



Period, Inc.

Modified Cash Basis Financial Statements and Other
Information as of and for the Year Ended December 31, 2020
and Report of Independent Accountants

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REPORT OF INDEPENDENT ACCOUNTANTS

*The Board of Directors
Period, Inc.:*

We have audited the accompanying financial statements of Period, Inc., which comprise the statement of assets, liabilities, and net assets (modified cash basis) as of December 31, 2020, and the related statements of support, revenue, and expenses (modified cash basis), functional expenses (modified cash basis), and cash flows (modified cash basis) for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in note 3 to the financial statements; this includes determining that the modified cash basis of accounting described in note 3 to the financial statements is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 organization'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 organization'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 in the first paragraph present fairly, in all material respects, the assets, liabilities, and net assets of Period, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with the modified cash basis of accounting described in note 3.

Ernst & Young LLP

December 13, 2021

PERIOD, INC.

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS (MODIFIED CASH BASIS)

DECEMBER 31, 2020
(WITH COMPARATIVE AMOUNTS FOR 2019)

	2020	2019
Assets:		
Cash and cash equivalents	\$ 423,882	445,793
Certificates of deposit <i>(note 4)</i>	102,265	100,000
Prepaid expenses	11,537	–
Inventories	124,751	–
Capital assets, net	971	–
Total assets	\$ 663,406	545,793
Liabilities:		
Accounts payable	954	–
Note payable – Paycheck Protection Program <i>(note 5)</i>	39,945	–
Total liabilities	40,899	–
Net assets:		
Without donor restrictions	572,507	450,048
With donor restrictions <i>(note 6)</i>	50,000	95,745
Total net assets	622,507	545,793
Total liabilities and net assets	\$ 663,406	545,793

See accompanying notes to financial statements.

PERIOD, INC.

STATEMENT OF SUPPORT, REVENUE, AND EXPENSES (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020		Total	2019
	Without donor restrictions	With donor restrictions		
Revenues, gains, and other support:				
Contributions and grants	\$ 866,303	50,000	916,303	610,478
In-kind contributions <i>(note 7)</i>	782,281	–	782,281	–
Special events	–	–	–	251,004
Merchandise sales, less cost of goods sold of \$21,116 in 2019	3,668	–	3,668	1,490
Program service revenues	3,626	–	3,626	27,583
Other	2,601	–	2,601	1,701
Total revenues and gains	1,658,479	50,000	1,708,479	892,256
Net assets released from restrictions <i>(note 8)</i>	95,745	(95,745)	–	–
Total revenues, gains, and other support	1,754,224	(45,745)	1,708,479	892,256
Expenses <i>(note 9)</i>:				
Program services	1,580,449	–	1,580,449	390,518
Management and general	69,930	–	69,930	91,161
Fundraising	159,530	–	159,530	136,957
Total expenses	1,809,909	–	1,809,909	618,636
Increase (decrease) in net assets	(55,685)	(45,745)	(101,430)	273,620
Net assets at beginning of year	450,048	95,745	545,793	272,173
Plus cumulative effect of change in accounting as of January 1, 2020 <i>(note 2)</i>	178,144	–	178,144	–
Net assets at beginning of year, as restated	628,192	95,745	723,937	272,173
Net assets at end of year	\$ 572,507	50,000	622,507	545,793

See accompanying notes to financial statements.

PERIOD, INC.

STATEMENT OF FUNCTIONAL EXPENSES (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020				2019
	Program services	Supporting services Management and general	Fundraising	Total	
Salaries and related expenses	\$ 283,239	44,121	105,671	433,031	190,793
Contract services	78,945	1,897	—	80,842	86,448
Professional services	108,711	—	1,917	110,628	50,745
Program supplies and products	881,711	—	—	881,711	—
Volunteer stipends	—	—	—	—	17,409
Special events	—	—	42,017	42,017	81,841
Occupancy	7,136	7,136	—	14,272	22,533
Postage and shipping	86,026	959	—	86,985	10,432
Supplies	81,835	11,673	—	93,508	22,692
Program events and conferences	1,535	—	—	1,535	86,362
Travel	7,694	—	—	7,694	6,160
Insurance	7,988	1,244	2,980	12,212	12,705
Fees and licenses	8,086	1,260	3,016	12,362	5,397
Chapter grants	17,012	—	—	17,012	23,727
Other	10,531	1,640	3,929	16,100	1,392
Total expenses	\$ 1,580,449	69,930	159,530	1,809,909	618,636

See accompanying notes to financial statements.

PERIOD, INC.

STATEMENT OF CASH FLOWS (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
Cash flows from operating activities:		
Cash received from contributions and grants	\$ 916,303	863,160
Cash received from service recipients and other sources	9,895	29,096
Cash paid to employees, suppliers, and grantees	(984,790)	(618,636)
Net cash provided by (used in) operating activities	(58,592)	273,620
Cash flows from investing activities:		
Reinvested income	(2,265)	—
Capital expenditures	(999)	—
Purchase of certificates of deposit	—	(100,000)
Net cash used in investing activities	(3,264)	(100,000)
Cash flows from financing activities:		
Receipt of Paycheck Protection Program loan (<i>note 5</i>)	39,945	—
Net cash provided by (used in) investing activities	39,945	—
Net increase (decrease) in cash and cash equivalents	(21,911)	173,620
Cash at beginning of year	445,793	272,173
Cash at end of year	\$ 423,882	445,793

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

YEAR ENDED DECEMBER 31, 2020

1. Organization

PERIOD, Inc. is a nonprofit organization founded in 2014 by two 16-year-old high school students with the goal of ending period poverty and period stigma through service, education, and advocacy. Each year, the organization distributes millions of menstrual products for free to people in need, and helps support a network of hundreds of PERIOD chapters, youth-led organizations and product distribution partners.

Period poverty must be solved with systemic solutions, and through the creation and distribution of menstrual health education. Accordingly, PERIOD works to destigmatize menstruation and promote menstrual literacy. PERIOD proudly advocates for menstrual equity policies such as a repeal of the luxury tax on menstrual items and mandating period products in schools. Activating a grassroots network of thousands of advocates, PERIOD will help solve period poverty in our lifetime.

2. Change in Accounting for Inventories

Effective January 1, 2020, PERIOD changed its method of accounting for the measurement and reporting of inventories. Previously, the organization presented its financial statements on the full cash basis of accounting and did not report a carrying value for inventories. Effective January 1, 2020, management elected to report inventories at the lower of cost or market, consistent with generally accepted accounting principles.

This change in policy represents the first step in management’s goal to report its financial position and results of operations on the full accrual basis of accounting by the 2021 year.

As a result of this change, the following inventory changes have been reported in the statement of support, revenue and expenses (modified cash basis) for the year ended December 31, 2020:

In-kind contribution of product inventory	\$ 758,281
Sale or use of product inventory (classified on the statement functional expenses (modified cash basis) as program supplies and product)	(811,674)
	(53,393)

The organization has restated its inventory balance at January 1, 2020 by recording a cumulative effect of accounting change in the amount of \$178,144, which equals the cost basis of its previously unreported inventory balances at December 31, 2019.

No similar adjustment has been made to the organization’s inventory balances as of December 31, 2018 because it was deemed impracticable to determine the cumulative effect of applying this change in accounting to any earlier periods presented. Accordingly, comparative changes in inventory balances during the year ended December 31, 2019, are not included in the 2019 comparative financial statements.

3. Summary of Significant Accounting Policies

The significant accounting policies followed by the organization are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other generally accepted accounting principles (“GAAP”). The modified cash basis of accounting differs from GAAP in that certain revenues are recognized when received rather than earned and/or contributed, and certain expenses are recognized when paid rather than when the obligation is incurred. Specifically, the variances from GAAP include the omission of accounts receivable, pledges receivable, accruals for expense obligations incurred, and liabilities for revenues not yet earned. Such variances are presumed to be material.

Accordingly, the accompanying financial statements are not intended to present the organization’s financial position and results of operations in conformity with generally accepted accounting principles.

Principles of Consolidation – The accompanying financial statements include only the accounts and activities of PERIOD. They do not include the accounts or transactions of the many school, community, and other chapters throughout the U.S. and the world founded and assisted by PERIOD. These chapters and other organizations are governed by their own independent bodies and Boards.

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

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations. From time to time, the Board of Directors may designate from net assets for particular purposes and objectives.

- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of PERIOD and/or the passage of time. These balances represent the unexpended portion of donor-restricted contributions to be used for specific programs and activities as directed by the donor.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are also reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash Equivalents – For purposes of the financial statements, the organization considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Inventories – Inventories consist principally of donated health products held for sale or for use in fulfilling the organization’s charitable purposes. Inventories are valued and reported at the lower of cost or market. Cost is determined using the specific identification method of accounting for inventory balances.

Contributions – Contributions and grants received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of support, revenue, and expenses (modified cash basis) as net assets released from restrictions.

Advertising Expenses – Advertising costs are charged to expense as incurred.

Concentrations of Credit Risk – The organization’s financial instruments consist primarily of cash and cash equivalents, which may subject the organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (“FDIC”).

All checking accounts and certificates of deposit are insured by the FDIC for up to \$250,000 for each depositor, for each insured bank, for each account ownership category.

Income Taxes – PERIOD is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. The organization derives its public charity status as an organization described in Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Internal Revenue Code.

Subsequent Events – Subsequent events have been evaluated by management through December 13, 2021, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2019 – The accompanying financial information as of and for the year ended December 31, 2019 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

4. Certificates of Deposit

At December 31 2020, PERIOD held \$102,265 in certificates of deposit carried at cost.

5. Note Payable – Paycheck Protection Program

On April 30, 2020, PERIOD was granted an unsecured loan from a commercial bank in the amount of \$39,945, pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan was guaranteed by the Small Business Administration (“SBA”), and was designed to provide a direct incentive for organizations to keep their employees on payroll during the COVID-19 pandemic. The SBA has promised to forgive the loan if all employees are kept on the payroll during the “covered period” (either 8 weeks or 24 weeks from the loan disbursement date) and if the funds are used for payroll, rent, mortgage interest, and/or utilities, and certain other conditions are met.

The note may be prepaid at any time prior to maturity with no prepayment penalties.

PERIOD intends to use the proceeds from the loan for the qualifying expenses. The organization accounts for the loan as debt under Financial Accounting Standards Board Accounting Standards Codification Topic 470.

6. Net Assets with Donor Restrictions

The following summarizes PERIOD’s net assets with donor-imposed restrictions as of December 31, 2020:

<i>Expendable net assets</i>	
<i>restricted for the</i>	
<i>following purposes:</i>	
Cowlitz Chapter growth and leadership	\$ 50,000
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Total net assets with donor restrictions	\$ 50,000
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7. In-Kind Contributions

In-kind contributions for the year ended December 31, 2020 totaled \$782,281 and represented the following:

In-kind contributions of product	\$	758,281
Donation of in-kind shipping services		24,000
	\$	782,281

8. Net Assets Released from Restrictions

During the year ended December 31, 2020, the organization incurred \$95,745 in expenses in satisfaction of the restricted purposes specified by the donors

9. Expenses

The costs of providing the various programs and activities of PERIOD have been summarized on a functional basis in the statement of support, revenue, and expenses (modified cash basis). Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses by natural classification are also presented in the statement of functional expenses.

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the organization, and therefore require allocation on a reasonable basis that is consistently applied. Those expenses include salaries and wages and payroll taxes, which are allocated on the basis of estimates of time and effort and occupancy which is allocated on the basis of estimated use.

10. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure within one year of the statement of financial position date comprise the following at December 31, 2020:

<i>Total financial assets available to fund general operations:</i>	
Cash and cash equivalents	\$ 423,882
Certificates of deposit	102,265
	\$ 526,147

As part of its liquidity management, PERIOD has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

11. Reclassification of 2018 Comparative Totals

Certain 2019 amounts presented herein have been reclassified to conform to the 2020 presentation.

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GOVERNING BOARD AND MANAGEMENT

Directors

Nancy Monsarrat, *Chair*

Kirsten Brady, *Vice Chair*

Ajay Doshi, *Treasurer*

Alisia Ford

Lisa DeNike, MD

Shari Dunn

Jasmine Shabazz

Amber Wynne

Management

Michela Bedard, *Executive Director*

Damaris Pereda, *National Programs Director*

Dara Wilk, *Development Director*

PERIOD, INC.

INQUIRIES AND OTHER INFORMATION

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