	\$ 1,716,629
Grants receivable, current portion	49,257
Donations receivable	<u>26,665</u>
	\$ <u>1,944,395</u>

As of December 31, 2018, the Organization’s financial assets available to meet general expenditures over the next 12 months were as follows:

Cash and cash equivalents	\$ 1,716,629
Grants receivable, current portion	49,257
Donations receivable	26,665
Appropriation of endowment assets for expenditure	<u>160,000</u>
	\$ <u>235,922</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year. As part of the Organization’s liquidity management plan, the Organization invests cash in excess of daily requirements in money market funds.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 4 – GRANTS RECEIVABLE

Grants receivable are expected to be fully collectible and consist of the following as of December 31, 2018:

Due in less than one year	\$ 49,257
Due in one to five years	50,000
Less: discount to present value, at 5.5%	<u>(6,393)</u>
Total Grants Receivable	<u>\$ 92,864</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Equipment and software	\$ 329,753	\$ 356,584
Furniture and fixtures	110,580	108,194
Leasehold improvements	962,356	735,538
Vehicles	<u>274,192</u>	<u>274,192</u>
	1,676,881	1,474,508
Less: accumulated depreciation and amortization	<u>(776,028)</u>	<u>(682,004)</u>
	900,853	792,504
Construction in progress	<u>-</u>	<u>22,161</u>
Total Property and Equipment, net	<u>\$ 900,853</u>	<u>\$ 814,665</u>

NOTE 6 – INVESTMENTS

The following table sets forth, within Level One of the fair value hierarchy, the Organization's assets at fair value at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Equity funds	\$ 1,953,254	\$ 2,135,689
Fixed income funds	<u>1,160,747</u>	<u>1,192,634</u>
Total Investments, at Fair Value	<u>\$ 3,114,001</u>	<u>\$ 3,328,323</u>

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 6 – INVESTMENTS (Continued)

Investment activity, including interest earned on cash accounts, is summarized as follows for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 126,022	\$ 108,923
Realized gains (losses)	37,905	739,059
Unrealized losses	(317,532)	(327,135)
Investment fees	<u>(13,472)</u>	<u>(23,544)</u>
Total Investment Return	<u>\$ (167,077)</u>	<u>\$ 497,303</u>

Investments are managed in accordance with board-approved policies. The policies, which also permit a portion of the Janet Evans Endowment Fund (see Note 8) to be spent annually, are designed to diversify the assets in the portfolio and manage them in a prudent manner, to preserve the value of the portfolio in real terms (after inflation), and to generate a reliable flow of earnings annually for support.

NOTE 7 – RESTRICTIONS AND DESIGNATIONS OF NET ASSETS

Net assets with donor restrictions at December 31, 2018 and 2017 were available for the following purposes:

	<u>2018</u>	<u>2017</u>
Janet Evans Endowment Fund	\$ 3,114,001	\$ 3,348,323
Food programs	87,808	123,914
P2P on Wheels	363,069	739,180
Baby Basics	7,342	15,542
Emergency assistance	457,780	378,211
Capital campaign	52,311	52,311
Campership	158,043	147,087
Scholarship	178,553	60,256
Technology, strategic planning and training	18,546	26,505
Other Programs:		
Thumbelina Fund	5,144	9,056
FEMA	14,228	-
Fuel bank	4,663	9,099
Van Money	<u>6,635</u>	<u>10,934</u>
Total Net Assets with Donor Restrictions	<u>\$ 4,468,123</u>	<u>\$ 4,920,418</u>

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 7 – RESTRICTIONS AND DESIGNATIONS OF NET ASSETS (Continued)

Net assets were released from donor restrictions during each year for the following purposes and programs:

	<u>2018</u>	<u>2017</u>
Janet Evans Endowment Fund, subject to appropriation	\$ 173,473	\$ 163,544
Food programs	78,413	73,882
P2P on Wheels	596,318	226,920
Baby Basics	8,320	9,411
Emergency assistance	268,244	379,358
Capital campaign	-	-
Camperships	239,201	283,350
Scholarships	251,703	295,859
Technology, strategic planning, and training	39,059	43,014
Other Programs:		
Thumbelina Fund	7,412	5,204
Fuel bank	4,436	5,159
Holiday toy store	10,468	875
Van money	4,299	1,177
FEMA program	<u>14,957</u>	<u>30,634</u>
Total Net Assets Released from Restrictions	<u>\$ 1,696,303</u>	<u>\$ 1,518,387</u>

Person-to-Person has a continuing contract with the Stamford Housing Authority to establish the Section 8 Security Deposit Loan Fund (the "Loan Fund"). The mission of the Loan Fund is to increase utilization of housing choice vouchers in Stamford, Connecticut. Person-to-Person acts as administrator for the Loan Fund and has designated certain net assets for use in this program.

NOTE 8 – JANET EVANS ENDOWMENT FUND

In 2003, Person-to-Person established the Janet Evans Endowment Fund (the "Fund") to honor the retirement of former Executive Director Janet Evans. Contributions to the Fund are invested as directed by an endowment committee appointed by the board of directors. Withdrawals from the Fund in a given year, which may be used at the discretion of the board of directors, are limited to 6% of the average year end market value for the three preceding calendar years.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 8 – JANET EVANS ENDOWMENT FUND (Continued)

Changes in endowment net assets during the years ended December 31, 2018 and 2017 are as follows:

Net assets, January 1, 2017	\$ 2,985,686
Investment income	104,876
Net asset appreciation	411,305
Contributions	10,000
Investment fees	(23,544)
Appropriation of endowment assets for expenditure	<u>(140,000)</u>
Net assets, December 31, 2017	3,348,323
Investment income	126,349
Net asset depreciation	(297,199)
Contributions	110,000
Investment fees	(13,472)
Appropriation of endowment assets for expenditure	<u>(160,000)</u>
Net assets, December 31, 2018	<u>\$ 3,114,001</u>

The Organization's endowment includes only endowment funds with donor restrictions. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's board of directors, as a matter of policy, requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the State of Connecticut's Uniform Prudent Management of Institutional Funds Act. In accordance with accounting principles generally accepted in the United States, any deterioration of the fair value of assets associated with donor restricted endowment funds that fall below the level the donor requires the Organization to retain in perpetuity is to be reported in net assets with donor restrictions. The deficiencies may result from unfavorable market fluctuations that occurred in the economy as a whole that may have affected the donor restricted endowment fund where the fair value of the donor restricted endowment fund fell below the amount that is required to be retained permanently. The Organization has not incurred such deficiencies in its endowment funds as of December 31, 2018.

The Organization currently has an investment policy that provides for an asset allocation that is designed to meet the goals of the Organization based on a number of factors including the projected spending needs, the maintenance of sufficient liquidity and the return objectives and risk tolerances of the Organization. The asset allocation plan provides for diversification of assets in an effort to maximize the investment return and manage risk of the Organization consistent with market conditions.

The Organization considers the mission of the Organization and the donor-restricted fund, and the nature of the restrictions and financial needs of the Organization in making a determination to accept donor-restricted funds into the endowment fund.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 9 – IN-KIND CONTRIBUTIONS

During 2018 and 2017, Person-to-Person recognized donated clothing, food, and supplies of \$10,049,192 and \$10,000,483, respectively, for use in Person-to-Person's programs. The values of clothing, furniture, household items, and other goods are estimated by management based on unit values published by The Salvation Army and other available data. From time to time, management reviews Person-to-Person's valuation methodology for food items. Such a review was conducted in 2013 based upon data published by Feeding America and Second Harvest. The average value of a pound of groceries received is \$2.00, while the weight of the typical bag of groceries received is ten pounds. Food contributions for 2018 and 2017 have been reported based upon these benchmarks.

For the years ended December 31, 2018 and 2017, donated professional services recognized in the financial statements totaled \$56,234 and \$263,141, respectively.

The Organization received the services of approximately 4,000 individual volunteers. Volunteer services are not recognized in the Statements of Activities and Change in Net Assets because such services do not involve specialized skills; however, they represent greater than 70,000 and 78,000 hours of service for the years ended December 31, 2018 and 2017, respectively. Volunteers staff and run the Organization's numerous programs, projects, and events, as well as provide transportation services. The value of donated volunteer services not recognized in the financial statements is approximately \$2,116,800 and \$2,286,202 for the years ended December 31, 2018 and 2017, respectively (based on the Independent Sector valuation of Connecticut volunteer time at an hourly rate of \$30.24 and \$29.29 for the years ended December 31, 2018 and 2017, respectively).

NOTE 10 – RETIREMENT PLAN

The Organization has a 403(b) Plan ("403(b) Plan"). Employees who are over 21 years of age and work 1,000 or more hours per year are eligible to participate in the 403(b) Plan on the first day of the month coincident with or following the date that the employees satisfy the eligibility requirements. For those employees who make a contribution of 2% or more to the 403(b) Plan, the Organization will make a 5% contribution to the 403(b) Plan on their behalf. Employees who make a contribution of less than 2% are not entitled to a contribution on their behalf from the Organization. Participating employees' years of full-time service prior to the adoption of the 403(b) Plan are counted toward the employees' vesting schedule. Retirement plan expense was \$43,326 and \$45,016 for the years ended December 31, 2018 and 2017, respectively.

NOTE 11 – RELATED-PARTY TRANSACTIONS

Person-to-Person and Saint Luke's Parish share common control and certain economic resources. In April 2010, Person-to-Person entered into an agreement to pay an occupancy expense of \$4,000 per month to Saint Luke's Parish. The agreement is on a month-to-month basis.

There was no payables balance at December 31, 2018 for certain expenses paid for by the Parish. Person-to-Person had a balance due of \$2,056 to Saint Luke's Parish at December 31, 2017. Saint Luke's Parish donated \$65,500 and \$60,500 to the Organization as part of the Parish's annual outreach program for the years ended December 31, 2018 and 2017, respectively.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 12 – COMMITMENTS

The Organization has a lease on a facility at 76 South Main Street in Norwalk, Connecticut. The lease is a five-year operating lease, commencing August 1, 2011 and expiring July 31, 2016, with escalations each year. A new lease agreement was executed for one five-year period commencing in August 2016. In December 2017, the Organization entered into a ten-year operating lease agreement for warehouse space in Stamford, Connecticut, with lease payments commencing in February 2018. Rent expense under the Norwalk lease for the years ending December 31, 2018 and 2017 was \$49,144 and \$47,945, respectively.

The annual payment requirements under the lease agreement for the years subsequent to December 31, 2018 are:

2019	\$ 83,037
2020	85,113
2021	64,871
2022	35,176
2023	36,055
Thereafter	156,774

NOTE 13 – CONCENTRATIONS

The Organization maintains its cash and cash equivalent balances at several financial institutions. Concentrations of credit risk result primarily from cash on deposit at these financial institutions in excess of Federal Deposit Insurance Corporation ("FDIC") limits. At times during the year, cash and cash equivalent balances may be in excess of FDIC coverage. At December 31, 2018, the Organization's uninsured cash and cash equivalents balance totaled \$749,835.

NOTE 14 – INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Contributions made to the Organization are qualified for the maximum tax deductions allowable under the United States Internal Revenue Code.

NOTE 15 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 25, 2019, the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

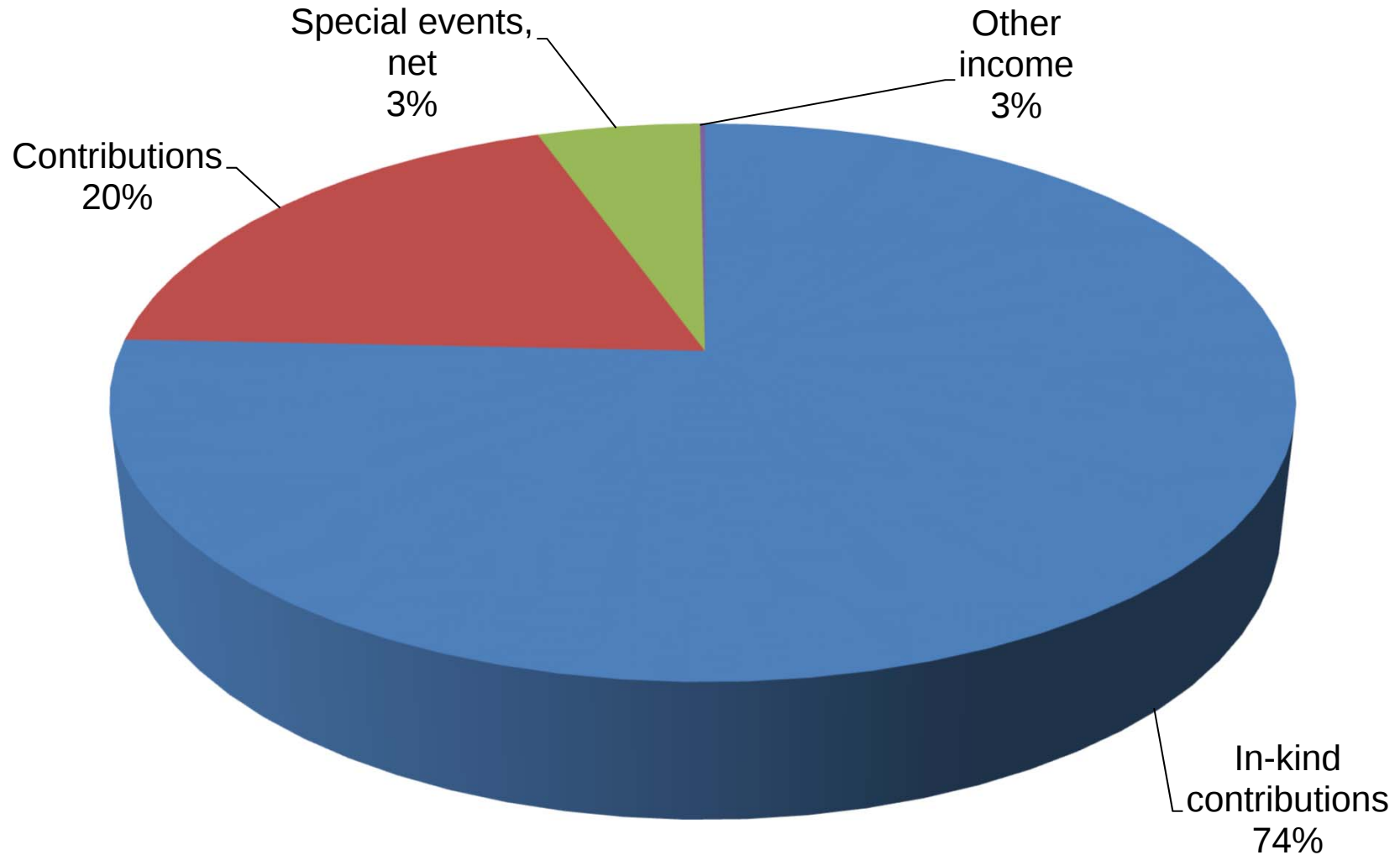
PERSON-TO-PERSON, INC.
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2018

	<u>CORE OPERATIONS</u>	<u>CAPITAL CAMPAIGN</u>	<u>JANET EVANS ENDOWMENT</u>	<u>P2P ON WHEELS CAMPAIGN</u>	<u>TOTAL</u>
PUBLIC SUPPORT AND REVENUE					
Contributions - In-kind goods & services	\$ 10,105,426	\$ -	\$ -	\$ -	\$ 10,105,426
Contributions - Cash & foundation grants	<u>2,210,280</u>	<u>-</u>	<u>110,000</u>	<u>57,432</u>	<u>2,377,712</u>
Total Contributions	12,315,706	-	110,000	57,432	12,483,138
Government grants	142,462	-	-	-	142,462
Investment income, net of investment expenses	(327)	-	112,877	-	112,550
Special events, net	706,987	-	-	-	706,987
Other	<u>21,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,055</u>
Total Public Support and Revenue	<u>13,185,883</u>	<u>-</u>	<u>222,877</u>	<u>57,432</u>	<u>13,466,192</u>
FUNCTIONAL EXPENSES					
Emergency assistance	11,790,303	-	-	375,467	12,165,770
Scholarships	346,159	-	-	-	346,159
Camperships	364,141	-	-	-	364,141
Management and general	157,444	-	-	-	157,444
Fund development	<u>582,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>582,430</u>
Total Functional Expenses	<u>13,240,477</u>	<u>-</u>	<u>-</u>	<u>375,467</u>	<u>13,615,944</u>
Operating Income (Loss)	(54,594)	-	222,877	(318,035)	(149,752)
Realized and unrealized gains	17,572	-	(297,199)	-	(279,627)
Fund transfers	<u>160,000</u>	<u>-</u>	<u>(160,000)</u>	<u>-</u>	<u>-</u>
<u>CHANGE IN NET ASSETS</u>	122,978	-	(234,322)	(318,035)	(429,379)
Net assets - beginning of year	<u>2,099,605</u>	<u>52,311</u>	<u>3,348,323</u>	<u>944,649</u>	<u>6,444,888</u>
Net assets - end of year	<u>\$ 2,222,583</u>	<u>\$ 52,311</u>	<u>\$ 3,114,001</u>	<u>\$ 626,614</u>	<u>\$ 6,015,509</u>

See independent auditors' report.

Person-to-Person, Inc.

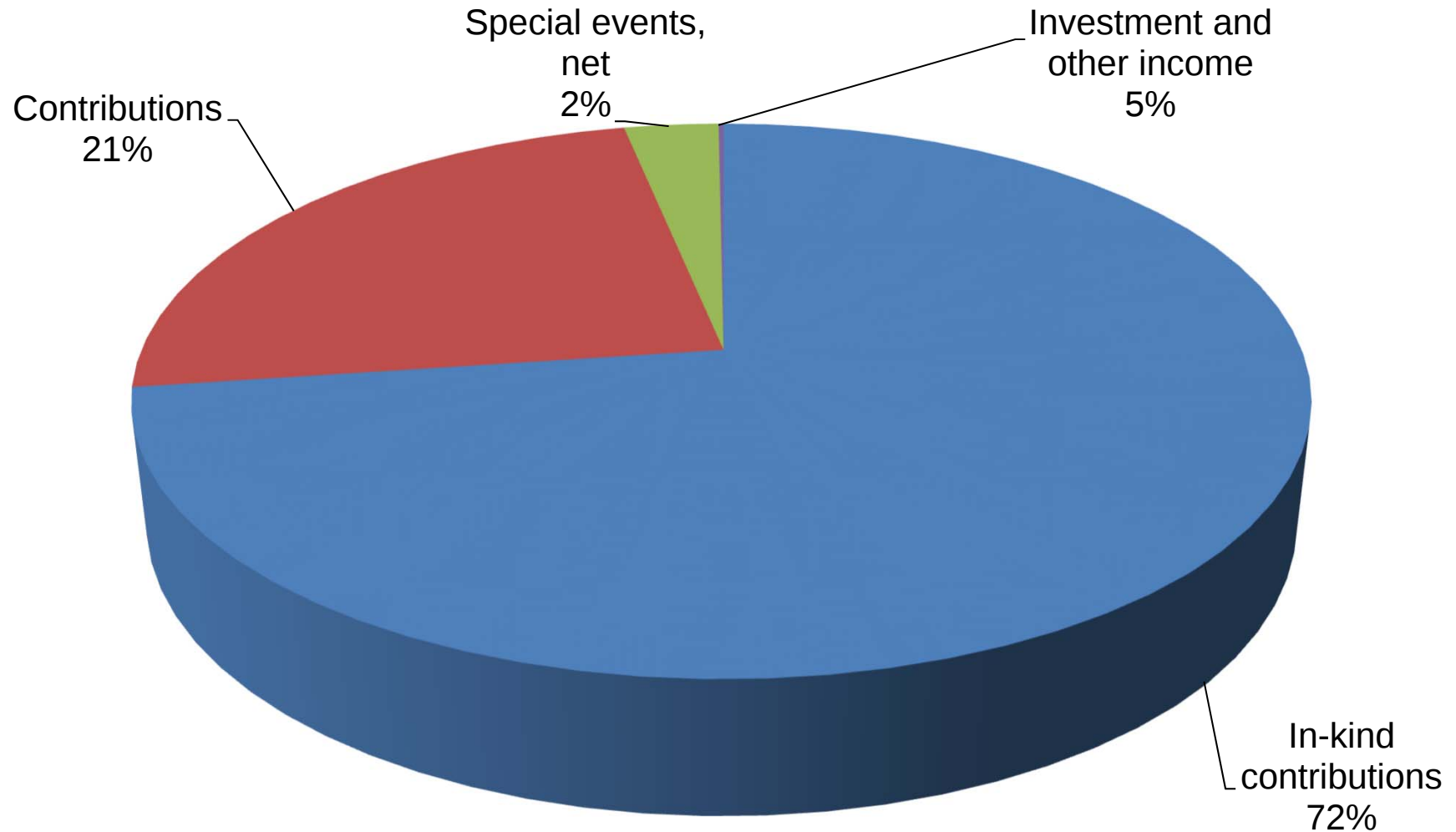
Income Distribution, without Investment Return
Year Ended December 31, 2018



See independent auditors' report.

Person-to-Person, Inc.

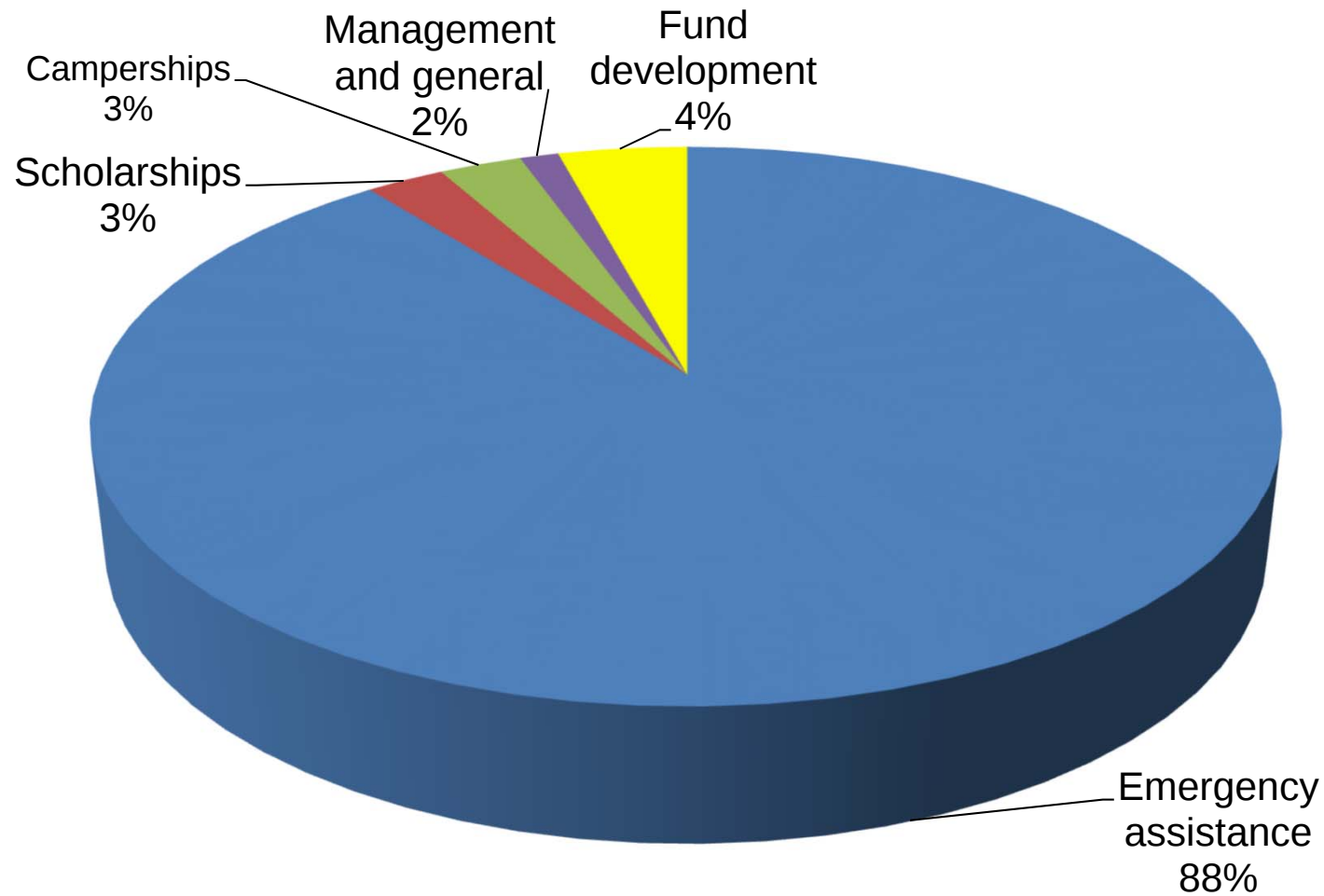
Income Distribution, without Investment return
Year Ended December 31, 2017



See independent auditors' report.

Person-to-Person, Inc.

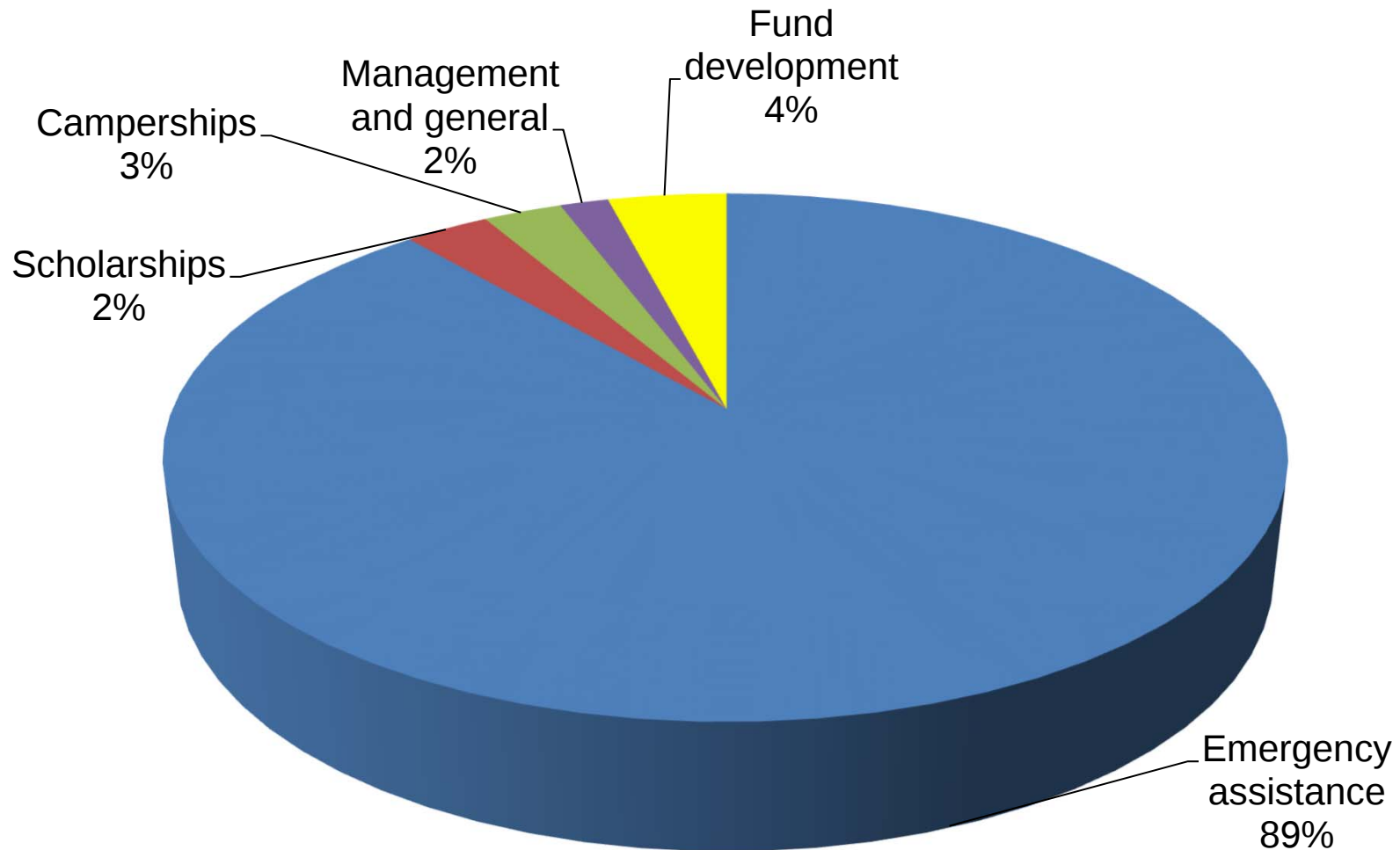
Functional Expense Distribution
Year Ended December 31, 2018



See independent auditors' report.

Person-to-Person, Inc.

Functional Expense Distribution
Year Ended December 31, 2017



See independent auditors' report.