

**PEOPLE IN NEED, INC. OF
DELAWARE COUNTY OHIO
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022**

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of People In Need, Inc. of Delaware County Ohio (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of People In Need, Inc. of Delaware County as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of People In Need, Inc. of Delaware County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about People In Need, Inc. of Delaware County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

BUSINESS AND
ACCOUNTING
SERVICES

11660 Gorsuch Rd
PO Box 185
Galena, Ohio
43021-0185

Tel 740.965.6853
Fax 740.965.6526

www.ottingerpcpas.com

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 People In Need, Inc. of Delaware County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about People In Need, Inc. of Delaware County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Ottinger's Associates, LLC

Ottinger & Associates, LLC

Galena, Ohio

November 30, 2022

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
<u>CURRENT ASSETS:</u>			
Cash and Cash Equivalents	\$ 246,061	\$ 59,331	\$ 305,392
Grants Receivable	69,071		69,071
Prepaid Expenses	8,953		8,953
TOTAL CURRENT ASSETS	<u>324,085</u>	<u>59,331</u>	<u>383,416</u>
<u>PROPERTY AND EQUIPMENT:</u>			
Land	140,000		140,000
Building and Improvements	478,201		478,201
Equipment and Furniture	166,779		166,779
IT and Telecommunications	19,132		19,132
Vehicles	83,359		83,359
Land Improvements	106,262		106,262
Less: Accumulated Depreciation	(359,029)		(359,029)
NET PROPERTY AND EQUIPMENT	<u>634,704</u>	<u>0</u>	<u>634,704</u>
<u>OTHER ASSETS:</u>			
Right of Use Asset	7,253		7,253
Morgan Stanley Equity & Fixed Income Investment	596,737		596,737
PIN Endowment Fund		240,574	240,574
TOTAL OTHER ASSETS	<u>603,990</u>	<u>240,574</u>	<u>844,564</u>
TOTAL ASSETS	<u>\$ 1,562,779</u>	<u>\$ 299,905</u>	<u>\$ 1,862,684</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>			
Accounts Payable	\$ 28,974		\$ 28,974
Accrued Expenses	22,810		22,810
Deferred Grant Revenue	59,331		59,331
TOTAL CURRENT LIABILITIES	<u>111,115</u>	<u>0</u>	<u>111,115</u>
Lease Liability	7,255		7,255
TOTAL LIABILITIES	<u>118,370</u>	<u>0</u>	<u>118,370</u>
<u>NET ASSETS:</u>			
Net Assets	1,444,409	299,905	1,744,314
TOTAL NET ASSETS	<u>1,444,409</u>	<u>299,905</u>	<u>1,744,314</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 1,562,779</u>	<u>\$ 299,905</u>	<u>\$ 1,862,684</u>

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

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

<u>CHANGES IN NET ASSETS:</u>	<u>Net Assets</u>	<u>Net Assets</u>	
<u>INCREASES IN NET ASSETS:</u>	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
<u>REVENUE:</u>			
<u>Public Support:</u>			
Monetary Contributions to Programs	\$ 438,071	\$ 115,936	\$ 554,007
Monetary Contributions to Capital Projects	39,764		39,764
Foundation Support	52,204		52,204
Goods Contributed to Programs	958,775		958,775
Total Public Support	1,488,814	115,936	1,604,750
<u>Other Revenue:</u>			
Other Grants	224,836		224,836
Investment Income	38,443	9,160	47,603
Miscellaneous Income	6,806		6,806
Total Other Revenue	270,085	9,160	279,245
Transfer of Revenues for which Restrictions have or have not been met	156,354	(156,354)	-
TOTAL INCREASES IN NET ASSETS	1,915,253	(31,258)	1,883,995
<u>DECREASES IN NET ASSETS:</u>			
<u>Expenses:</u>			
<u>Program Expenses:</u>			
Emergency Assistance	328,895		328,895
Food Pantry	995,632		995,632
Holiday Clearing House	301,286		301,286
Total Program Expenses	1,625,813		1,625,813
<u>Management, General and Fundraising Expenses:</u>			
Management and General	90,916		90,916
Fundraising	150,369		150,369
Total Management, General and Fundraising Expenses	241,285		241,285
TOTAL DECREASES IN NET ASSETS	1,867,098		1,867,098
<u>OTHER INCREASES/(DECREASES) IN NET ASSETS</u>			
Unrealized Gain/(Loss) on Investments	(114,318)	(40,128)	(154,446)
NET INCREASE/(DECREASE) IN NET ASSETS	(66,163)	(71,386)	(137,549)
NET ASSETS AT BEGINNING OF YEAR - RESTATED	1,510,572	371,291	1,881,863
NET ASSETS AT END OF YEAR	\$ 1,444,409	\$ 299,905	\$ 1,744,314

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

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Management & General	Fundraising	Emergency Assistance	Food Pantry	Holiday Clearing House	Total Expenses
Contributed Goods	\$ -	\$ -	\$ -	\$ 728,301	\$ 230,474	\$ 958,775
Specific Assistance to Individuals	-	-	261,966	86,340	6,000	354,306
Salaries	47,811	41,223	36,277	85,808	39,416	250,535
Depreciation	2,035	1,754	1,894	28,416	3,789	37,888
Occupancy	2,012	1,735	1,873	28,099	3,747	37,466
Health Insurance	7,401	6,382	5,616	13,284	6,102	38,785
Payroll Taxes	4,650	4,009	3,528	8,345	3,833	24,365
Printing and Publications	1,636	1,411	5,217	2,011	1,914	12,189
Legal and Professional Fees	16,673	14,376	-	-	-	31,049
Miscellaneous	2,214	73,889	7,059	2,721	2,589	88,472
Postage and Shipping	650	560	2,071	798	760	4,839
Equipment Rental and Maintenance	475	410	442	6,637	885	8,849
Travel - Staff and Volunteers	194	167	180	2,704	360	3,605
Membership Dues	3,738	3,223	-	-	-	6,961
Retirement Costs	732	631	556	1,314	604	3,837
Supplies	454	391	1,447	558	531	3,381
Conferences, conventions	241	208	769	296	282	1,796
Total Functional Expenses	\$ 90,916	\$ 150,369	\$ 328,895	\$ 995,632	\$ 301,286	\$ 1,867,098

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

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Net Assets</u> <u>Without Donor</u> <u>Restrictions</u>	<u>Net Assets</u> <u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Net Increase/(Decrease) in Net Assets	\$ (66,163)	\$ (71,386)	\$ (137,549)
Adjustments to Reconcile Net Increase/(Decrease) in			
Net Assets to Net Cash Provided By/(Used In)			
Operating Activities:			
Depreciation Expense	37,888		37,888
Unrealized (Gains)/Losses	114,318	40,128	154,446
Changes in Operating Assets and Liabilities:			
(Increase) / Decrease in Grants Receivable	(69,071)		(69,071)
(Increase) / Decrease in Prepaid Expenses	(1,864)		(1,864)
(Increase) / Decrease in Other Current Assets	233		233
Increase / (Decrease) in Accounts Payable	27,421		27,421
Increase / (Decrease) in Accrued Expenses	12,524		12,524
Increase / (Decrease) in Deferred Revenue	(8,669)		(8,669)
Net Cash Provided By/(Used In) Operating Activities	<u>46,617</u>	<u>(31,258)</u>	<u>15,359</u>
Cash Flows From/(Used In) Investing Activities:			
Purchase of Property and Equipment	(42,518)		(42,518)
Purchases, Net of Proceeds from Sales of Investments	(107,322)	(7,616)	(114,938)
Net Cash Provided by/(Used In) Investing Activities	<u>(149,840)</u>	<u>(7,616)</u>	<u>(157,456)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>(103,223)</u>	<u>(38,874)</u>	<u>(142,097)</u>
Cash and Cash Equivalents - Beginning of Year	<u>349,284</u>	<u>98,205</u>	<u>447,489</u>
Cash and Cash Equivalents - End of Year	<u>\$ 246,061</u>	<u>\$ 59,331</u>	<u>\$ 305,392</u>
Supplemental Information:			
Income Taxes Paid	- 0 -		
Interest Paid	- 0 -		

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

**PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 1 - Organization

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

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

The Organization's primary programs are as follows:

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

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

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

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

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

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

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

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

Revenue Recognition

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

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

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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

Revenue Recognition -- (Continued)

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

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

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

Fair Value Measurements

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

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

Level 2—Inputs to the valuation methodology include:

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

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

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. There have been no changes in the methodologies used during the year ended June 30, 2022.

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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

Fair Value Measurements -- (Continued)

Fair Value of assets measured on a recurring basis as of June 30, 2022:

Cash and Cash Equivalents – Level 1 - \$305,392
Investment – Morgan Stanley brokerage account – Level 1 - \$596,737
Investment – PIN Endowment Fund – Level 1 - \$240,574

The portfolio at Morgan Stanley consists of mutual funds of \$71,378; fixed income of \$332,796 and \$192,563 of equities.

The PIN Endowment at Delaware County Foundation consists of mutual funds of \$240,574, all managed on a pooled fund basis by Mason Companies. All are stated at fair value on the statement of financial position as of June 30, 2022.

Use of Estimates

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

Cash Flows

For purposes of the statement of cash flows, the Organization considers all cash in checking accounts, money market accounts, certificates of deposit and petty cash to be cash equivalents (original maturities of three months or less). As of June 30, 2022, the total cash and cash equivalents were \$305,392.

Revenues

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

Functional Allocation of Expenses

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

Property and Equipment

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

Federal Income Taxes

All of the Organization's revenue is exempt from Federal income taxes pursuant to section 501 (c) (3) of the Internal Revenue Code. In addition, the Organization has been determined by Internal Revenue Service to not be a private foundation within the meaning of Section 509(a) of the Code. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization paid no taxes for the year ended June 30, 2022. The Organization is subject to income tax examination for years after June 30, 2019 related to the federal form 990, *Return of Organization Exempt from Income Tax*, which is filed on an annual basis.

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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

Recent Accounting Pronouncements

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

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents include \$59,331 restricted to the Emergency Assistance program and Capital Projects. The remaining cash and cash equivalents of \$246,061 are without donor restrictions.

Note 4 - Contributed Goods

The Organization received non-monetary goods valued at \$958,775 from individuals, local community organizations, and corporations. These contributions have been recorded as contributed goods and expenses within the relevant programs, respectively.

Note 5 - Contributed Services

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

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

<u>Program</u>	<u>Number of Volunteers</u>	<u>Average Hours Contributed</u>	<u>Total Hours Contributed</u>
Board of Directors	13	22.0	286
Produce Market	220	4.5	990
Mobile Market	21	2.0	42
Food Pantry	2,620	3.0	7,860
Holiday Clearing House	319	10.9	3,474
Special Events	60	3.0	180
	<u>3,253</u>		<u>12,832</u>

Note 6 - Retirement Plan

The Organization has adopted a SIMPLE IRA plan under which all eligible employees with over one year of service are eligible to participate. Contributions to the plan are discretionary and are determined by the Board of Directors. The Board of Directors can designate up to 2.0% of each employee's gross wages. Contributions for 2022 were 2.0% of each participant's eligible compensation, which amounted to \$3,837.

**PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 7 - Concentration of Credit Risk

The Organization maintains their bank accounts at two financial institutions. As of June 30, 2022, the Organization did not exceed the Federal Deposit Insurance Corporation insured limit of \$250,000. Although the Organization may exceed the insured limits at various times throughout the year, Management does not anticipate incurring any losses.

Note 8 - Net Asset Restrictions

As of June 30, 2022, the Organization had net assets with donor restrictions available for the following purposes:

Emergency Assistance	\$ 59,331
People In Need, Inc. of Delaware County Ohio Endowment Fund	<u>240,574</u>
Total Net Assets with Donor Restrictions	<u>\$299,905</u>

Net assets with donor restrictions were decreased due to satisfying the restricted purposes or by occurrence of other events specified by the donors. As of June 30, 2022, the transfers of net assets from restrictions were as follows:

Emergency Services	<u>\$156,354</u>
Net Transfer of Net Assets	<u>\$156,354</u>

Note 9 - Fair Values of Financial Instruments

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

a. Cash and cash equivalents

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

b. Accounts receivable

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

c. Investments

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

Note 10 - Subsequent Events

The Organization has not experienced any subsequent event that would provide evidence about the conditions that existed as of the year ended June 30, 2022 or arose subsequent to the date of these financial statements. Also, there were no changes regarding tax status and no material business combinations as of the year ended June 30, 2022 or subsequent to the date of the financial statements.

Note 11 - Endowments

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

PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 11 - Endowments -- (Continued)

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

Interpretation of Relevant Law

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

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

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

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

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

Spending Policy

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

The Organization has a policy of appropriating for potential distribution each year four percent of its endowment fund's average fair value over the twelve quarters preceding the quarter in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected net return on its endowment. As of June 30, 2022, the Organization can distribute \$9,623 less a 0.5% fee for doing so.

**PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022**

Note 11 - Endowments -- (Continued)

Spending Policy -- (Continued)

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

Return Objectives and Risk Parameters

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

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

Strategies Employed for Achieving Objectives

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

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

Funds with Deficiencies

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

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

Balance June 30, 2021	\$ 273,086
Contributions	0
Investment Return:	
Interest/Dividends	9,160
Unrealized Gains/(Losses)	(40,128)
Withdrawals for Specified Purposes	0
Investment Fees	(1,544)
Balance June 30, 2022	<u>\$ 240,574</u>

**PEOPLE IN NEED, INC. OF DELAWARE COUNTY OHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 12 - Liquidity and Reserves

The Organization has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The following table reflects the Organization’s financial assets (cash and cash equivalents and instruments) as of June 30, 2022 reduced by amounts not available for general expenditures within one year.

	<u>2022</u>
Total financial assets	\$ 1,245,441
Less: those unavailable for general expenditures within one year due to:	
Purpose and time lapse restrictions	<u>(299,905)</u>
Financial assets available to meet needs for general expenditures within one year	<u>\$ 945,536</u>

NOTE 13 – Restatement of Net Assets

During the year, the Organization determined that the fundraising activity performed by an unrelated third party should have been included in the Organization’s net assets. It was necessary to restate beginning of the year net assets to include this activity. The restatement increased net assets by \$2,297 from \$1,879,566 to \$1,881,863.

Fundraising expenses include \$71,980 of expenses related to this fundraising program that raised \$83,507 of fundraising income in the fiscal year ended June 30, 2022. The Organization receives this income net of related expenses.