



**PERSON-TO-PERSON**

*Helping Others, One Person at a Time.*

**PERSON-TO-PERSON, INC.  
FINANCIAL STATEMENTS  
(TOGETHER WITH INDEPENDENT AUDITORS' REPORT  
AND SUPPLEMENTARY INFORMATION)**

**FOR THE YEARS ENDED  
DECEMBER 31, 2019 AND 2018**

**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 YEARS ENDED DECEMBER 31, 2019 AND 2018**

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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 statements of financial position as of December 31, 2019 and 2018, 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, 2019 and 2018, 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.

### 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 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information on pages 21-24 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 audits 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.

*Markus Peneth CP*

Purchase, NY  
May 22, 2020

**PERSON-TO-PERSON, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**

**ASSETS**

	<b>2019</b>	<b>2018</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,256,261	\$ 1,716,629
Loans receivable from clients	-	575
Government grants receivable	29,333	24,257
Contributions receivable, current portion	119,175	51,665
Inventory	153,970	171,210
Prepaid expenses and other receivables	50,536	83,954
Total Current Assets	1,609,275	2,048,290
<b>Property and Equipment, net</b>		
	808,246	900,853
Security deposit	10,587	10,587
Contributions receivable, net of current portion and discount of \$3,795 in 2019 and \$6,393 in 2018	21,205	43,607
Investments - Operating Reserve Fund	8,542	-
Investments - Janet Evans Endowment Fund	3,542,479	3,114,001
<b>TOTAL ASSETS</b>	<b>\$ 6,000,334</b>	<b>\$ 6,117,338</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 75,497	\$ 87,845
Agency liabilities	28,684	13,984
Total Current Liabilities	104,181	101,829
<b>Net Assets</b>		
Without donor restrictions:		
Available for operations	33,856	646,533
Board-designated - Operating reserve	560,617	-
Board-designated - Endowment fund	241,578	203,181
Net investment in property and equipment	808,246	900,853
Total without donor restrictions	1,644,297	1,750,567
With donor restrictions	4,251,856	4,264,942
<b>TOTAL NET ASSETS</b>	<b>5,896,153</b>	<b>6,015,509</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,000,334</b>	<b>\$ 6,117,338</b>

See accompanying notes to financial statements.

**PERSON-TO-PERSON, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Contributions - cash	\$ 2,369,115	\$ 84,775	\$ 2,453,890
Contributions - goods	10,437,088	-	10,437,088
In-kind contributions - other	64,022	-	64,022
Government grants	123,075	-	123,075
Investment return	43,418	562,312	605,730
Special events income	549,320	96,453	645,773
Less: Costs of direct benefit to donors	<u>(158,243)</u>	<u>-</u>	<u>(158,243)</u>
Net revenues from special events	391,077	96,453	487,530
OPUS dues	7,870	-	7,870
Other revenue	10,698	-	10,698
Net assets released from restrictions:			
Satisfaction of program and purpose restrictions	<u>756,626</u>	<u>(756,626)</u>	<u>-</u>
 Total Public Support and Revenue	 <u>14,202,989</u>	 <u>(13,086)</u>	 <u>14,189,903</u>
<b>EXPENSES</b>			
<b>Program Services</b>			
Emergency assistance	12,729,200	-	12,729,200
Scholarships	350,565	-	350,565
Camperships	<u>318,676</u>	<u>-</u>	<u>318,676</u>
Total Program Services	<u>13,398,441</u>	<u>-</u>	<u>13,398,441</u>
<b>Supporting Services</b>			
Management and general	271,832	-	271,832
Fund development	<u>638,986</u>	<u>-</u>	<u>638,986</u>
Total Supporting Services	<u>910,818</u>	<u>-</u>	<u>910,818</u>
 Total Expenses	 <u>14,309,259</u>	 <u>-</u>	 <u>14,309,259</u>
 <b>CHANGE IN NET ASSETS</b>	 (106,270)	 (13,086)	 (119,356)
Net assets - beginning of year	<u>1,750,567</u>	<u>4,264,942</u>	<u>6,015,509</u>
 Net assets - end of year	 <u>\$ 1,644,297</u>	 <u>\$ 4,251,856</u>	 <u>\$ 5,896,153</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
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 (loss)	(7,198)	(159,879)	(167,077)
Special events income	750,949	266,232	1,017,181
Less: Costs of direct benefit to donors	(222,308)	-	(222,308)
Net revenues from special events	528,641	266,232	794,873
OPUS dues	8,296	-	8,296
Other revenue	6,449	6,310	12,759
Net assets released from restrictions:			
Satisfaction of program restrictions	1,695,438	(1,695,438)	-
Total Public Support and Revenue	13,714,910	(440,459)	13,274,451
<b>EXPENSES</b>			
<b>Program Services</b>			
Emergency assistance	12,122,786	-	12,122,786
Scholarships	346,159	-	346,159
Camperships	364,141	-	364,141
Total Program Services	12,833,086	-	12,833,086
<b>Supporting Services</b>			
Management and general	211,470	-	211,470
Fund development	659,274	-	659,274
Total Supporting Services	870,744	-	870,744
Total Expenses	13,703,830	-	13,703,830
<b>CHANGE IN NET ASSETS</b>	11,080	(440,459)	(429,379)
Net assets - beginning of year, as originally stated	1,524,470	4,920,418	6,444,888
Prior period adjustments - Note 15	215,017	(215,017)	-
Net assets - beginning of year, as restated	1,739,487	4,705,401	6,444,888
Net assets - end of year	\$ 1,750,567	\$ 4,264,942	\$ 6,015,509

See accompanying notes to financial statements.

**PERSON-TO-PERSON, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>PROGRAM SERVICES</u>				<u>SUPPORTING SERVICES</u>			<u>DIRECT BENEFIT TO DONORS</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	\$ 991,216	\$ 49,561	\$ 66,081	\$ 1,106,858	\$ 115,642	\$ 429,527	\$ 545,169	\$ -	\$ 1,652,027
Payroll taxes	77,765	3,888	5,184	86,837	9,072	33,697	42,769	-	129,606
Benefits	<u>135,838</u>	<u>5,582</u>	<u>5,582</u>	<u>147,002</u>	<u>9,304</u>	<u>29,773</u>	<u>39,077</u>	-	<u>186,079</u>
Payroll and Related Expenditures	1,204,819	59,031	76,847	1,340,697	134,018	492,997	627,015	-	1,967,712
Clothing and food distributed	10,454,328	-	-	10,454,328	-	-	-	-	10,454,328
Grants and assistance	335,514	282,520	223,256	841,290	-	-	-	-	841,290
Food and supplies	137,188	-	-	137,188	-	-	-	63,062	200,250
Program supplies	23,151	21	-	23,172	-	21,347	21,347	-	44,519
Donated services	64,022	-	-	64,022	-	-	-	-	64,022
Occupancy	191,164	1,966	2,093	195,223	6,504	11,193	17,697	52,162	265,082
Office expenses	23,355	1,128	853	25,336	1,179	51,509	52,688	-	78,024
Insurance	-	-	-	-	28,085	-	28,085	-	28,085
Postage	1,603	85	859	2,547	187	8,218	8,405	-	10,952
Equipment maintenance and support	66,019	2,811	2,318	71,148	2,448	9,517	11,965	-	83,113
Computer supplies and software	1,952	203	230	2,385	107	2,063	2,170	-	4,555
Telephone	21,609	222	237	22,068	735	1,265	2,000	-	24,068
Vehicle expense	28,269	-	-	28,269	-	3,844	3,844	-	32,113
Volunteers and training	13,085	289	211	13,585	368	1,555	1,923	-	15,508
Audit	-	-	-	-	18,150	-	18,150	-	18,150
Communications	5,494	73	9,736	15,303	147	15,248	15,395	-	30,698
Consulting	10,600	675	200	11,475	-	2,249	2,249	-	13,724
Project consulting	-	-	-	-	74,892	-	74,892	-	74,892
Other	3,683	67	267	4,017	134	9,588	9,722	43,019	56,758
Depreciation and Amortization	<u>143,345</u>	<u>1,474</u>	<u>1,569</u>	<u>146,388</u>	<u>4,878</u>	<u>8,393</u>	<u>13,271</u>	-	<u>159,659</u>
Total Expenses	12,729,200	350,565	318,676	13,398,441	271,832	638,986	910,818	158,243	14,467,502
Less: direct benefits to donors recorded on statement of activities	-	-	-	-	-	-	-	(158,243)	(158,243)
Total Functional Expenses	<u>\$ 12,729,200</u>	<u>\$ 350,565</u>	<u>\$ 318,676</u>	<u>\$ 13,398,441</u>	<u>\$ 271,832</u>	<u>\$ 638,986</u>	<u>\$ 910,818</u>	<u>\$ -</u>	<u>\$ 14,309,259</u>

See accompanying notes to financial statements.



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

	<u>PROGRAM SERVICES</u>				<u>SUPPORTING SERVICES</u>			<u>DIRECT BENEFIT TO DONORS</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	\$ 864,428	\$ 68,258	\$ 80,000	\$ 1,012,686	\$ 143,905	\$ 372,783	\$ 516,688	\$ -	\$ 1,529,374
Payroll taxes	65,135	5,403	6,333	76,871	12,307	31,882	44,189	-	121,060
Benefits	<u>115,742</u>	<u>9,292</u>	<u>10,890</u>	<u>135,924</u>	<u>20,126</u>	<u>52,136</u>	<u>72,262</u>	-	<u>208,186</u>
Payroll and Related Expenditures	1,045,305	82,953	97,223	1,225,481	176,338	456,801	633,139	-	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	-	-	-	116,169	238,952
Program supplies	29,856	-	-	29,856	-	38,419	38,419	-	68,275
Donated services	56,234	-	-	56,234	-	-	-	-	56,234
Occupancy	174,472	1,939	1,939	178,350	5,818	9,694	15,512	67,800	261,662
Office expenses	34,316	1,734	1,125	37,175	1,177	48,112	49,289	-	86,464
Insurance	-	-	-	-	-	-	-	-	-
Postage	1,281	62	2,093	3,436	75	8,128	8,203	-	11,639
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	2,775	2,829	-	4,239
Telephone	15,591	757	891	17,239	913	4,121	5,034	-	22,273
Vehicle expense	20,566	-	-	20,566	-	391	391	-	20,957
Volunteers and training	16,789	227	267	17,283	273	3,798	4,071	-	21,354
Audit	-	-	-	-	17,400	-	17,400	-	17,400
Communications	19,851	116	15,276	35,243	140	31,783	31,923	-	67,166
Consulting	8,295	350	825	9,470	-	17,293	17,293	-	26,763
Project consulting	3,602	-	-	3,602	1,854	-	1,854	-	5,456
Other	2,741	541	322	3,604	205	20,168	20,373	38,339	62,316
Depreciation and Amortization	<u>137,135</u>	<u>1,753</u>	<u>1,805</u>	<u>140,693</u>	<u>4,726</u>	<u>8,894</u>	<u>13,620</u>	-	<u>154,313</u>
Total Expenses	12,122,786	346,159	364,141	12,833,086	211,470	659,274	870,744	222,308	13,926,138
Less: direct benefits to donors recorded on statement of activities	-	-	-	-	-	-	-	(222,308)	(222,308)
Total Functional Expenses	<u>\$ 12,122,786</u>	<u>\$ 346,159</u>	<u>\$ 364,141</u>	<u>\$ 12,833,086</u>	<u>\$ 211,470</u>	<u>\$ 659,274</u>	<u>\$ 870,744</u>	<u>\$ -</u>	<u>\$ 13,703,830</u>

See accompanying notes to financial statements.

**PERSON-TO-PERSON, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (119,356)	\$ (429,379)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Realized and unrealized losses (gains) on investments, net	(472,158)	279,627
Depreciation and amortization	159,659	154,313
Changes in Operating Assets and Liabilities:		
Loans receivable from clients	575	2,452
Government grants receivable	(5,076)	(16,744)
Contributions receivable	(45,108)	207,689
Prepaid expenses and other receivables	33,418	(32,578)
Inventory	17,240	35,605
Accounts payable, accrued expenses and agency liabilities	2,352	8,564
Due to Saint Luke's Parish	-	(2,056)
Total Adjustments	(309,098)	636,872
Net Cash Provided (Used) by Operating Activities	(428,454)	207,493
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	173,085	587,976
Purchase of investments	(137,947)	(653,281)
Purchase of property and equipment	(67,052)	(240,501)
Net Cash Used by Investing Activities	(31,914)	(305,806)
<b><u>NET DECREASE IN CASH AND CASH EQUIVALENTS</u></b>	(460,368)	(98,313)
Cash and cash equivalents - beginning of year	1,716,629	1,814,942
Cash and cash equivalents - end of year	\$ 1,256,261	\$ 1,716,629

See accompanying notes to financial statements.

**PERSON-TO-PERSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**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 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 400 children attended summer day camps in 2019 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 five low-income neighborhoods four 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 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.

**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 Statements of Activities and Change in Net Assets as net assets released from restrictions.

**PERSON-TO-PERSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition (Continued)**

*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 Organization 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 \$64,022 and \$56,234 during the years ended December 31, 2019 and 2018, 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.

**Government Grants and Contributions Receivables**

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.

**PERSON-TO-PERSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**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 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 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 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 - 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, 2019, 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, 2019 AND 2018**

**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. There were no advertising costs in 2019.

**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 2018 financial statements to conform to the 2019 financial statement presentation of functional expenses.

**Recent Authoritative Pronouncements**

In 2018, the Organization adopted the provisions of 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.” ASU 2016-14 provided 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 required 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. The unrestricted net asset class has been renamed net assets without donor restrictions. The temporarily and permanently restricted net assets have been renamed to net assets with donor restrictions.

FASB ASU 2018-08 “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made”, was adopted for the year ended December 31, 2019. ASU 2018-08 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. The adoption of this standard had no significant impact on the financial statements.

**PERSON-TO-PERSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**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 year. Those standards include the following: “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, 2019, the Organization’s financial assets were as follows:

Cash and cash equivalents	\$ 1,256,261
Investments	3,551,021
Government grants receivable	100,538
Contributions receivable	69,175
Miscellaneous receivables	<u>4,270</u>
 Subtotal financial assets at year end	 4,981,265
 Less: amounts with limits on usage	
Spendable net assets with donor restrictions	(950,955)
Endowed investments	<u>(3,362,479)</u>
 Total financial assets available for general use within one year	 <u>\$ 667,831</u>

As part of the Organization’s liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments, CDs, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was \$560,617 as of December 31, 2019. This reserve, established by the Board of Directors, may be drawn upon, if necessary, to meet unexpected liquidity needs or in the event of financial distress.

**PERSON-TO-PERSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 4 – CONTRIBUTIONS RECEIVABLE**

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

	<u>2019</u>	<u>2018</u>
Due in less than one year	\$ 119,175	\$ 51,665
Due in two to five years	25,000	50,000
Less: discount to present value, at 5.5%	<u>(3,795)</u>	<u>(6,393)</u>
Total Contributions Receivable	<u>\$ 140,380</u>	<u>\$ 95,272</u>

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Equipment and software	\$ 333,798	\$ 329,753
Furniture and fixtures	110,580	110,580
Leasehold improvements	987,791	962,356
Vehicles	<u>311,764</u>	<u>274,192</u>
	1,743,933	1,676,881
Less: accumulated depreciation and amortization	<u>(935,687)</u>	<u>(776,028)</u>
Total Property and Equipment, net	<u>\$ 808,246</u>	<u>\$ 900,853</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 December 31:

	<u>2019</u>	<u>2018</u>
Equity funds	\$ 2,408,628	\$ 1,953,254
Fixed income funds	<u>1,142,393</u>	<u>1,160,747</u>
Total Investments, at Fair Value	<u>\$ 3,551,021</u>	<u>\$ 3,114,001</u>

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

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 146,657	\$ 126,022
Realized gains (losses)	8,073	37,905
Unrealized gains (losses)	464,085	(317,532)
Investment fees	<u>(13,085)</u>	<u>(13,472)</u>
Total Investment Return (Loss)	<u>\$ 605,730</u>	<u>\$ (167,077)</u>



**PERSON-TO-PERSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 6 – INVESTMENTS (Continued)**

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 were available for the following purposes at December 31:

	<u>2019</u>	<u>2018</u>
Janet Evans Endowment Fund assets with restrictions	\$ 3,300,901	\$ 2,910,820
Food programs	91,634	94,443
P2P on Wheels	107,488	363,069
Baby Basics	2,273	7,342
Emergency assistance	211,880	481,815
Capital campaign	52,311	52,311
Campership	177,027	158,043
Scholarship	229,082	178,553
Technology, strategic planning and training	20,917	18,546
Capital improvements	54,300	-
Other Programs:		
Holiday toy store	2,543	-
Volunteer program	<u>1,500</u>	<u>-</u>
 Total Net Assets with Donor Restrictions	 <u>\$ 4,251,856</u>	 <u>\$ 4,264,942</u>

Net assets released from donor restrictions and disbursed during the years ended December 31 were as follows:

	<u>2019</u>	<u>2018</u>
Janet Evans Endowment Fund appropriations	\$ 172,231	\$ 172,607
Food programs	36,181	82,713
P2P on Wheels	255,581	596,318
Baby Basics	5,069	8,320
Emergency assistance	269,935	295,049
Camperships	-	239,201
Scholarships	-	251,703
Technology, strategic planning, and training	17,629	39,059
Other Programs:		
Holiday toy store	<u>-</u>	<u>10,468</u>
 Total Net Assets Released from Restrictions	 <u>\$ 756,626</u>	 <u>\$ 1,695,438</u>

**PERSON-TO-PERSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**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.

The Organization’s endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in endowment net assets during the years ended December 31 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net assets, January 1, 2018	<u>\$ 215,017</u>	<u>\$ 3,133,306</u>	<u>\$ 3,348,323</u>
Investment income	8,114	118,235	126,349
Net asset depreciation	(19,085)	(278,114)	(297,199)
Contributions	-	110,000	110,000
Investment fees	(865)	(12,607)	(13,472)
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(160,000)</u>	<u>(160,000)</u>
Net assets, December 31, 2018	203,181	2,910,820	3,114,001
Investment income	8,521	122,067	130,588
Net asset appreciation	30,730	440,245	470,975
Contributions	-	-	-
Investment fees	(854)	(12,231)	(13,085)
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(160,000)</u>	<u>(160,000)</u>
Net assets, December 31, 2019	<u>\$ 241,578</u>	<u>\$ 3,300,901</u>	<u>\$ 3,542,479</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, 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 December 31, 2019.

**PERSON-TO-PERSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 8 – JANET EVANS ENDOWMENT FUND (Continued)**

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.

**NOTE 9 – IN-KIND CONTRIBUTIONS**

During 2019 and 2018, Person-to-Person recognized donated clothing, food, and supplies of \$10,437,088 and \$10,049,192, 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 2019 based upon data published by Feeding America. The weight of the typical bag of groceries received is ten pounds. Food contributions for 2019 and 2018 have been reported based upon these benchmarks.

For the years ended December 31, 2019 and 2018, donated professional services recognized in the financial statements totaled \$64,022 and \$56,234, 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, 2019 and 2018, 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 \$1,999,133 and \$2,078,151 for the years ended December 31, 2019 and 2018, respectively (based on the Independent Sector valuation of Connecticut volunteer time at an hourly rate of \$31.05 and \$30.24 for the years ended December 31, 2019 and 2018, 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 \$47,155 and \$43,326 for the years ended December 31, 2019 and 2018, respectively.

**PERSON-TO-PERSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 11 – 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 Saint Luke's. The agreement is on a month-to-month basis.

There was no payables balance at December 31, 2019 and 2018 for certain expenses paid for by St. Luke's. Saint Luke's donated \$70,500 and \$65,500 to the Organization as part of the church annual outreach program for the years ended December 31, 2019 and 2018, respectively.

**NOTE 12 – COMMITMENTS**

The Organization has a lease on a facility at 76 South Main Street in Norwalk, Connecticut which operates as a food pantry. The lease is a five-year operating lease, commencing August 1, 2016 and expiring July 31, 2021, with escalations each year. Rent expense under the Norwalk lease for the years ended December 31, 2019 and 2018 was \$50,373 and \$49,144, respectively.

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 years ended December 31, 2019 and 2018 was \$54,585 and \$42,702, respectively.

The annual payment requirements under the lease agreement for the years subsequent to December 31, 2019 are:

2020	\$ 85,113
2021	64,871
2022	35,176
2023	36,055
2024	36,956
Thereafter	<u>119,818</u>
Total	<u>\$ 377,989</u>

**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, 2019, the Organization's uninsured cash and cash equivalents balance totaled \$238,169.

**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.

**PERSON-TO-PERSON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 15 – PRIOR PERIOD ADJUSTMENT**

Unrestricted net assets at the beginning of 2017 have been adjusted to properly allocate board designated and donor restricted endowment assets that were not properly reflected in prior years. The new allocation has no effect on the results of the current year's activities; however, the cumulative effect decreases beginning net assets with donor restrictions by \$215,017 and increases net assets without donor restrictions by \$215,017.

**NOTE 16 – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through May 22, 2020, the date the financial statements were available to be issued.

Subsequent to December 31, 2019, the stock market experienced a significant decline in value. As of May 22, 2020, the Dow Jones industrial average declined 14.3% since December 31, 2019, and the S&P 500 declined 8.5%. During the same period it is estimated that the Organization's investments declined by 13.5% or \$478,000. The Organization will continue to monitor its investments as it has successfully done in the past, but has no immediate plans to change its investment portfolio.

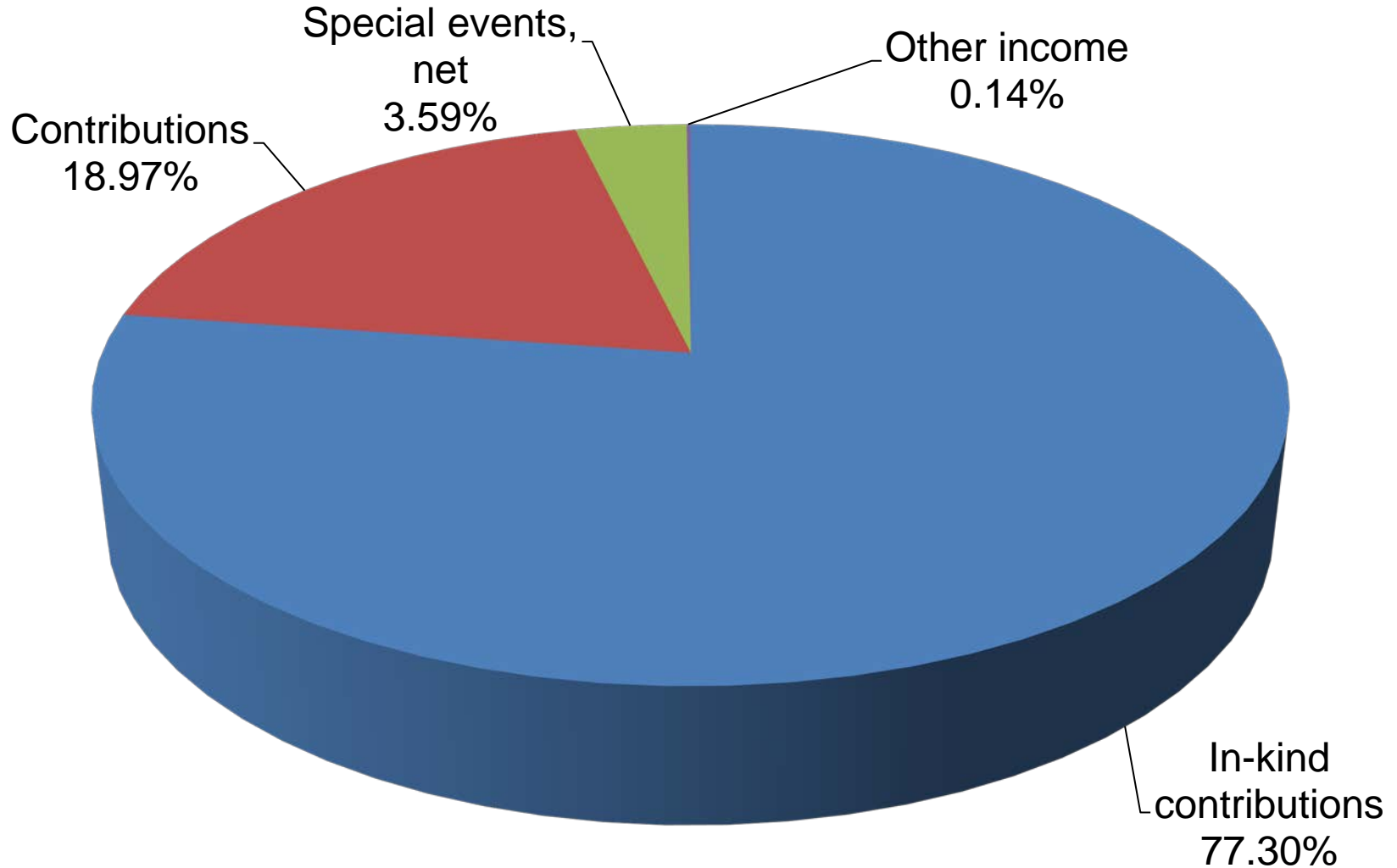
In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the United States. The Organization could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on our business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, we cannot predict the extent to which our financial condition and results of operations will be affected.

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Stability Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration sector of the government. The term of the loan is two years and bears interest at a fixed rate of 1% per annum. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the eight week period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to the Organization's employees. The Organization applied and was approved for a \$365,210 loan with its primary lender, a small business loan authorized lender.

## **SUPPLEMENTARY INFORMATION**

# Person-to-Person, Inc.

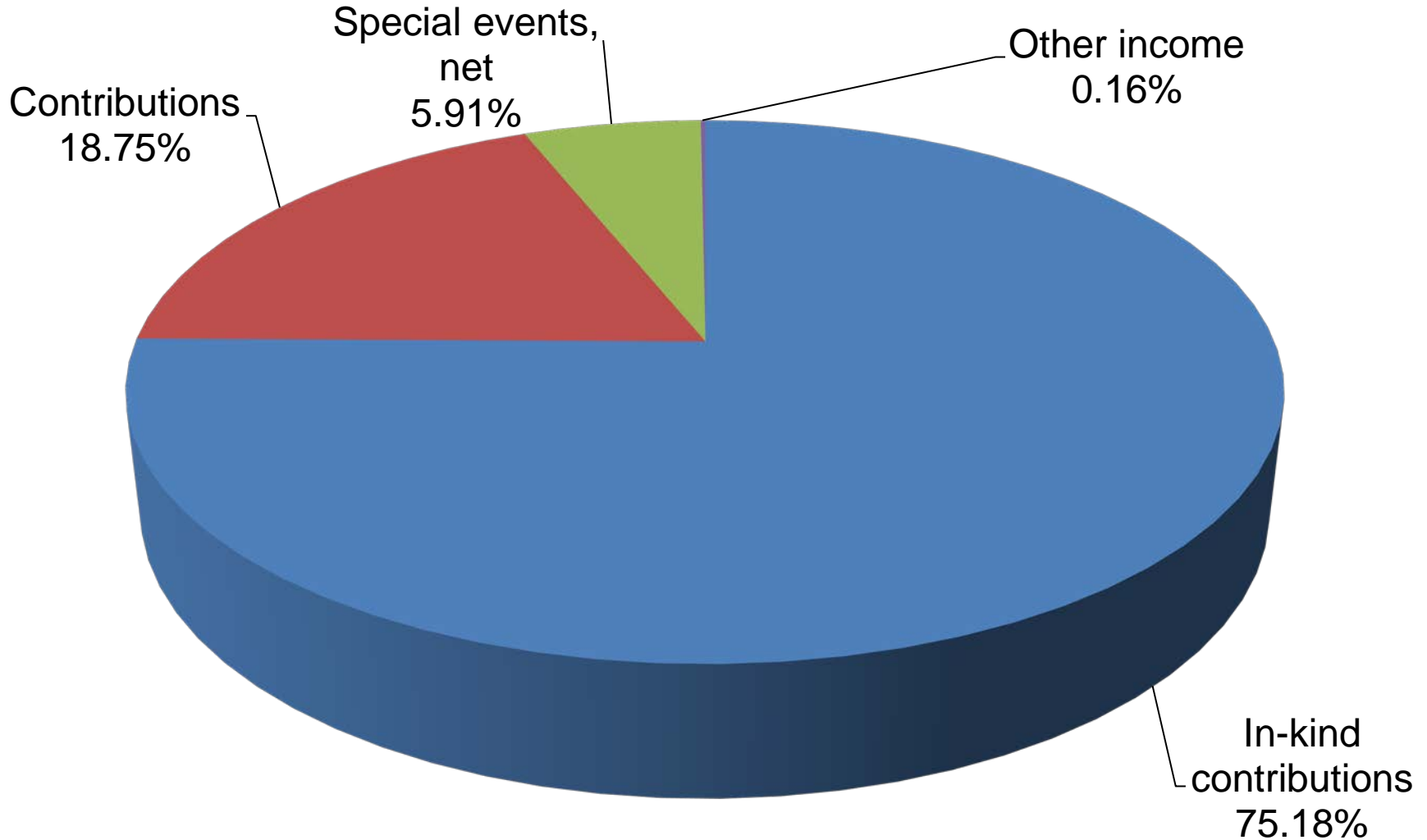
Income Distribution, without Investment Return  
Year Ended December 31, 2019



See independent auditors' report.

# Person-to-Person, Inc.

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

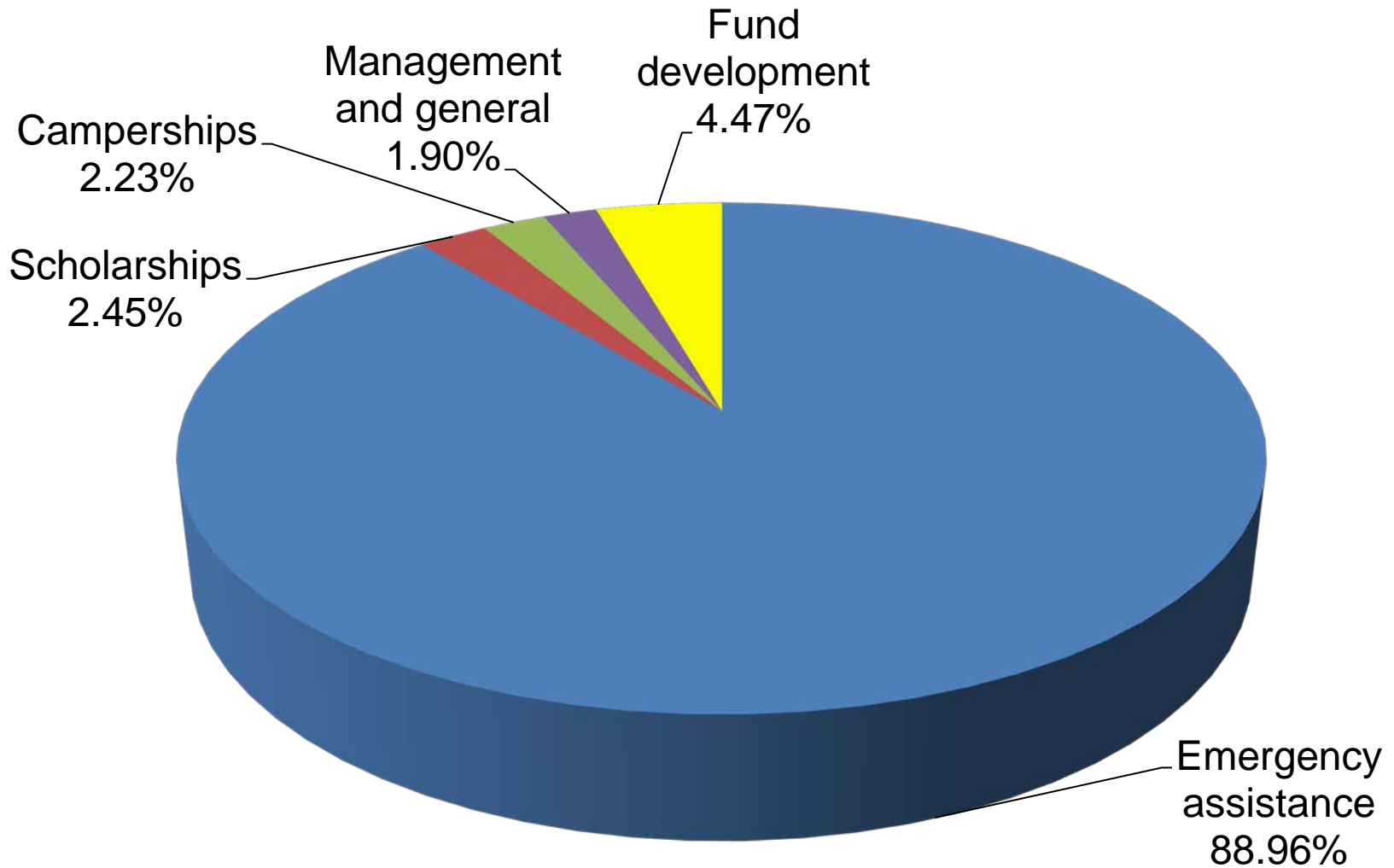


See independent auditors' report.



# Person-to-Person, Inc.

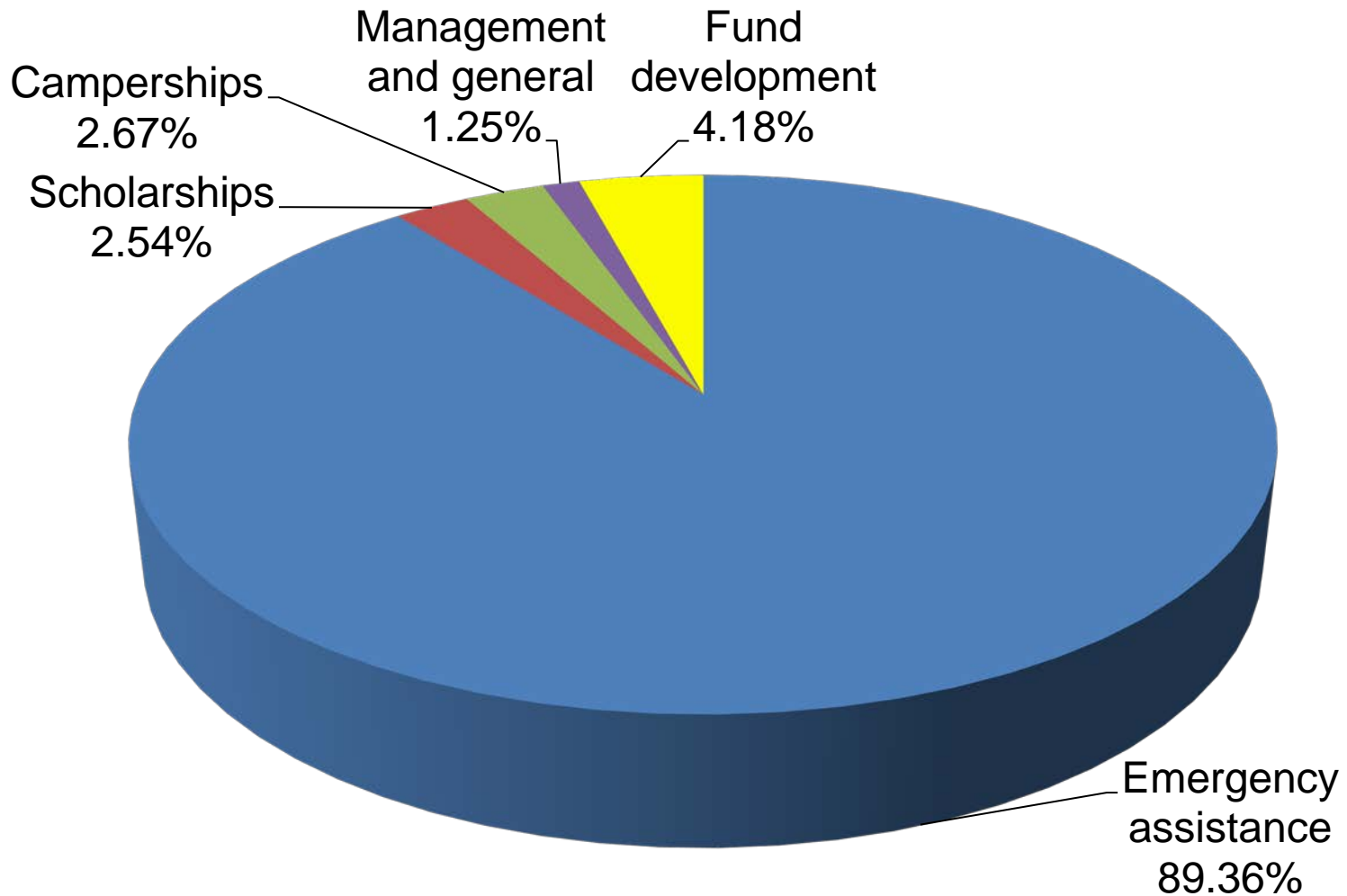
Functional Expense Distribution  
Year Ended December 31, 2019



See independent auditors' report.

# Person-to-Person, Inc.

Functional Expense Distribution  
Year Ended December 31, 2018



See independent auditors' report.