

THE GATHERING PLACE
FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

THE GATHERING PLACE

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Gathering Place
Beachwood, Ohio

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, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements and 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **The Gathering Place** as of June 30, 2018 and 2017 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.

Zimmer & Co. LLP

Beachwood, Ohio

October 24, 2018

THE GATHERING PLACE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 518,892	\$ 846,500
Unconditional promises to give		
Unrestricted	61,346	111,250
Board designated for capital improvements	59,832	0
Restricted for term endowment	121,419	304,690
Temporarily restricted - Capital Campaign	0	106,389
Temporarily restricted	7,500	8,587
Inventory	5,968	6,706
Prepaid expenses and deposits	57,119	35,825
Investments	5,545,965	5,042,903
Land	235,000	235,000
Fixed assets, net	1,839,111	1,451,411
Construction in progress	0	298,055
Beneficial interest in perpetual trust	136,776	124,886
	\$ 8,588,928	\$ 8,572,202
Liabilities		
Accounts payable	\$ 68,441	\$ 59,119
Accrued wages and taxes	29,082	26,513
Deferred revenue	0	194,340
Accrued expenses	2,271	2,931
	99,794	282,903
Net Assets		
Unrestricted		
Available for programs and services	995,963	721,493
Allocated to land and fixed assets	2,074,111	1,984,466
Board designated for capital improvements	112,241	0
Board designated for endowment	2,868,282	2,764,314
	6,050,597	5,470,273
Temporarily restricted	2,301,761	2,694,140
Permanently restricted	136,776	124,886
	8,489,134	8,289,299
Total Net Assets	8,489,134	8,289,299
Total Liabilities and Net Assets	\$ 8,588,928	\$ 8,572,202

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

THE GATHERING PLACE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Contributions	\$ 1,071,378	\$ 0	\$ 0	\$ 1,071,378
Contributions - Capital campaign	57,118	0	0	57,118
Grants	146,064	31,599	0	177,663
Board-designated and term endowments	103,968	53,528	0	157,496
Donated goods and services	900	0	0	900
Special events				
Gross revenue	713,868	0	0	713,868
Less: Direct expenses	(76,884)	0	0	(76,884)
Warehouse				
Gross sales	240,867	0	0	240,867
Donated inventory	240,130	0	0	240,130
Less: Cost of sales	(240,867)	0	0	(240,867)
Direct expenses	(56,707)	0	0	(56,707)
Change in value of perpetual trust	0	0	11,890	11,890
Investment income, net of fees	122,993	0	0	122,993
Realized loss on sale of investments	(7,188)	0	0	(7,188)
Unrealized gain on investments	205,700	0	0	205,700
	<u>2,521,340</u>	<u>85,127</u>	<u>11,890</u>	<u>2,618,357</u>
Net assets released from restrictions:				
Satisfaction of program restrictions	477,506	(477,506)	0	0
Total Reclassifications	477,506	(477,506)	0	0
Total Support and Revenue	<u>2,998,846</u>	<u>(392,379)</u>	<u>11,890</u>	<u>2,618,357</u>
Expenses				
Program services:				
Adult and child centers	1,946,615	0	0	1,946,615
Total Program Services	<u>1,946,615</u>	<u>0</u>	<u>0</u>	<u>1,946,615</u>
Supporting services:				
Administration	168,638	0	0	168,638
Development	303,269	0	0	303,269
Total Supporting Services	<u>471,907</u>	<u>0</u>	<u>0</u>	<u>471,907</u>
	<u>2,418,522</u>	<u>0</u>	<u>0</u>	<u>2,418,522</u>
Changes in Net Assets	<u>580,324</u>	<u>(392,379)</u>	<u>11,890</u>	<u>199,835</u>
Total Net Assets at Beginning of Year	<u>5,470,273</u>	<u>2,694,140</u>	<u>124,886</u>	<u>8,289,299</u>
Total Net Assets at End of Year	<u>6,050,597</u>	<u>2,301,761</u>	<u>136,776</u>	<u>8,489,134</u>
Board Designated and Restricted Net Assets	<u>(2,980,523)</u>	<u>(2,301,761)</u>	<u>(136,776)</u>	<u>(5,419,060)</u>
Unrestricted Net Assets Allocated to Land and Fixed Assets	<u>(2,074,111)</u>	<u>0</u>	<u>0</u>	<u>(2,074,111)</u>
Unrestricted Net Assets Available for Programs & Services	<u>\$ 995,963</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 995,963</u>

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

THE GATHERING PLACE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Contributions	\$ 820,060	\$ 0	\$ 0	\$ 820,060
Contributions - Capital campaign	308,051	400,290	0	708,341
Grants	177,162	93,304	0	270,466
Board-designated and term endowments	195,625	55,714	0	251,340
Donated goods and services	13,800	0	0	13,800
Special events				
Gross revenue	879,299	0	0	879,299
Less: Direct expenses	(175,803)	0	0	(175,803)
Warehouse				
Gross sales	259,501	0	0	259,501
Donated inventory	261,691	0	0	261,691
Less: Cost of sales	(259,316)	0	0	(259,316)
Direct costs	(68,496)	0	0	(68,496)
Change in value of perpetual trust	0	0	15,370	15,370
Investment income, net of fees	69,893	0	0	69,893
Realized gain on sale of investments	68,238	0	0	68,238
Unrealized gain on investments	157,065	0	0	157,065
	<u>2,706,770</u>	<u>549,308</u>	<u>15,370</u>	<u>3,271,449</u>
Net assets released from restrictions:				
Satisfaction of program restrictions	73,772	(73,772)	0	0
Total Reclassifications	<u>73,772</u>	<u>(73,772)</u>	<u>0</u>	<u>0</u>
Total Support and Revenue	<u>2,780,543</u>	<u>475,536</u>	<u>15,370</u>	<u>3,271,449</u>
Expenses				
Program services:				
Adult and child centers	1,890,766	0	0	1,890,766
Total Program Services	<u>1,890,766</u>	<u>0</u>	<u>0</u>	<u>1,890,766</u>
Supporting services:				
Administration	152,569	0	0	152,569
Development	283,462	0	0	283,462
Total Supporting Services	<u>436,031</u>	<u>0</u>	<u>0</u>	<u>436,031</u>
	<u>2,326,797</u>	<u>0</u>	<u>0</u>	<u>2,326,797</u>
Changes in Net Assets	<u>453,746</u>	<u>475,536</u>	<u>15,370</u>	<u>944,652</u>
Total Net Assets at Beginning of Year	<u>5,016,527</u>	<u>2,218,604</u>	<u>109,516</u>	<u>7,344,647</u>
Total Net Assets at End of Year	<u>5,470,273</u>	<u>2,694,140</u>	<u>124,886</u>	<u>8,289,299</u>
Board Designated and Restricted Net Assets	<u>(2,764,314)</u>	<u>(2,694,140)</u>	<u>(124,886)</u>	<u>(5,583,340)</u>
Unrestricted Net Assets Allocated to Land and Fixed Assets	<u>(1,984,466)</u>	<u>0</u>	<u>0</u>	<u>(1,984,466)</u>
Unrestricted Net Assets Available for Programs & Services	<u>\$ 721,493</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 721,493</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, 2018

	<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	\$ 946,724	\$ 92,942	\$ 218,227	\$ 311,169	\$ 1,257,893
Benefits and taxes	203,401	17,358	34,647	52,005	255,406
Program costs	287,206	0	0	0	287,206
Board-related costs	0	6,690	0	6,690	6,690
Fundraising costs	0	0	23,408	23,408	23,408
Operations	277,074	10,542	15,080	25,622	302,697
Professional fees	12,010	29,189	188	29,377	41,388
Utilities	26,355	1,318	1,249	2,567	28,923
Miscellaneous	5,394	130	0	130	5,524
Depreciation and amortization	188,449	10,469	10,469	20,939	209,388
Total	\$ 1,946,615	\$ 168,638	\$ 303,269	\$ 471,907	\$ 2,418,522
	80%	7%	13%	20%	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, 2017

	<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	\$ 984,527	\$ 99,504	\$ 204,542	\$ 304,046	\$ 1,288,573
Benefits and taxes	204,752	18,984	34,296	53,280	258,032
Program costs	230,896	0	0	0	230,896
Board-related costs	0	6,039	0	6,039	6,039
Fundraising costs	0	0	16,426	16,426	16,426
Operations	267,591	9,068	17,779	26,847	294,438
Professional fees	30,417	9,673	1,304	10,977	41,394
Utilities	25,950	1,040	1,070	2,110	28,060
Miscellaneous	1,826	216	0	216	2,042
Depreciation and amortization	144,807	8,045	8,045	16,090	160,897
Total	<u>\$ 1,890,766</u>	<u>\$ 152,569</u>	<u>\$ 283,462</u>	<u>\$ 436,031</u>	<u>\$ 2,326,797</u>
	81%	7%	12%	19%	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, 2018 AND 2017

	2018	2017
Cash Flows from Operating Activities		
Changes in net assets	\$ 199,835	\$ 944,652
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	209,388	160,897
Non-cash contribution of donated goods and inventory, net of non-cash cost of sales	737	(2,375)
Net realized and unrealized gain on investment activity	(198,512)	(225,303)
Dividends and interest reinvested, net of fees	122,993	65,600
Change in value of trust held by others	(11,890)	(15,370)
Amortization of discount on promises to give	6,557	25,744
(Increase) decrease in:		
Unconditional promises to give		
Unrestricted	43,347	(7,952)
Board designated for capital improvements	(59,832)	0
Restricted for term endowment	183,271	248,654
Temporarily restricted - Capital Campaign	106,389	(106,389)
Temporarily restricted	1,087	(1,837)
Prepaid expenses and deposits	(21,294)	(4,232)
Increase (decrease) in:		
Accounts payable	9,322	6,898
Accrued wages and taxes	2,569	2,059
Deferred revenue	(194,340)	194,340
Accrued expenses	(660)	2,931
Net Cash Provided by Operating Activities	398,967	1,288,317
Cash Flows from Investing Activities		
Net increase in investments, net	(427,541)	(368,980)
Increase in construction in progress	0	(298,055)
Acquisition of property and equipment	(299,034)	(2,295)
Net Cash Used for Investing Activities	(726,575)	(669,330)
Net Increase (Decrease) in Cash and Cash Equivalents	(327,608)	618,987
Cash and Cash Equivalents at Beginning of Year	846,500	227,513
Cash and Cash Equivalents at End of Year	\$ 518,892	\$ 846,500

Supplemental Disclosure of Non-cash Transactions

Non-cash contributions of inventory were received with a fair market value totaling \$240,130 and \$261,691 for the years ended June 30, 2018 and 2017, respectively. Non-cash cost of sales have been recognized in the amount of \$240,867 and \$259,316 for the years ended June 30, 2018 and 2017, respectively.

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

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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 (FASB) 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

ASC 958-205 requires board-designated funds to be reported as part of unrestricted net assets, accordingly, the Organization reports designations of voluntary board-approved segregations of unrestricted net assets for specific purposes as a classification of unrestricted net assets.

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, 2018 AND 2017

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 by leases for those leases classified as operating leases under previous generally accepted accounting principles (GAAP). ASU 2016-02 is effective for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020. Early adoption of ASU 2016-02 is permitted. Management will be evaluating the potential impact of adopting this guidance on its financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU amends the current reporting model for not-for-profit organizations and requires enhanced disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring that all not-for-profit organizations present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (d) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (e) presenting investment returns net of external and direct expenses, and (f) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of the financial statements. The ASU is effective for the Organization’s financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is evaluating the impact of adopting this guidance on its financial statements.

In May 2015, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standards will replace most existing revenue recognition guidance within the accounting principles generally accepted in the United States of America when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. Management has not yet selected a transition method and is evaluating the impact of adopting this guidance on its financial statements.

Advertising

Advertising costs are expensed when incurred.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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 the promises are 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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. No allowance is deemed necessary as of June 30, 2018 and 2017.

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 unrestricted activities unless temporarily or permanently restricted, either by law or explicit donor stipulation, in which case they would be reported in either temporarily or permanently restricted activities.

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 2018 or 2017.

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 temporarily restricted net assets. The Organization reclassifies temporarily restricted net assets to unrestricted net assets each year for the amount of the donated property and equipment's depreciation expense.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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

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.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Funds received related to conditional grants are classified as refundable advances until the conditions on which they depend are substantially met.

Functional Expense Allocation

Costs of providing various programs and supporting services are allocated based on specific identification, if practical, or management's estimation of the respective functions benefited.

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, 2018 and 2017, the Organization had no other significant concentrations of credit risk.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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

Deferred Revenue

Funds received by the Organization prior to the recognition of revenue are recorded as deferred revenue. In early fiscal 2017 the Organization received \$194,340 related to its share of an irrevocable trust. The funds were deemed earned in fiscal 2018. The funds were recorded as deferred revenue as of June 30, 2017 and contribution income for the fiscal year ended June 30, 2018.

Subsequent Events

The Organization has evaluated subsequent events through October 24, 2018, the date the financial statements were available to be issued, and has determined that there were no subsequent events through that date that have not been reflected in the financial statements and/or disclosed in the notes.

NOTE B - PROMISES TO GIVE

Unconditional promises to give at June 30, 2018 and 2017 consist of:

	2018	2017
Unrestricted promises	\$ 61,504	111,718
Board designated for campital improvements	60,756	0
Restricted for term endowment funds	122,867	312,132
Restricted for capital campaign	0	107,566
Restricted for programming	7,500	8,587
	252,627	540,003
Gross unconditional promises to give	252,627	540,003
Less: Unamortized discount	2,530	9,087
Net Unconditional Promises to Give	\$ 250,097	\$ 530,916
 Amounts due in:		
Less than one year	\$ 186,403	\$ 364,853
One to five years	66,224	175,150
Total Amounts Due	\$ 252,627	\$ 540,003

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows.

Conditional promises to give at June 30, 2018 and 2017 consist of:

Moving Forward Cancer Program matching pledge	\$ 45,000	\$ 0
Total Conditional Promises to Give	\$ 45,000	\$ 0

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, 2018 and 2017:

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE C - INVESTMENTS (CONTINUED)

	2018		
	Cost	Fair Value	Unrealized Gain (Loss)
Cash and equivalents	\$ 288,536	\$ 288,536	\$ 0
Equities, mutual funds & ETFs	2,964,510	3,847,296	882,786
Fixed income	1,446,816	1,410,133	(36,683)
	<u>\$ 4,699,862</u>	<u>\$ 5,545,965</u>	<u>\$ 846,103</u>
	2017		
	Cost	Fair Value	Unrealized Gain (Loss)
Cash and equivalents	\$ 266,128	\$ 266,128	\$ 0
Equities, mutual funds & ETFs	2,770,110	3,415,296	645,186
Fixed income	1,366,262	1,361,479	(4,783)
	<u>\$ 4,402,500</u>	<u>\$ 5,042,903</u>	<u>\$ 640,403</u>

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, 2018 and 2017.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)

	Fair Value Measurements at June 30, 2018 Using			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash and equivalents	\$ 288,536	\$ 288,536	\$ 0	\$ 0
Equities, mutual funds & ETFs	3,847,296	3,847,296	0	0
Fixed income	1,410,133	1,410,133	0	0
Total investments at fair value	5,545,965	5,545,965	0	0
Donated inventory at fair value	5,968	0	0	5,968
Beneficial interest in perpetual trust	136,776	0	0	136,776
Total assets at fair value	\$ 5,688,709	\$ 5,545,965	\$ 0	\$ 142,744
	Fair Value Measurements at June 30, 2017 Using			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash and equivalents	\$ 266,128	\$ 266,128	\$ 0	\$ 0
Equities, mutual funds & ETFs	3,415,296	3,415,296	0	0
Fixed income	1,361,479	1,361,479	0	0
Total investments at fair value	5,042,903	5,042,903	0	0
Donated inventory at fair value	6,706	0	0	6,706
Beneficial interest in perpetual trust	124,886	0	0	124,886
Total assets at fair value	\$ 5,174,495	\$ 5,042,903	\$ 0	\$ 131,592

The following table presents a reconciliation of all Level 3 assets measured at fair value for the years ended June 30, 2018 and 2017:

	2018	2017
Balance at beginning of year	\$ 131,592	\$ 113,847
Inventory donations and sales, net	(738)	2,375
Change in value of perpetual trust	11,890	15,370
Balance at end of year	<u>\$ 142,744</u>	<u>\$ 131,592</u>

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.

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NOTES TO FINANCIAL STATEMENTS

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NOTE E - FIXED ASSETS

Fixed assets consist of the following as of June 30, 2018 and 2017:

	2018	2017
Land improvements	\$ 886,504	\$ 886,504
Building and improvements	1,748,950	1,747,475
Computer hardware	55,786	35,524
Computer software and technology	111,663	111,663
Office equipment	104,440	92,783
Furniture and fixtures	373,822	368,141
Leasehold improvements	604,540	46,527
	<u>3,885,705</u>	<u>3,288,617</u>
Less: Accumulated depreciation	<u>(2,046,594)</u>	<u>(1,837,206)</u>
	<u>\$ 1,839,111</u>	<u>\$ 1,451,411</u>

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, 2018 and 2017, assets with a value of \$136,776 and \$124,886 were held in trust funds, and are permanently restricted net assets. 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/(loss) 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 \$0 and \$6,070 for the years ended June 30, 2018 and 2017, respectively.

NOTE G - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30, 2018 and 2017 are available for the following purposes or periods:

	2018	2017
Programs	\$ 55,957	\$ 88,442
Term endowment funds restricted by donors	2,245,804	2,175,408
Capital campaign	0	400,290
Subsequent years' activities	0	30,000
Total	<u>\$ 2,301,761</u>	<u>\$ 2,694,140</u>

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE G - 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 unrestricted net assets 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 permanently restricted net assets (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 permanently restricted net assets is classified as temporarily restricted net assets 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.

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.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE G - RESTRICTIONS ON NET ASSETS (CONTINUED)

Return Objectives and Risk Parameters (Continued)

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, 2018 and 2017 is as follows:

	2018			Total Net
	Unrestricted	Temporarily Restricted	Permanently Restricted	Endowment Assets
Endowment funds:				
Donor-restricted	\$ 0	\$ 2,245,804	\$ 136,776	\$ 2,382,580
Board-designated	2,868,282	0	0	2,868,282
Undesignated	1,254,535	0	0	1,254,535
Total Funds	\$ 4,122,817	\$ 2,245,804	\$ 136,776	\$ 6,505,397
	2017			Total Net
	Unrestricted	Temporarily Restricted	Permanently Restricted	Endowment Assets
Endowment funds:				
Donor-restricted	\$ 0	\$ 2,175,408	\$ 124,886	\$ 2,300,294
Board-designated	2,764,314	0	0	2,764,314
Undesignated	933,030	0	0	933,030
Total Funds	\$ 3,697,344	\$ 2,175,408	\$ 124,886	\$ 5,997,638

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE G - RESTRICTIONS ON NET ASSETS (CONTINUED)

Changes in endowment net assets as of June 30, 2018 and 2017 are as follows:

	2018		
	Unrestricted		
	Undesignated	Board Designated	Total
Endowment net assets, beginning of year	\$ 933,030	\$ 2,764,314	\$ 3,697,344
Contributions	0	103,968	103,968
Investment activity	0	77,437	77,437
Net appreciation	205,700	0	205,700
Net gain on perpetual trust	0	0	0
Amounts appropriated for expenditure	115,805	(77,437)	38,368
Endowment net assets, end of year	<u>\$ 1,254,535</u>	<u>\$ 2,868,282</u>	<u>\$ 4,122,817</u>

	2018		
	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
	Endowment net assets, beginning of year	\$ 2,175,408	\$ 124,886
Contributions	70,396	0	174,364
Investment activity	38,368	0	115,805
Net appreciation	0	0	205,700
Net gain on perpetual trust	0	11,890	11,890
Amounts appropriated for expenditure	(38,368)	0	0
Endowment net assets, end of year	<u>\$ 2,245,804</u>	<u>\$ 136,776</u>	<u>\$ 6,505,397</u>

	2017		
	Unrestricted		
	Undesignated	Board Designated	Total
Endowment net assets, beginning of year	\$ 642,127	\$ 2,568,688	\$ 3,210,815
Contributions	0	195,626	195,626
Investment activity	0	89,098	89,098
Net appreciation	157,065	0	157,065
Net income on perpetual trust	0	0	0
Amounts appropriated for expenditure	133,838	(89,098)	44,740
Endowment net assets, end of year	<u>\$ 933,030</u>	<u>\$ 2,764,314</u>	<u>\$ 3,697,344</u>

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE G - RESTRICTIONS ON NET ASSETS (CONTINUED)

	2017		Total Net Endowment Assets
	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 2,119,693	\$ 109,516	5,440,024
Contributions	55,715	0	251,341
Investment activity	44,740	0	133,838
Net appreciation	0	0	157,065
Net gain on perpetual trust	0	15,370	15,370
Amounts appropriated for expenditure	(44,740)	0	0
Endowment net assets, end of year	<u>\$ 2,175,408</u>	<u>\$ 124,886</u>	<u>\$ 5,997,638</u>

NOTE H - LINE OF CREDIT

During March 2017, 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 (5.00% and 4.25% at June 30, 2018 and 2017, 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 March 1, 2019. As of both the years June 30, 2018 and 2017, the Organization had no outstanding borrowings related to the line of credit.

NOTE I - DONATED GOODS AND SERVICES

The value of donated goods and services included in the financial statements for the years ended June 30, 2018 and 2017, are as follows:

	2018	2017
Inventory contributed for sale at <i>The Gathering Place Warehouse</i>	\$ 240,130	\$ 261,691
Architectural services	0	12,800
Cabling materials and labor	0	1,000
Professional services	900	0
Total	<u>\$ 241,030</u>	<u>\$ 275,491</u>

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, 2018 and 2017, volunteers donated in excess of 19,500 hours of service, to the Organization at a value of approximately \$468,000 and \$459,000, respectively. These services do not meet the criteria for recognition under ASC 958-605.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE J - 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, 2016 and for the years ended June 30, 2018 and 2017, 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, 2018 and 2017, 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 2014.

NOTE K - 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, 2018:

2019	\$ 129,358
2020	120,358
2021	110,437
2022	105,424
2023	104,904
Total Minimum Payments	<u>\$ 570,481</u>

Total rental expense amounted to \$125,679 and \$87,784 for the years ended June 30, 2018 and 2017, respectively.

NOTE L - 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 \$29,034 and \$34,073 for the years ended June 30, 2018 and 2017, respectively.