



person**to**person

**Person-to-Person, Inc.
Financial Statements
(Together with Independent Auditors' Report
and Supplementary Information)**

For the Year Ended June 30, 2021

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

PERSON-TO-PERSON, INC.
FINANCIAL STATEMENTS
(Together with Independent Auditors' Report
and Supplementary Information)
FOR THE YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors 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 statement of financial position as of June 30, 2021, and the related statements of activities and change 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.

Auditors' 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 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 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.

Related Party Support

As explained in Note 13 of the financial statements, Person-to-Person, Inc. is a separate not-for-profit organization founded by Saint Luke's Episcopal Church of Darien, Connecticut ("St. Luke's"). St. Luke's 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 17-18 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.

Purchase, NY
January 13, 2022

PERSON-TO-PERSON, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,546,326
Contributions receivable	68,175
Inventory	95,168
Prepaid expenses and other receivables	<u>125,146</u>
Total Current Assets	1,834,815

Property and Equipment, net	782,670
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Security deposit	10,587
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Investments - Operating Reserve	2,201,319
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Investments - Janet Evans Endowment Fund	<u>3,678,924</u>
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TOTAL ASSETS	<u>\$ 8,508,315</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	\$ 188,802
Agency liabilities	<u>28,656</u>
Total Current Liabilities	<u>217,458</u>

Net Assets

Without donor restrictions:	
Available for operations	3,036,341
Board-designated - COVID relief fund	160,011
Net investment in property and equipment	<u>782,670</u>
Total without donor restrictions	3,979,022
With donor restrictions	<u>4,311,835</u>

Total Net Assets	<u>8,290,857</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,508,315</u>
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PERSON-TO-PERSON, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions - cash	\$ 2,268,741	\$ 2,409,012	\$ 4,677,753
In-kind contributions - goods	9,145,244	-	9,145,244
In-kind contributions - other	82,808	-	82,808
Government grants	396,312	-	396,312
Investment gain	<u>7,712</u>	<u>831,699</u>	<u>839,411</u>
Special events income	199,124	-	199,124
Less: Costs of direct benefit to donors	<u>(62,331)</u>	<u>-</u>	<u>(62,331)</u>
Net revenues from special events	136,793	-	136,793
OPUS dues	13,745	-	13,745
Other revenue	2,672	-	2,672
Gain on extinguishment of debt (PPP loan)	365,200	-	365,200
Loss on disposal of asset	(6,952)	-	(6,952)
Net assets released from restrictions:			
Satisfaction of program and purpose restrictions	<u>3,242,576</u>	<u>(3,242,576)</u>	<u>-</u>
Total Public Support and Revenue	<u>15,654,851</u>	<u>(1,865)</u>	<u>15,652,986</u>
EXPENSES			
Program Services			
Critical needs	12,479,211	-	12,479,211
Scholarships	359,202	-	359,202
Camperships	<u>163,442</u>	<u>-</u>	<u>163,442</u>
Total Program Services	<u>13,001,855</u>	<u>-</u>	<u>13,001,855</u>
Supporting Services			
Management and general	320,774	-	320,774
Fund development	<u>686,354</u>	<u>-</u>	<u>686,354</u>
Total Supporting Services	<u>1,007,128</u>	<u>-</u>	<u>1,007,128</u>
Total Expenses	<u>14,008,983</u>	<u>-</u>	<u>14,008,983</u>
CHANGE IN NET ASSETS	1,645,868	(1,865)	1,644,003
Net assets - beginning of year	<u>2,333,154</u>	<u>4,313,700</u>	<u>6,646,854</u>
Net assets - end of year	<u><u>\$ 3,979,022</u></u>	<u><u>\$ 4,311,835</u></u>	<u><u>\$ 8,290,857</u></u>

PERSON-TO-PERSON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	PROGRAM SERVICES				SUPPORTING SERVICES			DIRECT	TOTAL
	CRITICAL NEEDS	SCHOLAR- SHIPS	CAMPER- SHIPS	TOTAL	MANAGEMENT AND GENERAL	FUND DEVELOPMENT	TOTAL	BENEFIT TO DONORS	FUNCTIONAL EXPENSES
Salaries	\$ 1,091,948	\$ 26,856	\$ 20,034	\$ 1,138,838	\$ 205,898	\$ 411,261	\$ 617,159	\$ -	\$ 1,755,997
Payroll taxes	78,311	1,940	1,447	81,698	14,995	28,948	43,943	-	125,641
Benefits	155,528	2,868	2,124	160,520	19,259	45,744	65,003	-	225,523
Payroll and Related Expenditures	1,325,787	31,664	23,605	1,381,056	240,152	485,953	726,105	-	2,107,161
Clothing and food distributed	9,118,844	-	-	9,118,844	-	-	-	-	9,118,844
Grants and assistance	1,097,269	323,121	135,553	1,555,943	-	-	-	-	1,555,943
Food and supplies	243,576	-	-	243,576	-	-	-	14,373	257,949
Program supplies	28,751	-	-	28,751	-	13,298	13,298	-	42,049
Donated services	82,808	-	-	82,808	-	-	-	-	82,808
Occupancy	212,921	590	590	214,101	2,951	7,082	10,033	46,493	270,627
Office expenses	23,624	578	291	24,493	2,446	63,707	66,153	-	90,646
Insurance	-	-	-	-	36,700	-	36,700	-	36,700
Postage	2,682	27	27	2,736	214	9,080	9,294	-	12,030
Equipment maintenance and support	96,150	710	710	97,570	5,090	21,957	27,047	-	124,617
Computer supplies and software	1,414	350	350	2,114	155	329	484	-	2,598
Telephone	27,186	162	162	27,510	809	1,941	2,750	-	30,260
Vehicle expense	32,098	-	-	32,098	-	-	-	-	32,098
Volunteers and training	11,516	61	61	11,638	484	1,296	1,780	-	13,418
Audit	-	-	-	-	22,000	-	22,000	-	22,000
Communications	2,111	24	143	2,278	192	37,158	37,350	-	39,628
Consulting	18,975	175	175	19,325	3,550	25,118	28,668	-	47,993
Project consulting	10,239	140	140	10,519	1,122	2,384	3,506	-	14,025
Other	2,730	21	56	2,807	172	7,577	7,749	1,465	12,021
Depreciation and amortization	140,530	1,579	1,579	143,688	4,737	9,474	14,211	-	157,899
Total Expenses	12,479,211	359,202	163,442	13,001,855	320,774	686,354	1,007,128	62,331	14,071,314
Less: direct benefits to donors recorded on statement of activities and changes in net assts	-	-	-	-	-	-	-	(62,331)	(62,331)
Total Functional Expenses	\$ 12,479,211	\$ 359,202	\$ 163,442	\$ 13,001,855	\$ 320,774	\$ 686,354	\$ 1,007,128	\$ -	\$ 14,008,983

See accompanying notes to financial statements.

PERSON-TO-PERSON, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 1,644,003
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Realized and unrealized gains on investments, net	(733,136)
Depreciation and amortization	157,899
Gain on extinguishment of debt (PPP loan)	(365,200)
Changes in Operating Assets and Liabilities:	
Government grants receivable	7,285
Contributions receivable	23,964
Prepaid expenses and other receivables	(54,607)
Inventory	(26,400)
Accounts payable, accrued expenses and agency liabilities	(3,897)
Total Adjustments	<u>(994,092)</u>

Net Cash Provided by Operating Activities	<u>649,911</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of investments	135,967
Purchase of investments	(2,272,677)
Purchase of property and equipment	<u>(178,277)</u>

Net Cash Used in Investing Activities	<u>(2,314,987)</u>
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NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,665,076)
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Cash and cash equivalents - beginning of year	<u>3,211,402</u>
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Cash and cash equivalents - end of year	<u><u>\$ 1,546,326</u></u>
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PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 Episcopal Church in Darien, Connecticut (“St. Luke’s”). Person-to-Person was incorporated under the Connecticut Nonstock Corporation Act as a separate organization in 1994. St. Luke’s is the sole member of the Organization.

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 achieve economic stability in 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: critical needs, camperships and scholarships. The critical needs program provides food, clothing, financial assistance, including eviction mediation, and crisis counseling to residents of Lower Fairfield County, Connecticut. More than 220 children attended summer day camps in 2021 through the campership program. The scholarship program provides financial assistance for local students from low-income households.

In 2018, 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. 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.

In April, 2020 P2P implemented a new home delivery system, Door2Door to provide accessible grocery options for low-income people affected by the pandemic. The program was created to in response to the large increase in demand for food assistance and to ensure that at-risk clients received the essentials they needed to survive the pandemic and has grown to become an essential aspect of the food program. Groceries are pre-packed by volunteers and delivered to the door of a person or family in need of food.

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 on behalf of Person-to-Person. 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 held in perpetuity 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.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement 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*.

Government grants and contracts are nonexchange transactions and accounted for under Accounting Standards Update (“ASU”) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). Grants and contracts are recognized as revenue when barriers within the contract are overcome, and there is no right of return. Grants and contracts amounted to \$1,688,166 as of June 30, 2021, and are included in the statements of activities. There are instances when the Organization receives advances from the governmental funding sources. Such advances are recorded as refundable advances from governmental agencies in the accompanying statements of financial position.

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 critical needs programs and administrative functions of \$82,808 during the year ended June 30, 2021. The programs run by the Organization require the dedication and resources of over 1,300 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.

Service Revenues

The Organization receives revenue from various other program services which are accounted for under Financial Accounting Standards Board (“FASB”) ASU 2014-09. Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the contracted services. For reimbursed expenses and facility rental, the Organization bills for direct costs based on a contract, or when services are performed. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. All performance obligations relate to contracts with a duration of less than one year, therefore there are no performance obligations or contract balances that are unsatisfied as of June 30, 2021.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Service Revenues (continued)

Program and other operational income consist of revenues for the following, for the year ended June 30, 2021:

Programs and other operational income	\$ 2,672
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Government Grants and Contributions Receivable

Management reviews the balances of government grants and contributions receivable on a regular basis and expects all amounts to be fully collectible; therefore, there is no allowance for doubtful accounts.

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.

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 equity funds and fixed income funds, 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 statement of activities and change in net assets unless a donor or law restricts their use.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 net assets without donor restrictions 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 - 7 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 June 30, 2021, 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.

Advertising

Person-to-Person expenses the cost of advertising when the advertising takes place.

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 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 acquired 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 change in net assets 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.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Standards

FASB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) was adopted for the year ended June 30, 2021. The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services as described above.

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 critical needs, 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 June 30, 2021, the Organization's financial assets were as follows:

Cash and cash equivalents	\$ 1,546,326
Investments	5,880,243
Contributions receivable	68,175
Miscellaneous receivables	<u>8,165</u>
Subtotal financial assets at year end	7,502,909
Less: amounts with limits on usage	
Board designated assets	(160,011)
Spendable net assets with donor restrictions	(639,600)
Endowed investments	<u>(3,528,924)</u>
Total financial assets available for general use within one year	<u>\$ 3,174,374</u>

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments and money market funds. Occasionally, the Board designates a portion of any operating surplus to a board designated fund, which was \$160,011 as of June 30, 2021. This reserve, established by the Board of Directors, will be drawn upon to meet COVID related expenses.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable totaling \$68,175 are due in less than one year and expected to be fully collectible and consist of the following as of June 30, 2021.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2021:

Equipment and software	\$ 312,496
Furniture and fixtures	143,944
Leasehold improvements	1,054,477
Vehicles	352,304
Construction in progress	<u>12,000</u>
	1,875,221
Less: accumulated depreciation and amortization	<u>(1,092,551)</u>
Total Property and Equipment, net	<u>\$ 782,670</u>

NOTE 6 – INVESTMENTS

The following table sets forth, within Level 1 of the fair value hierarchy, the Organization's assets at fair value at June 30, 2021:

Equity funds	\$ 2,630,618
Fixed income funds	<u>3,249,625</u>
Total Investments, at Fair Value	<u>\$ 5,880,243</u>

Investment activity, including interest earned on cash accounts, is summarized as follows for the year ended June 30, 2021:

Interest and dividend income	\$ 119,447
Realized gains	138,076
Unrealized gains	595,060
Investment fees	<u>(13,172)</u>
Total Investment Gain	<u>\$ 839,411</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 9) 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 – GAIN ON EXTINGUISHMENT OF DEBT

On April 16, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$365,200 (the "PPP Loan"). The principal and interest amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 – GAIN ON EXTINGUISHMENT OF DEBT (Continued)

The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for ten months after the end of the covered period.

The Organization has met all of the conditions for forgiveness of the PPP loan as of June 30, 2021 and recognized gain on extinguishment of debt amounting to \$365,200. On November 4, 2020, the Organization was legally released from its PPP loan obligation.

NOTE 8 – RESTRICTIONS AND DESIGNATIONS OF NET ASSETS

Net assets with donor restrictions were available for the following purposes at June 30, 2021:

Janet Evans Endowment Fund	\$ 3,678,924
Food programs	31,871
Critical needs programs	143,007
Capital campaign	42,166
Campership	203,975
Scholarship programs	171,340
Holiday toy store	14,801
Logo and website	10,000
Professional development	800
Other programs and projects	<u>14,951</u>
Total Net Assets with Donor Restrictions	<u>\$ 4,311,835</u>

Net assets released from donor restrictions and disbursed during the year ended June 30, 2021 were as follows:

Janet Evans Endowment Fund appropriations	\$ 163,172
Food programs	777,279
Critical needs programs	1,636,332
Technology, strategic planning, and training	20,116
Capital improvements	56,781
Capital campaign	10,145
Camperships programs	135,553
Scholarship programs	284,097
Baby Basics	5,000
Holiday toy store	57,582
Logo and website	10,000
Professional development	6,700
Other programs and projects	<u>79,819</u>
Total Net Assets Released from Restrictions	<u>\$ 3,242,576</u>

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – 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 based on the allowable annual payout of the Endowment. The allowable annual payout of the Endowment (including distributions, management fees and expenses) will not exceed 5% of the average of the market value of the Endowment for the prior fiscal three year-ends.

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

Changes in endowment net assets during the year ended June 30, 2021 are as follows:

	<u>With Donor Restrictions</u>
Net assets, July 1, 2020	\$ 3,010,397
Investment income	107,568
Net asset appreciation	724,131
Investment fees	(13,172)
Appropriation of endowment assets for expenditure	<u>(150,000)</u>
Net assets, June 30, 2021	<u>\$ 3,678,924</u>

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 of America, 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 held in perpetuity. The Organization has not incurred such deficiencies in its endowment funds as of June 30, 2021.

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.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 – BOARD DESIGNATED NET ASSETS

The Organization has received significant funding for emergency efforts during the Pandemic. In fiscal 2020, the Board of Directors voted to designate \$677,184 of net assets without donor restrictions for COVID-19 relief efforts. During fiscal 2021, \$517,173 was used for the purpose for which it was designated. The balance of board designated net assets as of June 30, 2021 was \$160,011.

As of January 13, 2022, all remaining funds were used for the purpose for which they were designated and no balance remains.

NOTE 11 – IN-KIND CONTRIBUTIONS

During 2021, Person-to-Person recognized donated clothing, food, and supplies of \$9,145,244, 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 2021 based upon data published by Feeding America. The weight of the typical bag of groceries received is ten pounds. Food contributions for 2021 have been reported based upon these benchmarks.

For the year ended June 30, 2021, donated professional services recognized in the financial statements totaled \$82,808.

The Organization received the services of approximately 1,300 individual volunteers. Volunteer services are not recognized in the statement of activities and change in net assets because such services do not involve specialized skills; however, they represent greater than 23,000 hours of service for the year ended June 30, 2021. 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 \$1,389,316 for the year ended June 30, 2021, (based on the Independent Sector valuation of Connecticut volunteer time at an hourly rate of \$33.28 for the year ended June 30, 2021).

NOTE 12 – 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 calendar 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 match up to \$3,500 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 \$38,155 for the year ended June 30, 2021.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – RELATED-PARTY TRANSACTIONS

An independent Board of Directors elected by St. Luke's oversees the management and operation of Person-to-Person. Person-to-Person occupies two buildings on St. Luke's property in Darien, Connecticut, which it uses for offices, a clothing distribution center and a food pantry, and also shares certain other economic resources with St. Luke's. In April 2010, Person-to-Person entered into an agreement to pay an occupancy expense of \$4,000 per month to St. Luke's. The agreement is on a month-to-month basis.

There was no payables balance at June 30, 2021 for certain expenses paid for by St. Luke's. St. Luke's donated \$63,341 to the Organization as part of the church annual outreach program for the year ended June 30, 2021.

NOTE 14 – COMMITMENTS

The Organization has a lease on a facility at 76 South Main Street in Norwalk, Connecticut which operates as a food pantry and wrap around casework services. The lease is a five-year operating lease, commencing August 1, 2016 and expiring July 31, 2021, with escalations each year. The lease agreement was extended an additional five years in May 2021. Rent expense, which includes real estate taxes, under the Norwalk lease for the year ended June 30, 2021 was \$35,378.

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. This location houses P2P on Wheels and serves as a food storage location for the entire Organization. Rent expense under the Stamford lease for the year ended June 30, 2021 was \$56,089. The Organization has the right to terminate the lease after December 18, 2022, with 180 days written notice.

The annual payment requirements under the lease agreements for the years subsequent to June 30, 2021 and thereafter are as follows:

2022	\$ 88,084
2023	90,020
2024	91,998
2025	94,021
2026	96,087
Thereafter	<u>67,345</u>
Total	<u>\$ 527,555</u>

NOTE 15 – 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 period, cash and cash equivalent balances may be in excess of FDIC coverage. At June 30, 2021, the Organization's uninsured cash and cash equivalents balance totaled \$35,302.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 – 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 17 – COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy, including the industries in which the Organization operates.

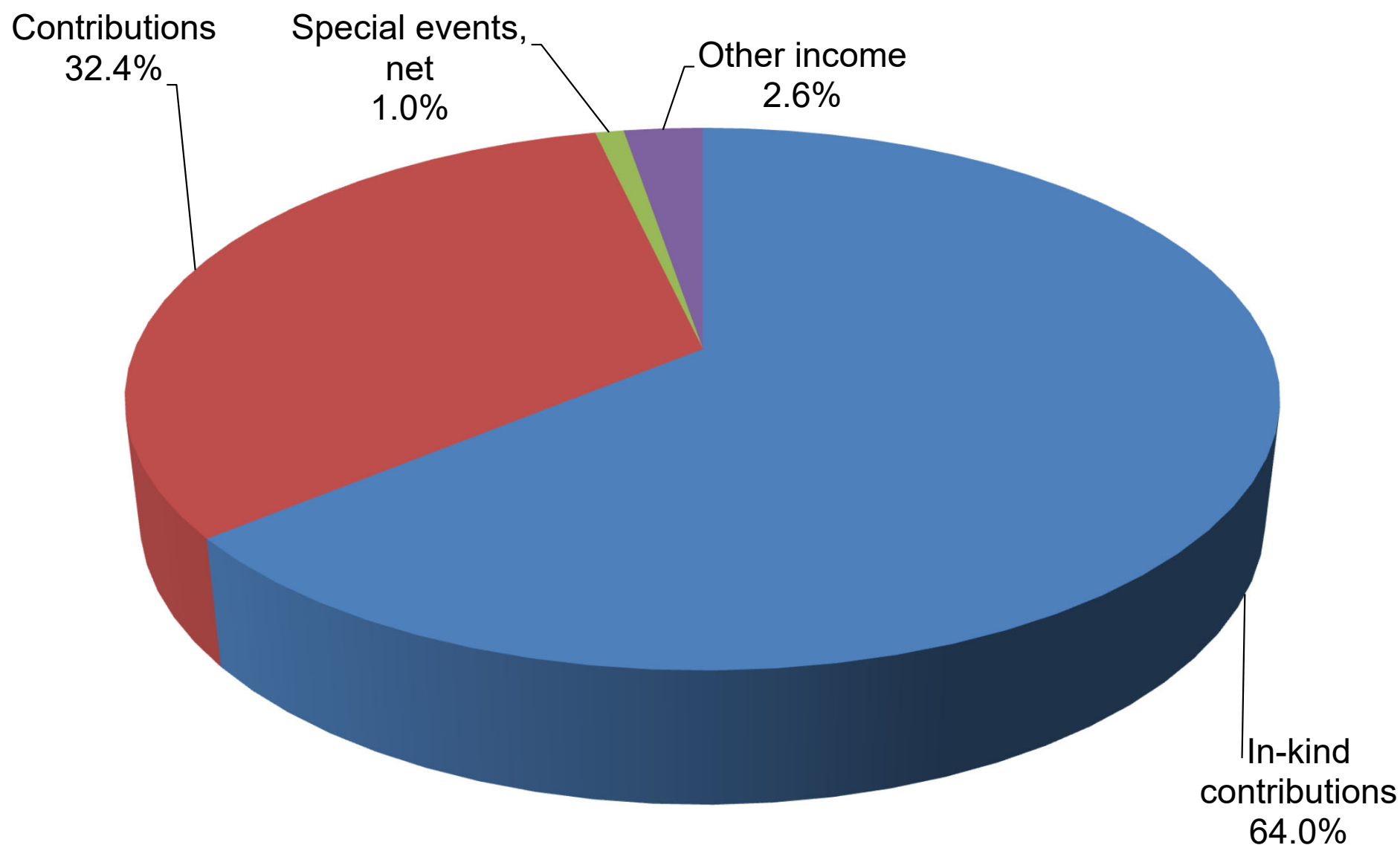
NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 13, 2022, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Person-to-Person, Inc.

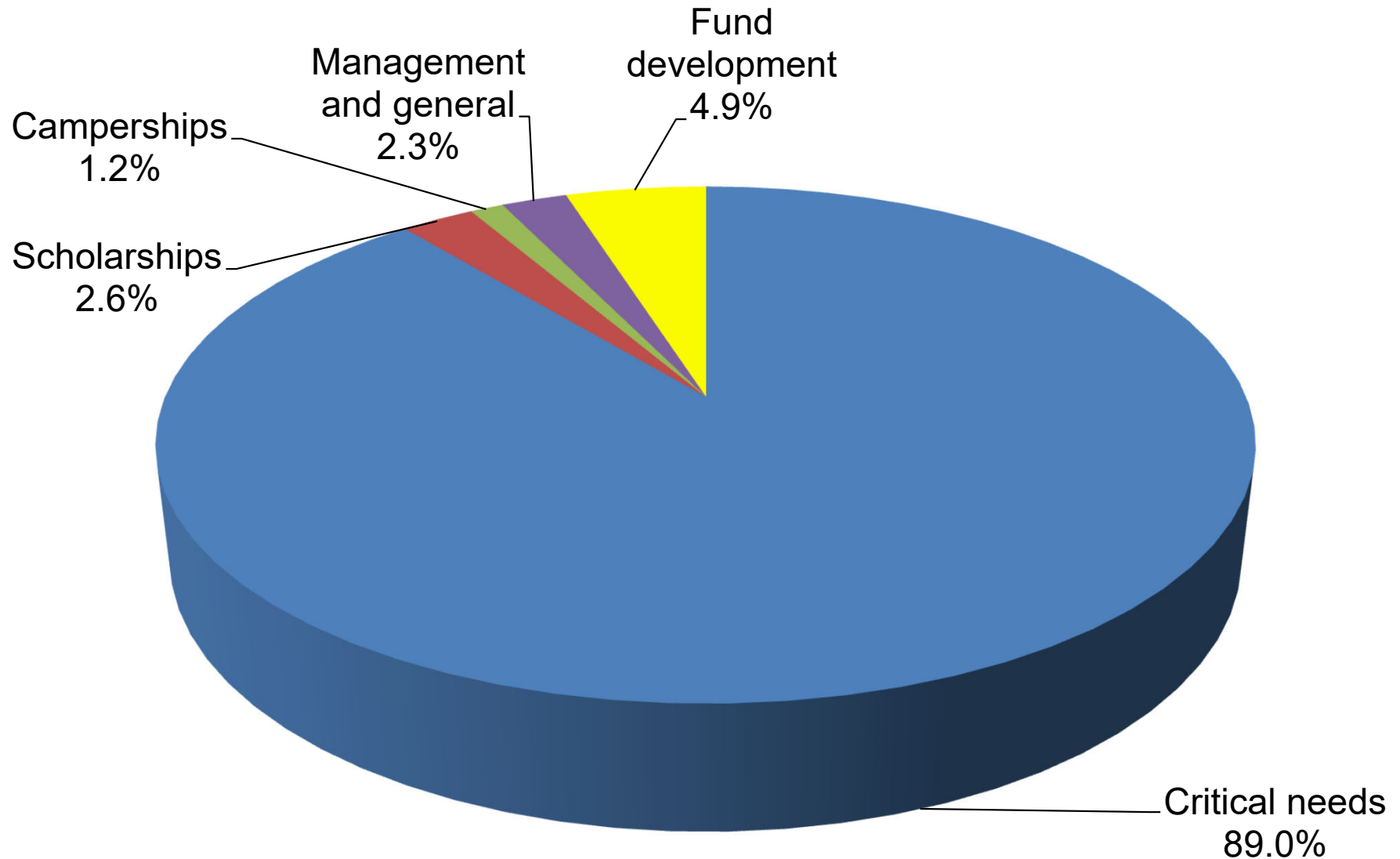
Income Distribution, without Investment Return
Year Ended June 30, 2021



See independent auditors' report.

Person-to-Person, Inc.

Functional Expense Distribution
Year Ended June 30, 2021



See independent auditors' report.