



PERSON-TO-PERSON

Helping Others, One Person at a Time.

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

DECEMBER 31, 2017 AND 2016

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

PERSON-TO-PERSON, INC.

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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), which comprise the statement of financial position as of December 31, 2017, 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.

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

Other Matter

The financial statements as of December 31, 2016 were audited by Dylewsky, Goldberg and Brenner, LLC, who merged with Marks Paneth LLP as of November 1, 2017 and whose report dated March 31, 2017 expressed an unmodified opinion on those statements.

Significant Related Party

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 under common control and share economic resources as explained in Note 9 of the financial statements. 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 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 cursive script that reads "Marks Paneth LLP".

Marks Paneth LLP
Stamford, Connecticut

May 24, 2018

PERSON-TO-PERSON, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS

	2017	2016
Current Assets		
Cash and cash equivalents	\$ 1,814,942	\$ 1,757,859
Loans receivable from clients	3,027	9,006
Grants receivable	7,513	16,184
Donations receivable	302,961	53,709
Inventory	206,815	147,114
Prepaid expenses and other receivables	51,376	40,826
Total Current Assets	2,386,634	2,024,698
 Property and Equipment, net	 814,665	 670,688
 Security deposit	 10,587	 7,271
Investments - Janet Evans Endowment Fund	3,328,323	2,734,692
	\$ 6,540,209	\$ 5,437,349

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 78,301	\$ 80,770
Agency liabilities	14,964	23,904
Due to Saint Luke's Parish	2,056	-
Total Current Liabilities	95,321	104,674
 Net Assets		
Unrestricted	1,524,470	1,696,705
Temporarily restricted	4,920,418	3,635,970
Total Net Assets	6,444,888	5,332,675
	\$ 6,540,209	\$ 5,437,349

See accompanying notes to financial statements.

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

	UNRESTRICTED	TEMPORARILY RESTRICTED	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	4,666	516,181	520,847
Special events income	417,476	222,795	640,271
Special events expense	(206,103)	-	(206,103)
OPUS dues	11,214	-	11,214
Other revenue	4,918	6,525	11,443
Net assets released from restrictions:			
Satisfaction of program and purpose restrictions	1,518,387	(1,518,387)	-
Total Public Support and Revenue	13,326,599	1,284,448	14,611,047
 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	248,327	-	248,327
Fund development	548,213	-	548,213
Total Supporting Services	796,540	-	796,540
Total Expenses	13,498,834	-	13,498,834
 <u>CHANGE IN NET ASSETS</u>			
	(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

See accompanying notes to financial statements.

PERSON-TO-PERSON, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2016

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
PUBLIC SUPPORT AND REVENUE			
Contributions - cash	\$ 1,138,853	\$ 1,110,970	\$ 2,249,823
Contributions - goods	10,106,314	-	10,106,314
In-kind contributions - other	82,239	-	82,239
Government grants	243,760	-	243,760
Investment return	80,614	216,921	297,535
Special events income	410,751	182,058	592,809
Special events expense	(181,012)	-	(181,012)
OPUS dues	13,863	-	13,863
Other revenue	(15,809)	30,664	14,855
Net assets released from restrictions:			
Satisfaction of program restrictions	1,193,414	(1,193,414)	-
 Total Public Support and Revenue	 13,072,987	 347,199	 13,420,186
 EXPENSES			
Program Services			
Emergency assistance	11,976,798	-	11,976,798
Scholarships	391,815	-	391,815
Camperships	376,996	-	376,996
Total Program Services	12,745,609	-	12,745,609
 Supporting Services			
Management and general	251,597	-	251,597
Fund development	505,430	-	505,430
Total Supporting Services	757,027	-	757,027
 Total Expenses	 13,502,636	 -	 13,502,636
 <u>CHANGE IN NET ASSETS</u>	 (429,649)	 347,199	 (82,450)
Net assets - beginning of year	2,126,354	3,288,771	5,415,125
 Net assets - end of year	 \$ 1,696,705	 \$ 3,635,970	 \$ 5,332,675

See accompanying notes to financial statements.

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

	<u>PROGRAM SERVICES</u>				<u>SUPPORTING SERVICES</u>			<u>TOTAL FUNCTIONAL EXPENSES</u>
	<u>EMERGENCY ASSISTANCE</u>	<u>SCHOLAR- SHIPS</u>	<u>CAMPER- SHIPS</u>	<u>TOTAL</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND DEVELOPMENT</u>	<u>TOTAL</u>	
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	28,014	1,165	884	30,063	2,129	29,055	31,184	61,247
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	11,476	149	14,682	26,307	400	28,986	29,386	55,693
Consulting	6,225	1,430	3,625	11,280	-	-	-	11,280
Project consulting	3,207	-	-	3,207	10,381	-	10,381	13,588
Investment fees	-	-	-	-	23,544	-	23,544	23,544
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	243,244	541,829	785,073	13,396,793
Depreciation and Amortization	87,767	1,278	1,529	90,574	5,083	6,384	11,467	102,041
Total Functional Expenses	<u>\$ 11,948,235</u>	<u>\$ 390,317</u>	<u>\$ 363,742</u>	<u>\$ 12,702,294</u>	<u>\$ 248,327</u>	<u>\$ 548,213</u>	<u>\$ 796,540</u>	<u>\$ 13,498,834</u>

See accompanying notes to financial statements.

PERSON-TO-PERSON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	<u>PROGRAM SERVICES</u>				<u>SUPPORTING SERVICES</u>			<u>TOTAL FUNCTIONAL EXPENSES</u>
	<u>EMERGENCY ASSISTANCE</u>	<u>SCHOLAR- SHIPS</u>	<u>CAMPER- SHIPS</u>	<u>TOTAL</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND DEVELOPMENT</u>	<u>TOTAL</u>	
Salaries	\$ 676,703	\$ 59,896	\$ 58,622	\$ 795,221	\$ 147,829	\$ 331,342	\$ 479,171	\$ 1,274,392
Payroll taxes	51,304	4,541	4,444	60,289	11,208	25,120	36,328	96,617
Benefits	<u>91,981</u>	<u>8,141</u>	<u>7,968</u>	<u>108,090</u>	<u>20,094</u>	<u>45,037</u>	<u>65,131</u>	<u>173,221</u>
Payroll and Related Expenditures	819,988	72,578	71,034	963,600	179,131	401,499	580,630	1,544,230
Clothing and food distributed	10,130,425	-	-	10,130,425	-	-	-	10,130,425
Grants and assistance	449,141	309,479	283,655	1,042,275	-	-	-	1,042,275
Food and supplies	100,918	-	-	100,918	-	-	-	100,918
Program supplies	25,150	-	-	25,150	-	-	-	25,150
Donated services	82,239	-	-	82,239	-	-	-	82,239
Occupancy	115,454	1,345	1,614	118,413	5,954	6,118	12,072	130,485
Office expenses	26,021	1,263	2,164	29,448	6,222	25,693	31,915	61,363
Postage	3,209	91	943	4,243	214	2,970	3,184	7,427
Equipment maintenance and support	61,108	3,183	2,840	67,131	5,378	10,539	15,917	83,048
Computer supplies and software	1,306	359	71	1,736	160	374	534	2,270
Telephone	14,333	713	847	15,893	1,917	4,480	6,397	22,290
Transportation	8,303	-	-	8,303	-	-	-	8,303
Volunteers and training	11,596	335	101	12,032	230	775	1,005	13,037
Audit	-	-	-	-	16,275	-	16,275	16,275
Communications	8,020	120	11,698	19,838	323	26,044	26,367	46,205
Consulting	15,000	-	150	15,150	-	-	-	15,150
Project consulting	9,174	-	-	9,174	625	17,881	18,506	27,680
Investment fees	-	-	-	-	29,270	-	29,270	29,270
Other	<u>7,394</u>	<u>1,009</u>	<u>277</u>	<u>8,680</u>	<u>686</u>	<u>2,242</u>	<u>2,928</u>	<u>11,608</u>
Total Expenses before Depreciation and Amortization	11,888,779	390,475	375,394	12,654,648	246,385	498,615	745,000	13,399,648
Depreciation and Amortization	<u>88,019</u>	<u>1,340</u>	<u>1,602</u>	<u>90,961</u>	<u>5,212</u>	<u>6,815</u>	<u>12,027</u>	<u>102,988</u>
Total Functional Expenses	<u>\$ 11,976,798</u>	<u>\$ 391,815</u>	<u>\$ 376,996</u>	<u>\$ 12,745,609</u>	<u>\$ 251,597</u>	<u>\$ 505,430</u>	<u>\$ 757,027</u>	<u>\$ 13,502,636</u>

See accompanying notes to financial statements.

PERSON-TO-PERSON, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,112,213	\$ (82,450)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Realized and unrealized gains on investments, net	(411,924)	(201,225)
Depreciation and amortization	102,041	102,988
Changes in Operating Assets and Liabilities:		
Loans receivable from clients	5,979	(4,550)
Grants and donations receivable	(240,581)	31,912
Prepaid expenses and other receivables	(10,550)	(3,964)
Inventory	(59,701)	24,111
Accounts payable and accrued expenses, and agency liabilities	(11,409)	19,152
Due to Saint Luke's Parish	2,056	(2,294)
Total Adjustments	(624,089)	(33,870)
Net Cash Provided (Used) by Operating Activities	488,124	(116,320)
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Proceeds from sale of investments	2,808,258	2,427,982
Purchase of investments	(2,989,965)	(1,373,826)
Payment of security deposit	(3,316)	-
Purchase of property and equipment	(246,018)	(97,618)
Net Cash Provided (Used) by Investment Activities	(431,041)	956,538
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	57,083	840,218
Cash and cash equivalents - beginning of year	1,757,859	917,641
Cash and cash equivalents - end of year	\$ 1,814,942	\$ 1,757,859

See accompanying notes to financial statements.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 OPERATIONS

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 2017 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 in anticipation of an early 2018 launch of the 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 are 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 financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Further, contributions are recognized as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Change in Net Assets as net assets released from restrictions. Donations that are permanently restricted by the donor, from which the

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Revenue Recognition (continued)

Organization may utilize only the income, are recorded as permanently restricted net assets. The Organization had no permanently restricted net assets at December 31, 2017 and 2016.

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: 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 \$263,141 and \$82,239 during the years ended December 31, 2017 and 2016, respectively. The programs run by the Organization require the dedication and resources of over 4,000 volunteers who provided approximately 78,000 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 programs.

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

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Investments (continued)

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 common stocks, 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 unrestricted net assets in the Statements of Activities and Change in Net Assets unless a donor or law temporarily or permanently 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 restricted support. Purchases over \$500 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 useful lives:

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

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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, 2017, 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. Amounts spent were immaterial for both 2017 and 2016.

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 in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain reclassifications were made to the presentation of the 2016 financial statements to conform to the 2017 financial statement presentation of functional expenses.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 3 INVESTMENTS

The following table sets forth, within Level One of the fair value hierarchy, the Organization's assets at fair value at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Common stocks	\$ 2,135,689	\$ 1,911,537
Corporate bonds	-	755,934
Municipal bonds	-	51,899
Asset-backed securities	-	3,111
Mutual funds	1,192,633	-
Accrued interest and dividends	<u>-</u>	<u>12,211</u>
Total Assets at Fair Value	<u>\$ 3,328,322</u>	<u>\$ 2,734,692</u>

Investment return, including interest earned on cash accounts, is summarized as follows:

	<u>2017</u>	<u>2016</u>
Interest and dividend income	\$ 108,923	\$ 96,310
Realized gains (losses)	739,059	249,007
Unrealized losses	<u>(327,135)</u>	<u>(47,782)</u>
Total Investment Return	<u>\$ 520,847</u>	<u>\$ 297,535</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 6) 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. Investment fees were \$23,544 and \$29,270 for the years ended December 31, 2017 and 2016, respectively, and are included in the Statements of Functional Expenses.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Equipment and software	\$ 356,584	\$ 350,278
Furniture and fixtures	108,194	112,670
Leasehold improvements	735,538	709,970
Vehicles	<u>274,192</u>	<u>95,772</u>
	1,474,508	1,268,690
Less: accumulated depreciation and amortization	<u>(682,004)</u>	<u>(598,002)</u>
	792,504	670,688
Construction in progress	<u>22,161</u>	<u>-</u>
 Total Property and Equipment, net	 <u>\$ 814,665</u>	 <u>\$ 670,688</u>

During 2017, the Organization started construction on improvements to a new warehouse facility in Stamford, Connecticut to house its new P2P on Wheels program. Estimated costs of completion are approximately \$213,000.

NOTE 5 RESTRICTIONS AND DESIGNATIONS OF NET ASSETS

Temporarily restricted net assets at December 31, 2017 and 2016 were available for the following purposes:

	<u>2017</u>	<u>2016</u>
Janet Evans Endowment Fund	\$ 3,348,323	\$ 2,985,686
Food programs	123,914	125,090
P2P on Wheels	739,180	-
Baby Basics	15,542	5,156
Emergency assistance	378,211	255,237
Capital campaign	52,311	52,311
Campership	147,087	83,032
Scholarship	60,256	33,602
Technology, strategic planning, and training	26,505	62,519
Other Programs:		
Thumbelina Fund	9,056	4,260
FEMA	-	2,710
Fuel bank	9,099	14,257
Van Money	<u>10,934</u>	<u>12,110</u>
 Total Temporarily Restricted Net Assets	 <u>\$ 4,920,418</u>	 <u>\$ 3,635,970</u>

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 5 RESTRICTIONS AND DESIGNATIONS OF NET ASSETS (continued)

Net assets released from restrictions during each year were:

	<u>2017</u>	<u>2016</u>
Janet Evans Endowment Fund	\$ 163,544	\$ 134,397
Food programs	73,882	89,120
P2P on Wheels	226,920	-
Baby Basics	9,411	10,617
Emergency assistance	379,358	429,517
Capital campaign	-	-
Camperships	283,350	288,555
Scholarships	295,859	193,385
Technology, strategic planning, and training	43,014	13,004
Other Programs:		
Thumbelina Fund	5,204	1,824
Fuel bank	5,159	500
Holiday toy store	875	306
Van money	1,177	-
FEMA program	<u>30,634</u>	<u>32,189</u>
Total Net Assets Released from Restrictions	\$ <u>1,518,387</u>	\$ <u>1,193,414</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.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 6 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. Changes in endowment net assets during the years ended December 31, 2017 and 2016 are as follows:

Net assets, January 1, 2016	\$ 2,893,162
Investment income	73,517
Net asset appreciation	143,404
Contributions	10,000
Investment fees	(24,397)
Appropriation of endowment assets for expenditure	<u>(110,000)</u>
 Net assets, December 31, 2016	 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	 \$ <u><u>3,348,323</u></u>

The Organization's endowment includes only temporarily-restricted endowment funds. 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 temporarily restricted net assets 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.

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, 2017 AND 2016

NOTE 7 IN-KIND CONTRIBUTIONS

During 2017 and 2016, Person-to-Person recognized donated clothing, food, and supplies of \$10,000,483 and \$10,106,314, 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 10 pounds. Food contributions for 2017 and 2016 have been reported based upon these benchmarks.

For the years ended December 31, 2017 and 2016, donated professional services recognized in the financial statements totaled \$263,141 and \$82,239, 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 78,000 and 77,000 hours of service for the years ended December 31, 2017 and 2016, 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 \$2,286,202 and \$2,163,800 for the years ended December 31, 2017 and 2016, respectively (based on the Independent Sector valuation of Connecticut volunteer time at an hourly rate of \$29.29 and \$27.77 for the years ended December 31, 2017 and 2016, respectively).

NOTE 8 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 \$45,016 and \$36,973 for the years ended December 31, 2017 and 2016, respectively.

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 9 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.

Person-to-Person had a balance due of \$2,056 to Saint Luke's Parish at December 31, 2017 for certain expenses paid for by the Parish. There was no payables balance at December 31, 2016. Saint Luke's Parish donated \$60,500 and \$57,500 to the Organization as part of the Parish's annual outreach program for the years ended December 31, 2017 and 2016, respectively.

NOTE 10 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, 2017 and 2016 was \$47,945 and \$46,776, respectively.

The annual payment requirements under the lease agreement for the years subsequent to December 31, 2017 are:

2018	\$ 77,725
2019	83,037
2020	85,113
2021	64,871
2022	35,176
Thereafter	192,829

PERSON-TO-PERSON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 11 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, 2017, the Organization's uninsured cash and cash equivalents balance totaled \$625,304.

NOTE 12 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 13 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 24, 2018, the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

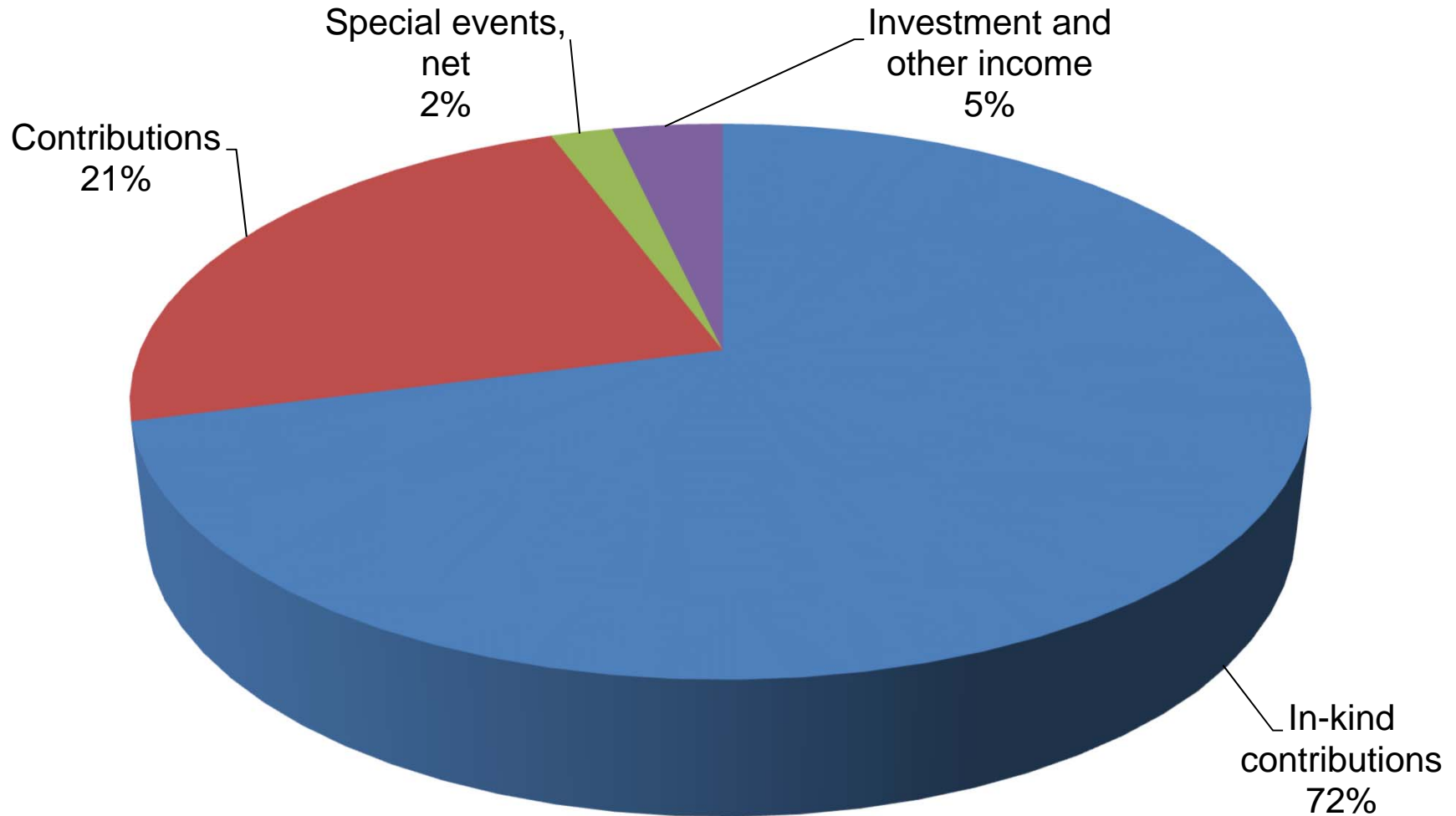
PERSON-TO-PERSON, INC.
SCHEDULE OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	<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	\$ 10,263,624	\$ -	\$ -	\$ -	\$ 10,263,624
Contributions - Cash & foundation grants	<u>2,254,051</u>	<u>-</u>	<u>10,000</u>	<u>966,100</u>	<u>3,230,151</u>
Total Contributions	12,517,675	-	10,000	966,100	13,493,775
Government grants	139,600	-	-	-	139,600
Investment income	4,047	-	104,876	-	108,923
Special events, net	434,168	-	-	-	434,168
Other	<u>22,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,657</u>
Total Public Support and Revenue	<u>13,118,147</u>	<u>-</u>	<u>114,876</u>	<u>966,100</u>	<u>14,199,123</u>
FUNCTIONAL EXPENSES					
Emergency assistance	11,926,784	-	-	21,451	11,948,235
Scholarships	390,317	-	-	-	390,317
Camperships	363,742	-	-	-	363,742
Management and general	224,783	-	23,544	-	248,327
Fund development	<u>548,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>548,213</u>
Total Functional Expenses	<u>13,453,839</u>	<u>-</u>	<u>23,544</u>	<u>21,451</u>	<u>13,498,834</u>
Operating Income (Loss)	(335,692)	-	91,332	944,649	700,289
Realized and unrealized gains	-	-	411,924	-	411,924
Fund transfers	<u>140,000</u>	<u>-</u>	<u>(140,000)</u>	<u>-</u>	<u>-</u>
<u>CHANGE IN NET ASSETS</u>	(195,692)	-	363,256	944,649	1,112,213
Net assets - beginning of year	<u>2,294,678</u>	<u>52,311</u>	<u>2,985,686</u>	<u>-</u>	<u>5,332,675</u>
Net assets - end of year	<u>\$ 2,098,986</u>	<u>\$ 52,311</u>	<u>\$ 3,348,942</u>	<u>\$ 944,649</u>	<u>\$ 6,444,888</u>

See independent auditors' report.

Person-to-Person, Inc.

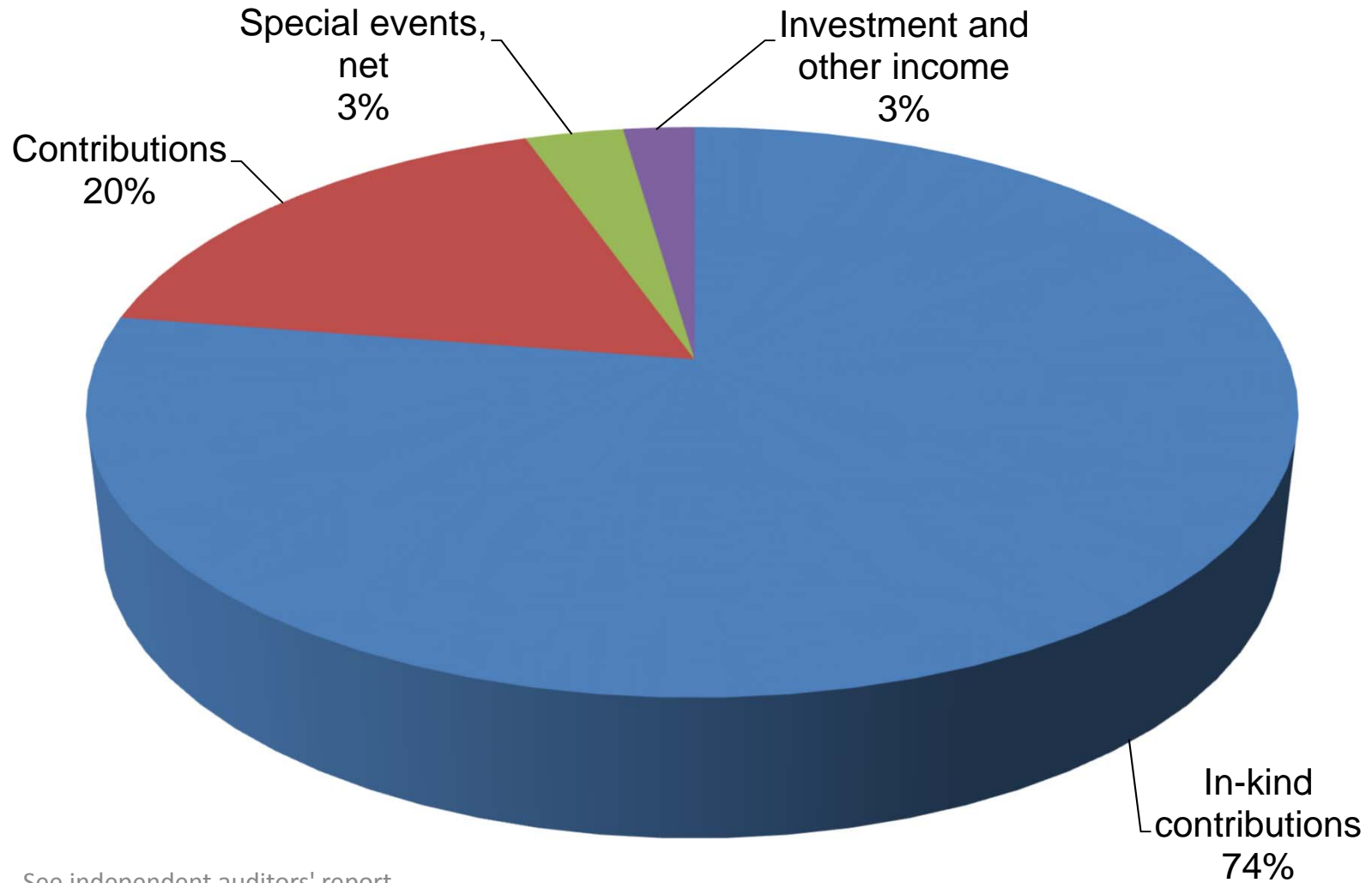
Income Distribution
Year Ended December 31, 2017



See independent auditors' report.

Person-to-Person, Inc.

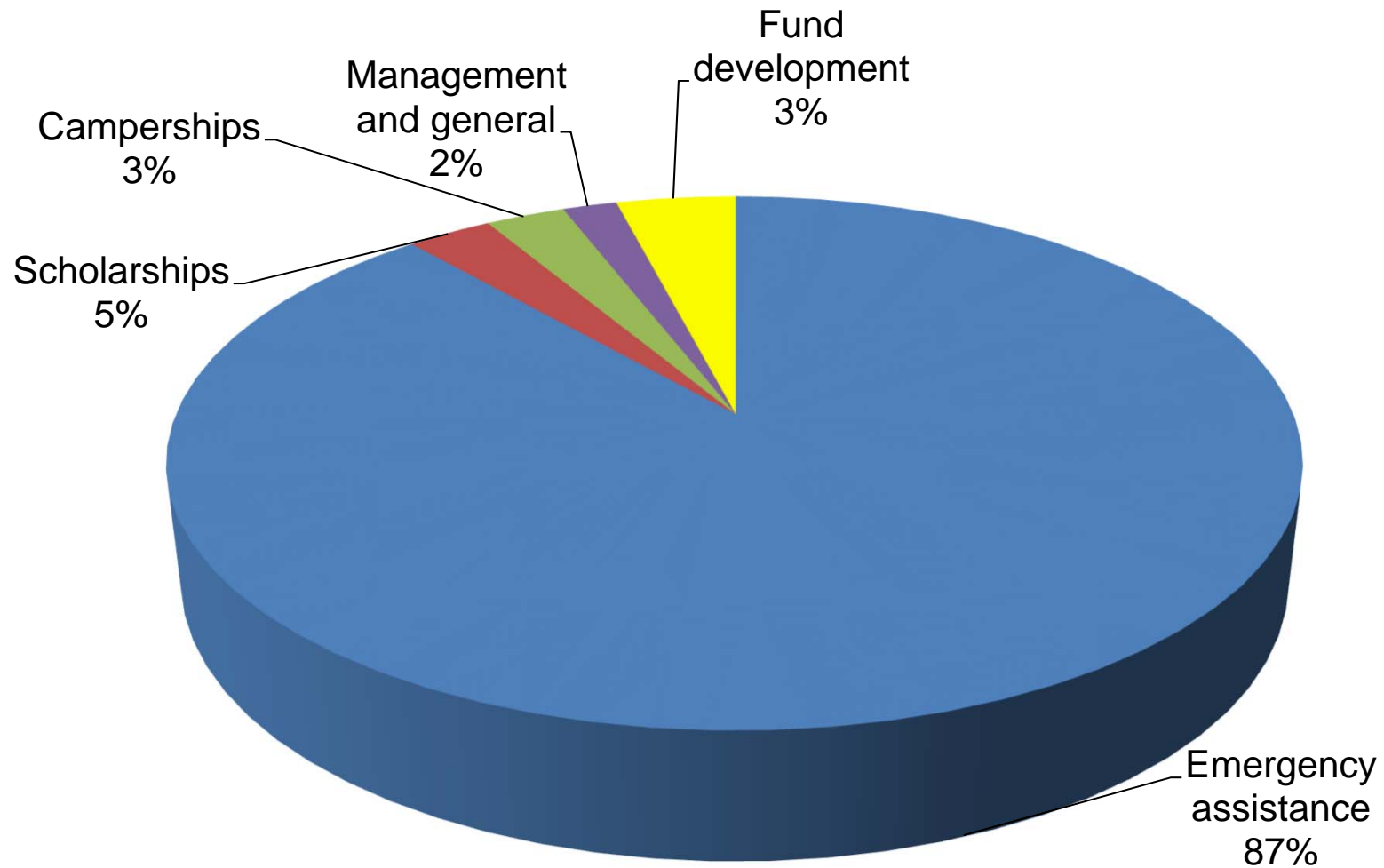
Income Distribution
Year Ended December 31, 2016



See independent auditors' report.

Person-to-Person, Inc.

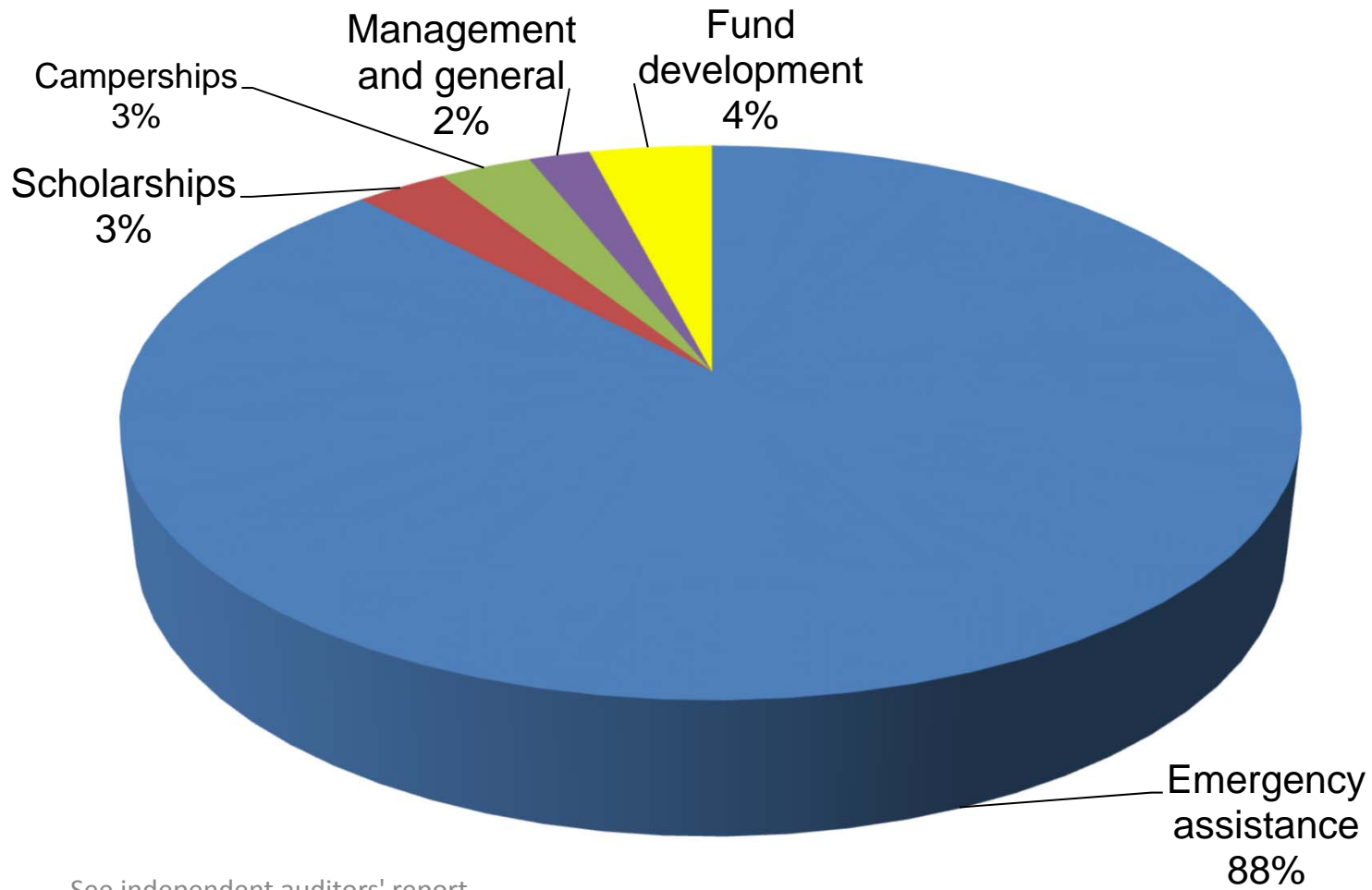
Functional Expense Distribution
Year Ended December 31, 2017



See independent auditors' report.

Person-to-Person, Inc.

Functional Expense Distribution
Year Ended December 31, 2016



See independent auditors' report.