

THE GATHERING PLACE
FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

THE GATHERING PLACE

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Gathering Place
Beachwood, Ohio

Opinion

We have audited the accompanying financial statements of The Gathering Place (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 The Gathering Place as of June 30, 2022 and 2021 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 The Gathering Place 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 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 and 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 The Gathering Place'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 Responsibility

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, including omissions, 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 The Gathering Place'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 The Gathering Place'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.

Zinner & Co. LLP

Beachwood, Ohio

December 16, 2022

THE GATHERING PLACE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 480,174	\$ 895,719
Unconditional promises to give		
Without donor restrictions	73,935	46,911
With donor restrictions	244,904	4,115
Inventory	24,334	31,735
Prepaid expenses and deposits	29,908	24,561
Investments		
Without donor restrictions	1,158,771	2,312,479
Without donor restrictions - Board designated for endowment	2,945,770	2,945,770
With donor restrictions - Term endowment	2,227,415	2,216,923
With donor restrictions	250,000	250,000
Land	235,000	235,000
Fixed assets, net	1,457,977	1,573,102
Beneficial interest in perpetual trust	140,968	165,117
Total Assets	\$ 9,269,156	\$ 10,701,432
Liabilities		
Accounts payable	\$ 28,948	\$ 21,242
Accrued wages and taxes	21,383	44,841
Accrued expenses	4,240	3,124
Paycheck Protection Program loan (See Note G)	0	220,000
Total Liabilities	54,571	289,207
Net Assets		
Without donor restrictions		
Available for programs and services	1,372,602	2,532,759
Allocated to land and fixed assets	1,692,977	1,808,102
Board designated for endowment	2,945,770	2,945,770
	6,011,349	7,286,631
With donor restrictions		
Time and purpose restrictions	3,062,268	2,960,477
Perpetual in nature from beneficial interest in perpetual trust	140,968	165,117
	3,203,236	3,125,594
Total Net Assets	9,214,585	10,412,225
Total Liabilities and Net Assets	\$ 9,269,156	\$ 10,701,432

The accompanying notes are an integral part of these financial statements.

THE GATHERING PLACE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions	\$ 802,287	\$ 0	\$ 802,287
Grants	349,400	244,904	594,304
Board-designated and term endowments	0	10,500	10,500
Earned income	32,605	0	32,605
Other income - Paycheck Protection Program	220,000	0	220,000
Other income - Employee retention credit	34,943	0	34,943
Special events			
Gross revenue	468,272	0	468,272
Less: Direct expenses	(51,348)	0	(51,348)
Warehouse			
Gross sales	203,556	0	203,556
Donated inventory	196,155	0	196,155
Less: Cost of sales	(203,556)	0	(203,556)
Direct expenses	(129,399)	0	(129,399)
Change in value of perpetual trust	0	(24,149)	(24,149)
Investment income, net of fees	299,983	0	299,983
Realized gain on sale of investments	329,779	0	329,779
Unrealized loss on investments	(1,559,231)	0	(1,559,231)
	993,446	231,255	1,224,701
Net assets released from restrictions:			
Satisfaction of program restrictions	153,613	(153,613)	0
Total Reclassifications	153,613	(153,613)	0
Total Support and Revenue	1,147,059	77,642	1,224,701
Expenses			
Program services:			
Adult and child centers	1,828,186	0	1,828,186
Total Program Services	1,828,186	0	1,828,186
Supporting services:			
Administration	242,808	0	242,808
Development	351,347	0	351,347
Total Supporting Services	594,155	0	594,155
	2,422,341	0	2,422,341
Changes in Net Assets	(1,275,282)	77,642	(1,197,640)
Total Net Assets at Beginning of Year	7,286,631	3,125,594	10,412,225
Total Net Assets at End of Year	6,011,349	3,203,236	9,214,585
Board Designated and Net Assets With Donor Restrictions	(2,945,770)	(3,203,236)	(6,149,006)
Net Assets Without Donor Restrictions Allocated to Land and Fixed Assets	(1,692,977)	0	(1,692,977)
Net Assets Without Donor Restrictions Available for Programs & Services	\$ 1,372,602	\$ 0	\$ 1,372,602

The accompanying notes are an integral part of these financial statements.

THE GATHERING PLACE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions	\$ 821,044	\$ 0	\$ 821,044
Grants	154,649	262,126	416,775
Board-designated and term endowments	4,138	8	4,146
Donated services	2,538	0	2,538
Earned income	16,803	0	16,803
Other income - Paycheck Protection Program	296,900	0	296,900
Other income - Workers compensation dividend	37,036	0	37,036
Special events			
Gross revenue	408,336	0	408,336
Less: Direct expenses	(23,730)	0	(23,730)
Warehouse			
Gross sales	139,653	0	139,653
Donated inventory	141,368	0	141,368
Less: Cost of sales	(139,653)	0	(139,653)
Direct expenses	(97,896)	0	(97,896)
Change in value of perpetual trust	0	34,687	34,687
Investment income, net of fees	118,958	0	118,958
Realized gain on sale of investments	102,368	0	102,368
Unrealized gain on investments	1,203,107	0	1,203,107
	<u>3,185,619</u>	<u>296,821</u>	<u>3,482,440</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	140,530	(140,530)	0
Total Reclassifications	140,530	(140,530)	0
Total Support and Revenue	<u>3,326,149</u>	<u>156,291</u>	<u>3,482,440</u>
Expenses			
Program services:			
Adult and child centers	1,683,911	0	1,683,911
Total Program Services	<u>1,683,911</u>	<u>0</u>	<u>1,683,911</u>
Supporting services:			
Administration	166,737	0	166,737
Development	334,089	0	334,089
Total Supporting Services	<u>500,826</u>	<u>0</u>	<u>500,826</u>
	<u>2,184,737</u>	<u>0</u>	<u>2,184,737</u>
Changes in Net Assets	1,141,412	156,291	1,297,703
Total Net Assets at Beginning of Year	<u>6,145,219</u>	<u>2,969,303</u>	<u>9,114,522</u>
Total Net Assets at End of Year	7,286,631	3,125,594	10,412,225
Board Designated and Net Assets With Donor Restrictions	(2,945,770)	(3,125,594)	(6,071,364)
Net Assets Without Donor Restrictions Allocated to Land and Fixed Assets	<u>(1,808,102)</u>	<u>0</u>	<u>(1,808,102)</u>
Net Assets Without Donor Restrictions Available for Programs & Services	<u>\$ 2,532,759</u>	<u>\$ 0</u>	<u>\$ 2,532,759</u>

The accompanying notes are an integral part of these financial statements.

THE GATHERING PLACE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>	<u>Supporting Services</u>			
	<u>Adult and Child Centers</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 952,467	\$ 134,030	\$ 276,495	\$ 410,525	\$ 1,362,992
Benefits and taxes	225,357	24,739	37,053	61,792	287,149
Program costs	202,983	0	0	0	202,983
Board-related costs	0	5,041	0	5,041	5,041
Fundraising costs	0	0	12,852	12,852	12,852
Operations	290,492	13,279	16,500	29,779	320,271
Professional fees	4,160	47,431	26	47,457	51,617
Utilities	17,170	0	797	797	17,967
Miscellaneous	905	10,807	143	10,950	11,855
Depreciation and amortization	134,652	7,481	7,481	14,962	149,614
Total	<u>\$ 1,828,186</u>	<u>\$ 242,808</u>	<u>\$ 351,347</u>	<u>\$ 594,155</u>	<u>\$ 2,422,341</u>
	75%	10%	15%	25%	100%

The accompanying notes are an integral part of these financial statements.

THE GATHERING PLACE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>		<u>Supporting Services</u>		
	<u>Adult and Child Centers</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 883,518	\$ 89,651	\$ 264,062	\$ 353,713	\$ 1,237,231
Benefits and taxes	212,477	19,498	31,938	51,436	263,913
Program costs	143,514	0	0	0	143,514
Board-related costs	0	4,571	0	4,571	4,571
Fundraising costs	0	0	12,048	12,048	12,048
Operations	293,398	9,614	18,050	27,664	321,062
Professional fees	5,579	35,337	116	35,453	41,032
Utilities	14,279	686	686	1,372	15,651
Miscellaneous	1,738	191	0	191	1,929
Depreciation and amortization	129,408	7,189	7,189	14,378	143,786
Total	\$ 1,683,911	\$ 166,737	\$ 334,089	\$ 500,826	\$ 2,184,737
	77%	8%	15%	23%	100%

The accompanying notes are an integral part of these financial statements.

THE GATHERING PLACE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities		
Changes in net assets	\$ (1,197,640)	\$ 1,297,703
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	149,614	143,786
Non-cash contribution of donated goods and inventory, net of non-cash cost of sales	7,401	(1,715)
Net realized and unrealized loss (gain) on investment activity	1,229,452	(1,305,475)
Dividends and interest reinvested, net of fees	292,782	110,646
Change in value of trust held by others	24,149	(34,687)
Amortization of discount on promises to give	(5,096)	8
Recognition of Paycheck Protection Program revenue	(220,000)	(296,900)
(Increase) decrease in:		
Unconditional promises to give	(262,717)	(11,071)
Prepaid expenses and deposits	(5,347)	5,499
Increase (decrease) in:		
Accounts payable	7,706	(44,658)
Accrued wages and taxes	(23,458)	1,181
Accrued expenses	1,116	2,633
Net Cash Used by Operating Activities	(2,038)	(133,050)
Cash Flows from Investing Activities		
Net increase in investments, net	(379,019)	(229,572)
Acquisition of property and equipment	(34,488)	(87,599)
Net Cash Used for Investing Activities	(413,507)	(317,171)
Cash Flows from Financing Activities		
Proceeds from Paycheck Protection Program loan	0	220,000
Net Cash Provided by Financing Activities	0	220,000
Net Decrease in Cash and Cash Equivalents	(415,545)	(230,221)
Cash and Cash Equivalents at Beginning of Year	895,719	1,125,940
Cash and Cash Equivalents at End of Year	\$ 480,174	\$ 895,719

Supplemental Disclosure of Non-cash Transactions

Non-cash contributions of inventory were received with a fair market value totaling \$196,155 and \$141,368 for the years ended June 30, 2022 and 2021, respectively. Non-cash cost of sales have been recognized in the amount of \$203,556 and \$139,653 for the years ended June 30, 2022 and 2021, respectively.

The accompanying notes are an integral part of these financial statements.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Gathering Place (the Organization) was formed in 1999 as a nonprofit community based wellness center that focuses on the support, education, and encouragement of people working to overcome the effects of cancer in their lives. The Organization began to offer programs and services to the community on January 3, 2000. In October, 2008 the Organization began offering programs in a second location on the west side of Cleveland, Ohio.

The primary purpose of the Organization is to improve the quality of life, regardless of prognosis, with the concept of “wellness” as a guiding principle, through various support programs. The support programs are designed to complete the circle of care by integrating conventional medical treatment with psychosocial support. The Organization is creating a community in which cancer survivors, their friends and family can share experiences and gain strength and hope in a safe, homelike environment with the guidance of professionals.

All programs and services are provided free of charge. The Organization is supported primarily through donor contributions and grants from corporations, foundations, and individuals.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958-205. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

ASC 958-205 requires board-designated funds to be reported as part of net assets without donor restrictions; accordingly, the Organization reports designations of voluntary board-approved segregations of net assets without donor restrictions for specific purposes as a classification of net assets without donor restrictions.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

For purposes of the financial statements, the Organization considers all unrestricted highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance, when recorded, is based on prior experience and management's analysis of specific promises made. Management determined that there was no need for an allowance as of June 30, 2022 and 2021.

Investments

Investments are valued at fair value.

Donated investments are reflected as contributions at their fair values at date of receipt. Dividend and interest income and gains and losses on investments are reflected in current without donor restriction activities unless with donor restriction, either by law or explicit donor stipulation, in which case they would be reported in with donor restriction.

Valuation of Long-Lived Assets

The Organization reviews for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the estimated future cash flows are less than the carrying amount of the asset. No impairment losses were recognized in 2022 or 2021.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. It is the Organization's policy to imply a time restriction, based on the assets' estimated useful lives, on donations of property and equipment that are not restricted as to their use by the donor. Accordingly, those donations are recorded as support increasing with donor restriction net assets. The Organization reclassifies to net assets without donor restriction each year for the amount of the donated property and equipment's depreciation expense.

Inventory

Inventory consists of thrift store items held for resale and is stated at fair value.

Fixed Assets

Fixed assets are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000.

Deferred Revenue

Funds received by the Organization prior to the recognition of revenue are recorded as deferred revenue.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. The Board has designated a portion of net assets without donor restrictions for use on special projects and for the purpose of securing the Organization's long-term financial viability.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Paycheck Protection Program Funding

The Organization received loans during both the years ended June 30, 2021 and 2020, pursuant to the Paycheck Protection Program (the PPP Loan) as further described in Note G. The Organization applied for forgiveness of the PPP Loans with respect to the covered expenses. Management considered the bank and U.S. Small Business Administration (SBA) approval of forgiveness to be administrative requirements and not a barrier; however, it is the policy of the Organization to recognize the funds as a loan upon receipt and then recognize the subsequent forgiveness of debt upon official notification from the lending source of the debt forgiveness.

Revenue Recognition for Contracts with Customers

The Organization's revenue streams under contracts with customers consists primary of revenues under the following categories:

Warehouse sales: The Organization operates a warehouse to sell donated goods. All sales are recognized at the point in time the products are sold.

Fees and rentals: The Organization at times will rent portions of its space to third parties with similar programmatic needs or charge fees for the use of Organizational resources. Revenues are recognized at the point in time that the space or resource is made available to the third party.

Sales: The Organization at time offers certain products for sale related to its mission or programs. Revenues are recognized at the point in time that a sale occurs.

Community events: The Organization and its employees at times participate in events that are hosted by The Gathering Place or other third parties for the benefit of community attendees. Such events include but are not limited to lectures, workshops and educational sessions. Attendees and/or third party hosts will compensate The Gathering Place for their participation. All revenues are recognized at the point in time that the event occurs.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition for Contracts with Customers (Continued)

Revenue recognition for each of the revenue streams identified above are subject to the satisfaction of performance obligations. Revenue is recognized when performance obligations are satisfied over a period of time or at a point in time. Revenue is measured as the amount of consideration the Organization expects to receive in exchange for providing services. Any payments received in advance of satisfaction of performance obligations are recorded as deferred revenue until the obligation is met.

Revenue and Support With and Without Donor Restrictions

The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. In situations where the Organization meets all donor-imposed restrictions on amounts contributed for a specific purpose in the same reporting period in which the contribution was received, the contribution is reported as without donor restrictions. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met. Funds received related to conditional grants are classified as refundable advances until expended for the purposes of the grants.

Advertising

Advertising costs are expensed when incurred.

Functional Expense Allocation

Costs of providing various programs and supporting services are allocated based on specific identification, if practical. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and utilities, and depreciation and amortization, which are allocated on use of square-footage. Salaries, benefits and taxes are allocated based on estimates of time and effort.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and equivalents and promises to give. The Organization maintains its cash and equivalents with financial institutions and although they have invested amounts in excess of any federal insurance limits, management does not feel that it is exposed to any substantial credit risk. Concentrations with respect to promises to give are limited due to the large number of donors comprising the Organization's donor base and the variety of the Organization's funding sources. As of June 30, 2022 and 2021, the Organization had no other significant concentrations of credit risk.

Recently Adopted Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958). This update addresses presentation and disclosure of contributed nonfinancial assets. This update will require a not-for-profit to present contributed nonfinancial assets as a separate line item in the Statements of Activities, apart from contributions of cash and other financial assets, disclose contributed nonfinancial assets recognized within the Statements of Activities disaggregated by category that depicts the type of contributed nonfinancial assets, and for each category of contributed nonfinancial assets recognized include the following qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period (if utilized, to disclose a description of the programs or other activities in which those assets were used), the Organization's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets, a description of any donor imposed restrictions associated with the contributed nonfinancial assets, a description of the valuation techniques and inputs used to arrive at a fair value measure at initial recognition, and the principal market used to arrive at a fair value measure if it is a market in which the recipient Organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The ASU is to be applied on a retrospective basis and effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. The Organization adopted ASU 2020-07 effective July 1, 2021 using the retrospective method.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) (ASU 2016-02). The objective of ASU 2016-02 is to recognize lease assets and lease liabilities for those leases classified as operating leases under previous generally accepted accounting principles (GAAP). In June 2020, the FASB issued ASU 2020-05 as a limited deferral of the effective dates of two Updates, one of which is ASU 2016-02. Lease rules will now be applied to fiscal years beginning after December 15, 2021 for private companies and not-for-profit organizations, excluding public not-for-profit entities, who have not yet issued their financial statements reflecting the adoption of Leases. Management will be evaluating the potential impact of adopting this guidance on its financial statements.

COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a public health emergency and on March 11, 2020 declared COVID-19 a pandemic. COVID-19 continues to cause business disruption through mandated and voluntary closings of many of the Organization's donors, program and service participants, employees, vendors and other business partners. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the Organization's donors, program and service participants, employees, vendors, and other business partners, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

Subsequent Events

The Organization has evaluated subsequent events through, December 16, 2022, the date the financial statements were available to be issued, and all relevant subsequent information is included within the applicable notes to the financial statements.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE B - PROMISES TO GIVE

Unconditional promises to give at June 30, 2022 and 2021 consist of:

	2022	2021
Without donor restrictions	\$ 73,935	\$ 46,911
Restricted for programming	250,000	4,115
Gross unconditional promises to give	323,935	51,026
Less: Unamortized discount	5,096	0
Net Unconditional Promises to Give	\$ 318,839	\$ 51,026
Amounts due in:		
Less than one year	\$ 198,935	\$ 51,026
One to five years	125,000	0
Total Amounts Due	\$ 323,935	\$ 51,026

NOTE C - INVESTMENTS

The following is a summary of costs and fair values of assets held in the Organization's investment portfolio as of June 30, 2022 and 2021:

	2022		
	Cost	Fair Value	Unrealized Gain (Loss)
Cash and equivalents	\$ 200,138	\$ 200,138	\$ 0
Equities, mutual funds & ETFs	4,564,853	5,138,738	573,885
Fixed income	1,311,248	1,243,080	(68,168)
	\$6,076,239	\$ 6,581,956	\$ 505,717
	2021		
	Cost	Fair Value	Unrealized Gain
Cash and equivalents	\$ 245,557	\$ 245,557	\$ 0
Equities, mutual funds & ETFs	4,083,130	6,122,624	2,039,494
Fixed income	1,331,448	1,356,991	25,543
	\$5,660,135	\$ 7,725,172	\$2,065,037

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE D - FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with ASC 820-10, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access. These include investments that are recorded at fair value on a recurring basis and fair value measurement is based upon quoted prices, if available. Securities valued using Level 1 inputs include those traded on an active exchange and other exchange trade securities.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for subsequently the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The following table presents the Organization’s fair value hierarchy by level for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2022 and 2021.

	Fair Value Measurements at June 30, 2022 Using			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash and equivalents	\$ 200,138	\$ 200,138	\$ 0	\$ 0
Equities, mutual funds & ETFs	5,138,738	5,138,738	0	0
Fixed income	1,243,080	1,243,080	0	0
Total investments at fair value	6,581,956	6,581,956	0	0
Donated inventory at fair value	24,334	0	0	24,334
Beneficial interest in perpetual trust	140,968	0	0	140,968
Total assets at fair value	\$ 6,747,258	\$ 6,581,956	\$ 0	\$ 165,302

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)

	Fair Value Measurements at June 30, 2021 Using			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash and equivalents	\$ 245,557	\$ 245,557	\$ 0	\$ 0
Equities, mutual funds & ETFs	6,122,624	6,122,624	0	0
Fixed income	1,356,991	1,356,991	0	0
Total investments at fair value	7,725,172	7,725,172	0	0
Donated inventory at fair value	31,735	0	0	31,735
Beneficial interest in perpetual trust	165,117	0	0	165,117
Total assets at fair value	\$ 7,922,024	\$ 7,725,172	\$ 0	\$ 196,852

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Fair value for the beneficial interest in a perpetual trust (level 3) is determined at the fair value of the assets in the trust which can be likened to the present value of the estimated future distributions from the trust assets.

The Organization receives donated goods which are recorded at fair value (level 3) which is determined by a calculation which values donated materials using a method which estimates inventory based on factors such as net sales and inventory turnover. There have been no changes in valuation techniques and related inputs during the current fiscal year.

NOTE E - FIXED ASSETS

Fixed assets consist of the following as of June 30, 2022 and 2021:

	2022	2021
Land improvements	\$ 937,124	\$ 937,124
Building and improvements	1,823,276	1,823,276
Computer hardware	138,378	105,488
Computer software and technology	64,055	64,055
Office equipment	109,405	86,720
Furniture and fixtures	384,092	382,493
Fixed assets to be placed in service	0	22,685
Leasehold improvements	610,840	610,840
	4,067,170	4,032,681
Less: Accumulated depreciation	(2,609,193)	(2,459,579)
	\$ 1,457,977	\$ 1,573,102

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE F - PERPETUAL TRUST

The Organization is the beneficiary of a perpetual trust held by a Foundation from which trust income is received annually for the Organization's use. The assets are held by a third-party trustee. Under the terms of the trust, the Organization has the irrevocable right to receive income earned from the trust's assets in perpetuity, for the purpose of maintaining the Organization's resource center. As of June 30, 2022 and 2021, assets with a value of \$140,968 and \$165,117 were held in trust funds, and are net assets with donor restrictions in perpetuity. The assets are recorded at fair value, which is estimated to approximate the present value of expected future distributions from the trust. The change in value of the perpetual trust is recognized as revenue in the Statement of Activities. The funds are held by the Mt. Sinai Health Care Foundation (the Foundation) and annual distributions to the Organization are based on the annual payout rate adopted by the Foundation's Board for its restricted endowment funds, which amounted to \$7,200 and \$8,311 for the years ended June 30, 2022 and 2021, respectively.

NOTE G - PAYCHECK PROTECTION PROGRAM LOAN

The Organization applied for and received term loans pursuant to the CARES Act's Paycheck Protection Program (PPP), as also described in Note A. The first round of funding was received on April 22, 2020 from Key Bank for an aggregate principal amount of \$296,900. The second round of funding was received on February 5, 2021, from Key Bank for an aggregate principal amount of \$220,000.

On November 5, 2020, the Organization received formal forgiveness of the first round of PPP funding and recognized the aggregate principal amount of \$296,900 as revenue in the fiscal year ended June 30, 2021. On September 30, 2021, the Organization received formal forgiveness of the second round of PPP funding and recognized the aggregate principal amount of \$220,000 as revenue in the fiscal year ended June 30, 2022.

As of the fiscal years ended June 30, 2022 and 2021, the PPP Loan balances amounted to \$0 and \$220,000 respectively.

NOTE H - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30, 2022 and 2021 are available for the following purposes or periods:

	2022	2021
Programs	\$ 339,949	\$ 493,554
Expansion of services into underserved communities	494,904	250,000
Term endowment funds restricted by donors	2,227,415	2,216,923
Total	<u>\$ 3,062,268</u>	<u>\$ 2,960,477</u>

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE H - RESTRICTIONS ON NET ASSETS (CONTINUED)

Funds with Deficiencies

From time to time, the fair market value of assets associated with individual donor restricted funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are to be reported in net assets without donor restrictions as of year-end.

Interpretation of Relevant Law

The Organization's endowment includes both donor-restricted 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. The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring 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.

As a result of this interpretation, the Organization classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restriction in perpetuity 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 SPMIFA.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the endowment funds, (2) purposes of the institution and the endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE H - RESTRICTIONS ON NET ASSETS (CONTINUED)

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Accordingly, the investment process seeks to grow their endowment assets for future use and to provide for annual distributions as deemed appropriate. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, which is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution not to exceed 5 percent of the rolling 3-year average as of March 31st of each fiscal year, while growing the funds if possible. Fixed income securities purchased for this account must be either direct obligations of the United States Government or its agencies, or debt instruments rated AAA, AA or A (or their short-term debt equivalent) by S&P or Moody's Rating Agencies, at the time of purchase. Debt instruments that drop in rating to BBB or lower, as rated by S&P or Moody's, will be reviewed for possible sale. 0% - 15% of the assets in the portfolio should be held in cash or cash equivalents that provide liquidity in 7 days or less. These funds will be used to fund distribution requests so that assets subject to market volatility do not need to be sold at an inopportune time. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year an amount not to exceed 5 percent of the rolling 3-year average as of March 31st of each fiscal year. In establishing this policy, the Organization considered the long-term expected return on its endowment. The Organization's objective is to maintain the purchasing power of the endowment assets for a specified term as well as to provide additional real growth through new gifts and investment return. Endowment net asset composition by type of fund as of June 30, 2022 and 2021 is as follows:

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE H - RESTRICTIONS ON NET ASSETS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy
(Continued)

Endowment net asset composition by type of fund as of June 30, 2022 and 2021 is as follows:

	2022		Total Net Endowment Assets
	Without Donor Restrictions	With Donor Restrictions	
Endowment funds:			
Without donor restrictions - Undesignated	\$ 1,118,756	\$ 0	\$ 1,118,756
Without donor restrictions - Board designated	2,945,770	0	2,945,770
With donor restrictions	0	2,227,415	2,227,415
With donor restrictions-Restricted in perpetuity	0	140,968	140,968
Total Funds	\$ 4,064,526	\$ 2,368,383	\$ 6,432,909
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment funds:			
Without donor restrictions - Undesignated	\$ 2,253,585	\$ 0	\$ 2,253,585
Without donor restrictions - Board designated	2,945,770	0	2,945,770
With donor restrictions	0	2,216,923	2,216,923
With donor restrictions-Restricted in perpetuity	0	165,117	165,117
Total Funds	\$ 5,199,355	\$ 2,382,040	\$ 7,581,395

Changes in endowment net assets as of June 30, 2022 are as follows:

	2022			Total Net Endowment Assets
	Without Donor Restrictions		With Donor Restrictions	
	Undesignated	Board Designated		
Endowment net assets, beginning of year	\$ 2,253,585	\$ 2,945,770	\$ 2,382,040	\$ 7,581,395
Contributions	0	0	10,500	10,500
Reclassifications and releases	0	0	(8)	(8)
Investment activity	0	355,226	267,335	622,561
Net appreciation (depreciation)	(806,180)	0	(793,066)	(1,599,246)
Net loss on perpetual trust	0	0	(24,149)	(24,149)
Amounts appropriated for expenditure	(328,649)	(355,226)	525,731	(158,144)
Endowment net assets, end of year	\$ 1,118,756	\$ 2,945,770	\$ 2,368,383	\$ 6,432,909

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE H - RESTRICTIONS ON NET ASSETS (CONTINUED)

Changes in endowment net assets as of June 30, 2021 are as follows:

	2021			Total Net Endowment Assets
	Without Donor Restrictions		With Donor Restrictions	
	Undesignated	Board Designated		
Endowment net assets, beginning of year	\$ 847,772	\$ 2,941,631	\$ 2,347,345	\$ 6,136,748
Contributions	0	4,138	8	4,146
Investment activity	0	121,470	91,544	213,014
Net appreciation(depreciation)	316,520	0	827,695	1,144,215
Net income on perpetual trust	0	0	34,687	34,687
Amounts appropriated for expenditure	1,089,293	(121,469)	(919,239)	48,585
Endowment net assets, end of year	\$ 2,253,585	\$ 2,945,770	\$ 2,382,040	\$ 7,581,395

NOTE I - LINE OF CREDIT

The Organization entered into a \$300,000 line of credit with a bank. Borrowings on the credit line are payable on demand and bear interest at the bank's prime rate (4.75% and 3.25% at June 30, 2022 and 2021, respectively). The line of credit is secured by a first mortgage on the owner-occupied commercial property titled in the name of the Organization and is renewed annually, which is currently through May 1, 2025. As of both the years June 30, 2022 and 2021, the Organization had no outstanding borrowings related to the line of credit.

NOTE J - DONATED GOODS AND SERVICES

The value of donated goods and services included in the financial statements for the years ended June 30, 2022 and 2021, are as follows:

	2022	2021
Inventory contributed for sale at <i>The Gathering Place Warehouse</i>	\$ 196,155	\$ 141,368
Discounted program rates	0	137
Graphic design support	0	375
Information technology and support	0	2,026
Total	\$ 196,155	\$ 143,906

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE J - DONATED GOODS AND SERVICES (CONTINUED)

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, development, and administration. During both the years ended June 30, 2022 and 2021, volunteers donated in excess of approximately 5,370 and 500 hours of service, to the Organization at a value of approximately \$153,108 and \$13,500, respectively. These services do not meet the criteria for recognition under ASC 958-605. The increase in donated service hours during the fiscal year ended June 30, 2022 was related to the impact of COVID-19 on prior year donated service hours.

NOTE K - INCOME TAXES

The Organization qualifies as a charitable organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from income taxes. The Organization has not been classified as a private foundation within the meaning of Section 509(a) and does qualify for deductible contributions as provided in Section 170(b)(1)(A)(vi).

As of July 1, 2020 and for the years ended June 30, 2022 and 2021, the Organization had not engaged in any activity which management considers to be activity that could result in a loss of its 501(c)(3) IRS designation.

As well, management does not consider any of the activity of the Organization to be considered unrelated business income that could result in income tax. For the years ended June 30, 2022 and 2021, there was no tax interest or penalties reflected in the statement of activities or in the statement of financial position. The Organization is no longer subject to U.S. federal, state, and local income tax examinations by taxing authorities for years before 2018.

NOTE L - OPERATING LEASES

The Organization leases office equipment, its wellness center facility, its west side facility and its warehouse. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2022:

2023	\$ 136,690
2024	129,820
2025	125,361
2026	113,800
2027	104,800
Thereafter	<u>0</u>
Total Minimum Payments	<u>\$ 610,471</u>

Total rental expense amounted to \$144,966 and \$130,977 for the years ended June 30, 2022 and 2021, respectively.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE M - RETIREMENT PLAN

The Organization has a qualified contributory retirement plan under Section 403(b) of the Internal Revenue Code. Employees are eligible for participation in the plan immediately upon employment with the Organization. An employer matching contribution is being made by the Organization, limited to 50% of each participant's elected deferral for the plan year up to 6% of the participant's eligible compensation, not to exceed 3% of the participant's eligible compensation. Total matching plan contributions by the Organization totaled \$20,569 and \$29,208 for the years ended June 30, 2022 and 2021, respectively.

NOTE N – LIQUIDITY

The Organization's financial assets available within one year of the Statement of Financial Position date for general expenditures are as follows:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 480,174	\$ 895,719
Unconditional promises to give		
Without donor restrictions	73,935	46,911
With donor restrictions	244,904	4,115
Investments		
Without donor restrictions	1,158,771	2,312,479
Without donor restrictions - Board designated		
for endowment	2,945,770	2,945,770
With donor restrictions - Term endowment	2,227,415	2,216,923
With donor restrictions	250,000	250,000
Financial assets, at year-end	7,380,969	8,671,917
Less those not available for general expenditure		
within one year:		
Unconditional promises to give		
With donor restrictions - Restrictions beyond one year	(125,000)	0
Investments		
Without donor restrictions - Board designated		
for endowment	(2,945,770)	(2,945,770)
With donor restrictions - Term endowment	(2,227,415)	(2,216,923)
Financial assets available for general expenditure		
within one year	\$ 2,082,784	\$ 3,509,224

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE N – LIQUIDITY (CONTINUED)

The Organization has certain donor restricted net assets that are available for general expenditures within one year of the Statement of Financial Position date because the restrictions on the net assets are expected to be met by conducting the activities of projects in the coming year. Accordingly, the related resources have been included in the quantitative information detailing financial assets available to meet general expenditures within one year. The Organization has other assets limited to use for donor-restricted purposes in a future period, which are not included.

The board has designated net assets in the form of board designated endowments in the amount of \$2,945,770 that may be expended to allow for shortfalls from economic fluctuations, single or multi-year project opportunities, or capital expenditures. Therefore, these amounts are not intended to be available to meet general expenditures within one year, unless approved by the Board. As described in Note H, the Organization has an endowment in which the Board has established a prudent policy of appropriating for distribution 5% of a three year rolling average of the market value of the fund at March 31st of the preceding 3 years, to be used on general expenditures of the Organization.

In addition to the financial assets noted above, the Organization maintains inventory of donated household goods at a warehouse and holds regular monthly sales, with the proceeds being available for general expenditures. The Organization has a committed line of credit in the amount of \$300,000 (as further discussed in Note I) which it could draw upon in the event of unanticipated liquidity needs.