

**PEOPLE REACHING OUT  
TO OTHER PEOPLE, INC. (PROP)**

**FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 AND 2023**

**PEOPLE REACHING OUT TO OTHER PEOPLE, INC. (PROP)**  
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*Certified Public Accountants & Consultants  
Meuwissen, Flygare, Kadrlik & Associates, P.A.*

### **Independent Auditor's Report**

The Board of Directors  
People Reaching Out to Other People, Inc. (PROP)  
Eden Prairie, Minnesota

#### **Opinion**

We have audited the accompanying financial statements of People Reaching Out To Other People, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 Reaching Out To Other People, Inc. as of June 30, 2024 and 2023, 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.

#### **Basis for Opinion**

We conducted our audits 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 Reaching Out To Other People, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Reaching Out To Other People, Inc.'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.



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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.

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 Reaching Out To Other People, Inc.'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 Reaching Out To Other People, Inc.'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.

*Mouwissen, Flygare  
Kadrlik & Associates, P.A.*

Eden Prairie, Minnesota  
October 31, 2024

**PEOPLE REACHING OUT TO OTHER PEOPLE, INC. (PROP)**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2024 AND 2023**

ASSETS	2024	2023
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,664,147	\$ 1,749,346
Grants receivable	10,375	39,941
Inventory	43,455	39,487
Prepaid expenses and other current assets	42,786	50,805
Total current assets	<u>1,760,763</u>	<u>1,879,579</u>
<b>Property and equipment</b>		
Building and building improvements	1,140,976	1,140,976
Furniture, fixtures, and equipment	393,607	336,274
Accumulated depreciation	<u>(554,637)</u>	<u>(482,427)</u>
Total property and equipment, net	979,946	994,823
<b>Other assets</b>		
Investments	108,496	55,317
Beneficial interest in assets held by St. Paul & Minnesota Foundation	<u>216,205</u>	<u>195,162</u>
Total other assets	<u>324,701</u>	<u>250,479</u>
Total assets	<u>\$ 3,065,410</u>	<u>\$ 3,124,881</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 19,094	\$ 35,868
Accrued expenses	33,361	30,708
Deferred revenue	750	10,186
Total liabilities	<u>53,205</u>	<u>76,762</u>
<b>Net assets</b>		
Without donor restrictions	2,750,787	2,726,607
With donor restrictions	<u>261,418</u>	<u>321,512</u>
Total net assets	<u>3,012,205</u>	<u>3,048,119</u>
Total liabilities and net assets	<u>\$ 3,065,410</u>	<u>\$ 3,124,881</u>

See accompanying notes and independent auditor's report.

**PEOPLE REACHING OUT TO OTHER PEOPLE, INC. (PROP)**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2024 AND 2023**

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
In-kind contributions	\$ 1,568,341	\$ -	\$ 1,568,341	\$ 1,158,500	\$ -	\$ 1,158,500
Individual	792,496	11,136	803,632	604,582	205,988	810,570
Grants	368,501	10,000	378,501	603,533	2,686	606,219
Corporations	159,147	-	159,147	113,401	-	113,401
Events	87,645	-	87,645	115,202	-	115,202
Organizations	56,262	6,505	62,767	47,759	-	47,759
Faith based	36,887	-	36,887	72,012	-	72,012
All other	15,240	10,893	26,133	7,980	7,580	15,560
Net assets released from restrictions	98,628	(98,628)	-	9,111	(9,111)	-
Total support and revenue	3,183,147	(60,094)	3,123,053	2,732,080	207,143	2,939,223
Expenses						
Program services	2,714,950	-	2,714,950	2,189,796	-	2,189,796
General and administrative	251,042	-	251,042	223,778	-	223,778
Fundraising	192,975	-	192,975	191,988	-	191,988
Total expenses	3,158,967	-	3,158,967	2,605,562	-	2,605,562
Increase (decrease) in net assets	24,180	(60,094)	(35,914)	126,518	207,143	333,661
Net assets, beginning of year	2,726,607	321,512	3,048,119	2,600,089	114,369	2,714,458
Net assets, end of year	\$ 2,750,787	\$ 261,418	\$ 3,012,205	\$ 2,726,607	\$ 321,512	\$ 3,048,119

See accompanying notes and independent auditor's report.

**PEOPLE REACHING OUT TO OTHER PEOPLE, INC. (PROP)**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JUNE 30, 2024 AND 2023**

	2024				2023			
	Program Services	Support Services		Total	Program Services	Support Services		Total
		General and Administrative	Fundraising			General and Administrative	Fundraising	
In-kind distributions	\$ 1,598,698	\$ -	\$ -	\$ 1,598,698	\$ 1,169,594	\$ -	\$ -	\$ 1,169,594
Salaries & benefits	522,750	183,700	144,428	850,878	425,035	167,314	133,305	725,654
Purchased food	213,974	-	-	213,974	180,879	-	-	180,879
Housing/rent assistance	144,321	-	-	144,321	182,754	-	-	182,754
Depreciation	54,880	13,720	3,611	72,211	45,501	10,178	4,191	59,870
Equipment and technology	31,662	11,736	7,042	50,440	21,639	9,169	5,868	36,676
Occupancy	33,097	7,784	2,048	42,929	34,076	8,519	2,242	44,837
Contracted services	24,290	12,145	4,048	40,483	18,816	5,905	3,779	28,500
Utilities	19,172	4,793	1,261	25,226	24,013	7,264	3,070	34,347
Marketing	876	4,394	11,449	16,719	7,019	6,816	2,731	16,566
Transportation assistance	16,506	-	-	16,506	30,367	-	-	30,367
Insurance	8,860	3,692	2,215	14,767	6,468	2,741	1,754	10,963
Office supplies	7,118	3,132	3,986	14,236	6,162	2,651	3,370	12,183
Development	455	1,463	10,412	12,330	-	-	29,556	29,556
Other expenses	5,325	4,483	2,475	12,283	5,830	3,221	2,122	11,173
Program support costs	11,713	-	-	11,713	9,850	-	-	9,850
Other financial assistance	8,287	-	-	8,287	3,263	-	-	3,263
Utilities assistance	6,650	-	-	6,650	8,526	-	-	8,526
Child care assistance	4,000	-	-	4,000	6,326	-	-	6,326
Youth scholarships	2,316	-	-	2,316	3,678	-	-	3,678
<b>Total</b>	<b>\$ 2,714,950</b>	<b>\$ 251,042</b>	<b>\$ 192,975</b>	<b>\$ 3,158,967</b>	<b>\$ 2,189,796</b>	<b>\$ 223,778</b>	<b>\$ 191,988</b>	<b>\$ 2,605,562</b>

See accompanying notes and independent auditor's report.

**PEOPLE REACHING OUT TO OTHER PEOPLE, INC. (PROP)**  
**STATEMENT OF CASH FLOWS**  
**JUNE 30, 2024 AND 2023**

	2024	2023
Cash flows from operations		
Increase in net assets	\$ (35,914)	\$ 333,661
Adjustment to reconcile the change in net assets to net cash from operating activities		
Depreciation	72,210	59,869
Unrealized gain/loss on investments	(10,893)	(7,580)
Change in assets and liabilities		
Contributions receivable	29,566	13,928
Inventory	(3,968)	5,036
Prepaid expenses and other current assets	8,019	(50,805)
Accounts payable	(16,774)	18,666
Accrued expenses	2,653	20,960
Deferred revenue	(9,436)	(17,904)
Net cash provided by operating activities	<u>35,463</u>	<u>375,831</u>
Cash flows from investing activities		
Purchase of property and equipment	(57,333)	(87,125)
Contribution to beneficial interest held by St. Paul & Minnesota Foundation	(10,150)	(78,498)
Reclassification of investments	(53,179)	842
Net cash used in investing activities	<u>(120,662)</u>	<u>(164,781)</u>
Net change in cash and equivalents	(85,199)	211,050
Cash and cash equivalents, beginning of year	1,749,346	1,538,296
Cash and cash equivalents, end of year	<u>\$ 1,664,147</u>	<u>\$ 1,749,346</u>



**PEOPLE REACHING OUT TO OTHER PEOPLE, INC. (PROP)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

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**NOTE 1 – ORGANIZATION**

People Reaching Out to Other People, Inc. (PROP) (“the Organization”) is a Minnesota nonprofit corporation organized in 1982. PROP was formed to provide assistance in all areas of human services to individuals residing in the cities of Eden Prairie and Chanhassen. Services include a food shelf, together with financial assistance in areas, such as, housing, utilities, medical emergencies and other basic needs.

**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 in accordance with accounting principles generally accepted in the United States.

*Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

*Financial Statement Presentation*

The Organization is required to report information regarding its financial position and activities according to two net asset classes, net assets without donor restrictions and net assets with donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions are the net assets of the Organization that are not restricted by donors. During fiscal 2023, the Board of Directors had designated \$25,000 of net assets without donor restrictions to be set aside for the purchase of a new van. At June 30, 2023, there was \$25,000 of net assets without donor restrictions, board designated.
- Net assets with donor restrictions are subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the statements of activities as net assets released from donor restrictions.

At June 30, 2024 and 2023, PROP had \$261,418 and \$321,512 of net assets with donor restrictions.

*Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Organization considers all certificates of deposit with a remaining maturity of 1 year or less to be cash equivalents.

**PEOPLE REACHING OUT TO OTHER PEOPLE, INC. (PROP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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

*Contributions*

Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the year of contribution are reported as without donor restrictions. Gifts and investment income having donor stipulations that are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Gifts of land, buildings, equipment and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions to net assets without donor restrictions are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimate future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

*Donated Services*

Contribution of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

Services donated by volunteers for the years ended June 30, 2024 and 2023 were not recognized in the financial statements because they did not meet the criteria for recognition.

*Property and Equipment and Depreciation*

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at time of donation. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis ranging from three to thirty-nine years.

*Government Grants*

Government grants are generally considered exchange transactions and are recorded as revenues when earned. Revenue is earned when eligible expenditures, as defined in each grant, are incurred. Funds received, but not yet earned are recorded as deferred revenue.

**PEOPLE REACHING OUT TO OTHER PEOPLE, INC. (PROP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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

*Investments*

Investments are generally recorded at fair value based on quoted market prices, when available, or estimates of fair value. Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. Investment income or loss and related gains and losses, both realized and unrealized, are included in the statement of activities as increases or decreases in net assets without restrictions unless the income or loss is restricted by donor law.

*Functional Expenses*

The cost of providing various programs and other activities are presented on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services that received benefits.

*Reclassification*

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

*Date of Management Review*

Management has evaluated subsequent events through October 31, 2024, the date the financial statements were available to be issued.

**NOTE 3 – CONCENTRATION OF CREDIT RISK**

The Organization maintains cash balances with various financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, such balances may be in excess of the FDIC limit. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

**PEOPLE REACHING OUT TO OTHER PEOPLE, INC. (PROP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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**NOTE 4 – FAIR VALUE MEASUREMENTS**

The framework for measuring fair value 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 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 other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset's or liability's fair value measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value, including the general classification of such pursuant to the valuation hierarchy.

Certificates of deposit: Valued at the closing price reported by the financial institution holding the certificate of deposit.

Beneficial interest in assets held by St. Paul & Minnesota Foundations: Valued at quoted market prices multiplied by the Organizations proportionate amount of the fund.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair 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.

**PEOPLE REACHING OUT TO OTHER PEOPLE, INC. (PROP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)**

Fair values of assets measured on a recurring basis at June 30, 2024 and 2023 are as follows:

	<i>Assets at Fair Value as of June 30, 2024</i>			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 108,496	\$ -	\$ -	\$ 108,496
Beneficial interest in assets held by St. Paul & Minnesota Foundation	-	-	216,205	216,205
Total assets at fair value	<u>\$ 108,496</u>	<u>\$ -</u>	<u>\$ 216,205</u>	<u>\$ 324,701</u>

  

	<i>Assets at Fair Value as of June 30, 2023</i>			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 55,317	\$ -	\$ -	\$ 55,317
Beneficial interest in assets held by St. Paul & Minnesota Foundation	-	-	195,162	195,162
Total assets at fair value	<u>\$ 55,317</u>	<u>\$ -</u>	<u>\$ 195,162</u>	<u>\$ 250,479</u>

The following table summarizes the changes in fair values of financial statements measured using Level 3 inputs:

Balance at June 30, 2023	\$ 195,162
Additional amounts invested in fund	11,136
Share of appreciation of fund	10,893
Appropriated expenditures and distributions	(986)
Balance at June 30, 2024	<u>\$ 216,205</u>

**NOTE 5 – INCOME TAXES**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law, except on net income derived from unrelated business activities. The Organization is classified as a public charity.

**PEOPLE REACHING OUT TO OTHER PEOPLE, INC. (PROP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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**NOTE 5 – INCOME TAXES (CONTINUED)**

The Organization may recognize the tax benefit from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The Organization has analyzed its tax positions taken for filings with the Internal Revenue Service and the state of Minnesota. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations, or cash flows.

The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2021 and thereafter, are subject to examination by the IRS, generally for three years after they were filed.

**NOTE 6 – DONATED FOOD INVENTORY**

Inventory consists of perishable and non-perishable foods and related products. Donated inventory items are valued at the approximate average wholesale cost as determined by an annual study done by Feeding America. The total weight of food at year-end was weighed on June 30, 2024 and 2023.

**NOTE 7 – FUND-RAISING EXPENSE**

Total fund-raising expense for the years ended June 30, 2024 and 2023, was \$193,911 and \$191,988 or 6.2% and 6.5% of the total contribution revenue, respectively. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS AND ASSETS RELEASED FROM RESTRICTIONS**

Net assets with donor restrictions for the following purposes at June 30, 2024 and 2023 were:

	2024	2023
Endowment fund	\$ 216,205	\$ 195,162
Funds for program services	45,213	126,350
Total	<u>\$ 261,418</u>	<u>\$ 321,512</u>

Net assets released from restriction were as follows:

	2024	2023
Funds for endowment	\$ 986	\$ 3,826
Funds for program services	97,642	5,285
Total	<u>\$ 98,628</u>	<u>\$ 9,111</u>

**PEOPLE REACHING OUT TO OTHER PEOPLE, INC. (PROP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 9 – RETIREMENT PLANS**

The Organization has a retirement SIMPLE IRA plan covering substantially all of its employees. The Organization makes a contribution of 2% of eligible compensation. The expense related to the SIMPLE IRA plan for the years ended June 30, 2024 and 2023 was \$14,177 and \$12,227, respectively.

**NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization has \$1,782,643 of financial assets available within one year of the statement of financial position date, June 30, 2024, to meet cash needs for general operating expenditures, consisting of cash and cash equivalents of \$1,717,160, receivables of \$10,000 and investments of \$55,483. At June 30, 2023, the Organization had \$1,844,604 of financial assets available within one year, to meet cash needs for general operating expenditures, consisting of cash and cash equivalents of \$1,749,346, receivables of \$39,941 and investments of \$55,317. The following reflects the Organization’s financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general use because of donor-imposed restriction within one year of the statement of financial position date.

	<u>2024</u>	<u>2023</u>
Financial assets, at year end	\$1,783,018	\$ 1,844,604
Less those unavailable for general expenditures within one year due to:		
Donor-imposed restrictions	<u>(45,213)</u>	<u>(126,350)</u>
Financial assets available, at year end	<u>\$1,737,805</u>	<u>\$ 1,718,254</u>

Management of the Organization reviews cash balances and cash use on a daily and weekly basis. Additionally, its Board of Directors and Finance Committee review the cash balance, and specifically, the months of cash on hand, monthly. The Organization uses a benchmark of three months of operating expenditures. At June 30, 2024 and 2023, the Organization had 13.4 and 14.4 months of financial assets available for future general operating expenditures, respectively.

**NOTE 11 – BENEFICIAL INTEREST IN ASSETS HELD BY ST. PAUL & MINNESOTA FOUNDATION**

During the year ended June 30, 2020, the Organization made an irrevocable contribution to the St. Paul & Minnesota Foundation (the Foundation) which is holding them as an endowed component fund (“Fund”) for the benefit of the Organization.

The Foundation has the right to modify the terms of the fund agreement if, in the judgment of the Foundation’s Board of Directors, the restrictions and conditions in the agreement become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The authority to modify restrictions is sometimes referred to as the “variance power” and is a legal requirement imposed on all community foundations. The Organization has granted the Foundation variance power which gives the Foundation’s Board of Trustees the power to use the Fund for other purposes in certain circumstances. As a result of the variance power, all component funds are considered to be parts of a single public charity, in this case the Foundation.

**PEOPLE REACHING OUT TO OTHER PEOPLE, INC. (PROP)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 11 – BENEFICIAL INTEREST IN ASSETS HELD BY ST. PAUL & MINNESOTA FOUNDATION (CONTINUED)**

The Foundation will distribute amounts to PROP in furtherance of its charitable purpose, such amounts of the Fund’s net income or principal or both as determined by the spending policy adopted by the Foundation, and amended from time to time, at such times the Foundation deems appropriate.

The Fund is subject to the Foundation’s investment and spending policies. The Organization reports the fair value of the Fund as Beneficial Interest In Assets Held By St. Paul & Minnesota Foundation in the statement of financial position. Changes in value of the Fund are reported in the statement of activities.

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	With Donor Restrictions	Without Donor Restrictions	Total
Balance at June 30, 2023	\$ 195,162	\$ -	\$ 195,162
Additions	11,136	-	11,136
Share of appreciation of fund	10,893	-	10,893
Appropriated expenditures of assets	(986)	-	(986)
Balance at June 30, 2024	<u>\$ 216,205</u>	<u>\$ -</u>	<u>\$ 216,205</u>

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at June 30, 2022	\$ 109,084	\$ -	\$ 109,084
Additions	82,711	-	82,711
Share of appreciation of fund	7,580	-	7,580
Appropriated expenditures of assets	(4,213)	-	(4,213)
Balance at June 30, 2023	<u>\$ 195,162</u>	<u>\$ -</u>	<u>\$ 195,162</u>