

**THE GATHERING PLACE**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

# THE GATHERING PLACE

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## **INDEPENDENT AUDITOR'S 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, 2020 and 2019, 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, 2020 and 2019 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.

*Zinner & Co. LLP*

Beachwood, Ohio

October 16, 2020

**THE GATHERING PLACE**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2020 AND 2019**

|   | <b>2020</b>         | <b>2019</b>         |
|---|---------------------|---------------------|
| <b>Assets</b>   |                     |                     |
| Cash and cash equivalents   | \$ 1,125,940        | \$ 788,842          |
| Unconditional promises to give  |                     |                     |
| Without donor restrictions  | 30,098              | 145,214             |
| Without donor restrictions - Board designated<br>for capital improvements | 5,073               | 20,245              |
| With donor restrictions - Restricted for term endowment                   | 4,092               | 22,926              |
| With donor restrictions   | 700                 | 65,000              |
| Inventory   | 30,019              | 29,921              |
| Prepaid expenses and deposits   | 30,059              | 156,703             |
| Investments   |                     |                     |
| Without donor restrictions  | 44,455              | 0                   |
| Without donor restrictions - Board designated for endowment               | 2,941,632           | 2,868,282           |
| With donor restrictions - Term endowment                                  | 3,064,687           | 2,803,298           |
| With donor restrictions   | 250,000             | 0                   |
| Land  | 235,000             | 235,000             |
| Fixed assets, net   | 1,629,289           | 1,751,348           |
| Beneficial interest in perpetual trust                                    | 130,430             | 128,407             |
| Total Assets  | <b>\$ 9,521,474</b> | <b>\$ 9,015,186</b> |
| <b>Liabilities</b>  |                     |                     |
| Accounts payable  | \$ 65,900           | \$ 68,955           |
| Accrued wages and taxes   | 43,660              | 31,417              |
| Deferred revenue  | 0                   | 371,481             |
| Accrued expenses  | 491                 | 3,038               |
| Payroll Protection Program loan (See Note G)                              | 296,900             | 0                   |
| Total Liabilities   | <b>406,951</b>      | <b>474,891</b>      |
| <b>Net Assets</b>   |                     |                     |
| Without donor restrictions  |                     |                     |
| Available for programs and services                                       | 1,339,298           | 1,092,068           |
| Allocated to land and fixed assets  | 1,864,289           | 1,986,348           |
| Board designated for endowment  | 2,941,632           | 2,868,282           |
|   | <b>6,145,219</b>    | <b>5,946,698</b>    |
| With donor restrictions   |                     |                     |
| Time and purpose restrictions   | 2,838,874           | 2,465,190           |
| Perpetual in nature   | 130,430             | 128,408             |
| Total Net Assets  | <b>9,114,523</b>    | <b>8,540,295</b>    |
| Total Liabilities and Net Assets  | <b>\$ 9,521,474</b> | <b>\$ 9,015,186</b> |

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

**THE GATHERING PLACE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|  | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>        |
|--|---------------------------------------|------------------------------------|---------------------|
| <b>Support and Revenues</b>  |                                       |                                    |                     |
| Contributions  | \$ 848,585                            | \$ 250,000                         | \$ 1,098,585        |
| Grants   | 269,205                               | 183,513                            | 452,718             |
| Board-designated and term endowments   | 73,350                                | 642                                | 73,992              |
| Donated services   | 137                                   | 0                                  | 137                 |
| Earned income  | 69,402                                | 0                                  | 69,402              |
| Special events   |                                       |                                    |                     |
| Gross revenue  | 1,325,756                             | 0                                  | 1,325,756           |
| Less: Direct expenses  | (358,826)                             | 0                                  | (358,826)           |
| Warehouse  |                                       |                                    |                     |
| Gross sales  | 172,215                               | 0                                  | 172,215             |
| Donated inventory  | 172,522                               | 0                                  | 172,522             |
| Less: Cost of sales  | (172,424)                             | 0                                  | (172,424)           |
| Direct expenses  | (64,411)                              | 0                                  | (64,411)            |
| Change in value of perpetual trust   | 0                                     | 2,023                              | 2,023               |
| Investment income, net of fees   | 127,708                               | 0                                  | 127,708             |
| Realized gain on sale of investments   | 105,225                               | 0                                  | 105,225             |
| Unrealized gain on investments   | 29,423                                | 0                                  | 29,423              |
|  | <u>2,597,867</u>                      | <u>436,178</u>                     | <u>3,034,045</u>    |
| Net assets released from restrictions:   |                                       |                                    |                     |
| Satisfaction of program restrictions   | 60,472                                | (60,472)                           | 0                   |
| Total Reclassifications  | 60,472                                | (60,472)                           | 0                   |
|  | <u>2,658,339</u>                      | <u>375,706</u>                     | <u>3,034,045</u>    |
| <b>Expenses</b>  |                                       |                                    |                     |
| Program services:  |                                       |                                    |                     |
| Adult and child centers  | 1,915,760                             | 0                                  | 1,915,760           |
| Total Program Services   | <u>1,915,760</u>                      | <u>0</u>                           | <u>1,915,760</u>    |
| Supporting services:   |                                       |                                    |                     |
| Administration   | 200,195                               | 0                                  | 200,195             |
| Development  | 343,863                               | 0                                  | 343,863             |
| Total Supporting Services  | <u>544,058</u>                        | <u>0</u>                           | <u>544,058</u>      |
|  | <u>2,459,818</u>                      | <u>0</u>                           | <u>2,459,818</u>    |
| <b>Changes in Net Assets</b>   | 198,521                               | 375,706                            | 574,227             |
| <b>Total Net Assets at Beginning of Year</b>                                       | <u>5,946,698</u>                      | <u>2,593,598</u>                   | <u>8,540,296</u>    |
| <b>Total Net Assets at End of Year</b>   | 6,145,219                             | 2,969,304                          | 9,114,523           |
| <b>Board Designated and Net Assets With Donor Restrictions</b>                     | (2,941,632)                           | (2,969,304)                        | (5,910,935)         |
| <b>Net Assets Without Donor Restrictions Allocated to Land and Fixed Assets</b>    | <u>(1,864,289)</u>                    | <u>0</u>                           | <u>(1,864,289)</u>  |
| <b>Net Assets Without Donor Restrictions Available for Programs &amp; Services</b> | <u>\$ 1,339,298</u>                   | <u>\$ 0</u>                        | <u>\$ 1,339,298</u> |

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

**THE GATHERING PLACE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

|  | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>        |
|--|---------------------------------------|------------------------------------|---------------------|
| <b>Support and Revenues</b>  |                                       |                                    |                     |
| Contributions  | \$ 868,701                            | \$ 0                               | \$ 868,701          |
| Contributions - Capital campaign   | 508                                   | 0                                  | 508                 |
| Grants   | 148,511                               | 205,000                            | 353,511             |
| Board-designated and term endowments   | 0                                     | 10,472                             | 10,472              |
| Donated services   | 500                                   | 0                                  | 500                 |
| Earned income  | 84,756                                | 0                                  | 84,756              |
| Special events   |                                       |                                    |                     |
| Gross revenue  | 656,653                               | 0                                  | 656,653             |
| Less: Direct expenses  | (75,039)                              | 0                                  | (75,039)            |
| Warehouse  |                                       |                                    |                     |
| Gross sales  | 239,449                               | 0                                  | 239,449             |
| Donated inventory  | 265,324                               | 0                                  | 265,324             |
| Less: Cost of sales  | (239,371)                             | 0                                  | (239,371)           |
| Direct expenses  | (76,531)                              | 0                                  | (76,531)            |
| Change in value of perpetual trust   | 0                                     | (8,369)                            | (8,369)             |
| Investment income, net of fees   | 166,110                               | 0                                  | 166,110             |
| Realized gain on sale of investments   | 156,693                               | 0                                  | 156,693             |
| Unrealized loss on investments   | (11,707)                              | 0                                  | (11,707)            |
|  | <u>2,184,557</u>                      | <u>207,103</u>                     | <u>2,391,660</u>    |
| Net assets released from restrictions:   |                                       |                                    |                     |
| Satisfaction of program restrictions   | 12,043                                | (12,043)                           | 0                   |
| Total Reclassifications  | <u>12,043</u>                         | <u>(12,043)</u>                    | <u>0</u>            |
| Total Support and Revenue  | <u>2,196,600</u>                      | <u>195,060</u>                     | <u>2,391,660</u>    |
| <b>Expenses</b>  |                                       |                                    |                     |
| Program services:  |                                       |                                    |                     |
| Adult and child centers  | 1,817,359                             | 0                                  | 1,817,359           |
| Total Program Services   | <u>1,817,359</u>                      | <u>0</u>                           | <u>1,817,359</u>    |
| Supporting services:   |                                       |                                    |                     |
| Administration   | 180,304                               | 40,000                             | 220,304             |
| Development  | 302,837                               | 0                                  | 302,837             |
| Total Supporting Services  | <u>483,141</u>                        | <u>40,000</u>                      | <u>523,141</u>      |
|  | <u>2,300,500</u>                      | <u>40,000</u>                      | <u>2,340,500</u>    |
| <b>Changes in Net Assets</b>   | (103,900)                             | 155,060                            | 51,160              |
| <b>Total Net Assets at Beginning of Year</b>                                       | <u>6,050,598</u>                      | <u>2,438,537</u>                   | <u>8,489,135</u>    |
| <b>Total Net Assets at End of Year</b>   | 5,946,698                             | 2,593,597.53                       | 8,540,296           |
| <b>Board Designated and Net Assets With Donor Restrictions</b>                     | (2,868,282)                           | (2,593,597.37)                     | (5,461,879)         |
| <b>Net Assets Without Donor Restrictions Allocated to Land and Fixed Assets</b>    | <u>(1,986,348)</u>                    | <u>0</u>                           | <u>(1,986,348)</u>  |
| <b>Net Assets Without Donor Restrictions Available for Programs &amp; Services</b> | <u>\$ 1,092,068</u>                   | <u>\$ 0</u>                        | <u>\$ 1,092,068</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, 2020**

|                               | <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                      | \$ 959,361                     | \$ 101,719                 | \$ 256,411         | \$ 358,130        | \$ 1,317,491        |
| Benefits and taxes            | 215,196                        | 18,173                     | 31,149             | 49,322            | 264,518             |
| Program costs                 | 241,909                        | 0                          | 0                  | 0                 | 241,909             |
| Board-related costs           | 0                              | 5,495                      | 0                  | 5,495             | 5,495               |
| Fundraising costs             | 0                              | 0                          | 20,199             | 20,199            | 20,199              |
| Operations                    | 302,570                        | 8,961                      | 24,131             | 33,092            | 335,662             |
| Professional fees             | 26,057                         | 11,200                     | 2,076              | 13,276            | 39,333              |
| Utilities                     | 16,837                         | 890                        | 890                | 1,780             | 18,617              |
| Bad debt                      | 0                              | 0                          | 600                | 600               | 600                 |
| Miscellaneous                 | 2,500                          | 45,350                     | 0                  | 45,350            | 47,850              |
| Depreciation and amortization | 151,330                        | 8,407                      | 8,407              | 16,814            | 168,144             |
| <b>Total</b>                  | <b>\$ 1,915,760</b>            | <b>\$ 200,195</b>          | <b>\$ 343,863</b>  | <b>\$ 544,058</b> | <b>\$ 2,459,818</b> |
|                               | 78%                            | 8%                         | 14%                | 22%               | 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, 2019**

|                               | <u>Program Services</u>            |                       | <u>Supporting Services</u> |                   |                     |
|-------------------------------|------------------------------------|-----------------------|----------------------------|-------------------|---------------------|
|                               | <u>Adult and Child<br/>Centers</u> | <u>Administration</u> | <u>Development</u>         | <u>Total</u>      | <u>Total</u>        |
| Salaries                      | \$ 890,315                         | \$ 95,399             | \$ 225,173                 | \$ 320,572        | \$ 1,210,887        |
| Benefits and taxes            | 193,590                            | 16,891                | 29,836                     | 46,727            | 240,317             |
| Program costs                 | 249,698                            | 0                     | 0                          | 0                 | 249,698             |
| Board-related costs           | 0                                  | 5,425                 | 0                          | 5,425             | 5,425               |
| Fundraising costs             | 0                                  | 0                     | 20,611                     | 20,611            | 20,611              |
| Operations                    | 272,215                            | 11,373                | 15,913                     | 27,286            | 299,501             |
| Professional fees             | 9,642                              | 27,001                | 173                        | 27,174            | 36,816              |
| Utilities                     | 16,550                             | 890                   | 890                        | 1,780             | 18,330              |
| Bad Debt                      | 0                                  | 40,000                | 0                          | 40,000            | 40,000              |
| Miscellaneous                 | 1,019                              | 13,084                | 0                          | 13,084            | 14,103              |
| Depreciation and amortization | 184,330                            | 10,241                | 10,241                     | 20,482            | 204,812             |
| <b>Total</b>                  | <b>\$ 1,817,359</b>                | <b>\$ 220,304</b>     | <b>\$ 302,837</b>          | <b>\$ 523,141</b> | <b>\$ 2,340,500</b> |
|                               | 78%                                | 9%                    | 13%                        | 22%               | 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, 2020 AND 2019**

|  | <b>2020</b>  | <b>2019</b> |
|--|--------------|-------------|
| <b>Cash Flows from Operating Activities</b>  |              |             |
| Changes in net assets  | \$ 574,227   | \$ 51,160   |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: |              |             |
| Depreciation and amortization  | 168,144      | 204,812     |
| Non-cash contribution of donated goods and inventory, net of non-cash cost of sales          | (98)         | (25,953)    |
| Net realized and unrealized gain on investment activity                                      | (134,648)    | (144,986)   |
| Dividends and interest reinvested, net of fees   | 121,571      | 152,782     |
| Change in value of trust held by others  | (2,023)      | 8,369       |
| Amortization of discount on promises to give   | 299          | 2,223       |
| (Increase) decrease in:  |              |             |
| Unconditional promises to give   | 213,123      | (5,511)     |
| Prepaid expenses and deposits  | 126,645      | (99,583)    |
| Increase (decrease) in:  |              |             |
| Accounts payable   | (3,055)      | 514         |
| Accrued wages and taxes  | 12,243       | 2,335       |
| Deferred revenue   | (371,481)    | 371,481     |
| Accrued expenses   | (2,547)      | 767         |
| Net Cash Provided by Operating Activities  | 702,400      | 518,410     |
| <b>Cash Flows from Investing Activities</b>  |              |             |
| Net increase in investments, net   | (616,117)    | (131,412)   |
| Acquisition of property and equipment  | (46,085)     | (117,048)   |
| Net Cash Used for Investing Activities   | (662,202)    | (248,460)   |
| <b>Cash Flows from Financing Activities</b>  |              |             |
| Proceeds from Payroll Protection Program loan  | 296,900      | 0           |
| Net Cash Provided by Financing Activities  | 296,900      | 0           |
| <b>Net Increase in Cash and Cash Equivalents</b>   | 337,098      | 269,950     |
| <b>Cash and Cash Equivalents at Beginning of Year</b>  | 788,842      | 518,892     |
| <b>Cash and Cash Equivalents at End of Year</b>  | \$ 1,125,940 | \$ 788,842  |

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

**THE GATHERING PLACE**  
**STATEMENTS OF CASH FLOWS**  
**(CONTINUED FROM PREVIOUS PAGE)**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**Supplemental Disclosure of Non-cash Transactions**

Non-cash contributions of inventory were received with a fair market value totaling \$172,522 and \$265,324 for the years ended June 30, 2020 and 2019, respectively. Non-cash cost of sales have been recognized in the amount of \$172,424 and \$239,371 for the years ended June 30, 2020 and 2019, respectively.

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

# THE GATHERING PLACE

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

### 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, 2020 AND 2019

### 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, 2020 and 2019.

#### 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 2020 or 2019.

# THE GATHERING PLACE

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

### 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, 2020 AND 2019**

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

Paycheck Protection Program Funding

The Organization received a loan pursuant to the Paycheck Protection Program (the PPP Loan) as further described in Note G. The Organization intends to apply for forgiveness of the PPP Loan with respect to the covered expenses. Management considers 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 loan and then the subsequent forgiveness of debt upon official notification from the lending source that the debt is forgiven.

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.

**Fess 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, 2020 AND 2019

### 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.

Revenues subject to ASC Topic 606 were recognized as follows:

|   | <u>2020</u>       | <u>2019</u>       |
|---|-------------------|-------------------|
| Revenues recognized at a point in time:           |                   |                   |
| Warehouse sales                                   | \$ 172,215        | \$ 239,449        |
| Fees and rentals                                  | 68,086            | 77,986            |
| Programmatic product sales                        | 1,316             | 5,135             |
| Community engagement workshops                    | <u>0</u>          | <u>1,636</u>      |
| Total   | <u>241,617</u>    | <u>324,205</u>    |
| Total revenue recognized subject to ASC Topic 606 | <u>\$ 241,617</u> | <u>\$ 324,205</u> |

#### 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, 2020 AND 2019

### 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, 2020 and 2019, the Organization had no other significant concentrations of credit risk.

#### Recently Adopted Accounting Pronouncements

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 consolidated financial statements. The ASU was effective for the Organization's financial statements for fiscal years beginning after December 15, 2017. The provisions of the ASU were applied on a retrospective basis for all years presented.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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. This ASU provides a robust framework for addressing revenue recognition issues and, upon its effective date, replaces existing revenue recognition guidance, including industry specific guidance, in current U.S. Generally Accepted Accounting Principles (GAAP).

# THE GATHERING PLACE

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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

#### Recently Adopted Accounting Pronouncements (Continued)

The Organization adopted ASU 2014-09 effective July 1, 2019 using the modified retrospective transition method. There was no cumulative effect on the opening net asset balance as a result of adopting Topic 606. Results for the year ended June 30, 2020 are presented under Topic 606 and the year ended June 30, 2019 comparative information has not been restated and is reported under the accounting standards in effect for that period. However, there were no material changes to the recording of revenue by the Organization with the implementation of this ASU. The adoption of this standard also resulted in additional disclosures for revenue recognition in Note A.

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The objective of this statement is to assist entities in evaluating whether transactions should be accounted for as contributions within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions subject to other guidance and determining whether a contribution is conditional. For resource recipients, this new standard was effective for annual periods beginning after December 15, 2018. The Organization adopted ASU 2018-08 effective July 1, 2019 using the modified prospective transition method. The adoption of this standard did not have a material impact on the financial statements for the year ended June 30, 2020.

#### 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.

In August 2018, the FASB issued ASU 2018-13, Changes to Disclosure Requirements for Fair Value Measurement. The objective of this statement is to modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. The statement is effective for all entities for fiscal years beginning after December 15, 2019. Early adoption is permitted. Management is currently evaluating the impact this statement will have on its financial statements.

**THE GATHERING PLACE**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

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

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Subsequent Events

The Organization has evaluated subsequent events through October 16, 2020, the date the financial statements were available to be issued. The COVID-19 outbreak continues to cause business disruption through mandated and voluntary closings of many of the Organization's business partners, donors and general disruptions to program participants and employees. 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 continued impact on the Organization's business partners, donors, program participants, employees and vendors, all of which are uncertain and cannot be predicted. While the impact of COVID-19 on the Organization's future financial condition or results of operations remains uncertain, the Organization continues to leverage technology providing remote program services to its participants.

**NOTE B - PROMISES TO GIVE**

Unconditional promises to give at June 30, 2020 and 2019 consist of:

|   | 2020      | 2019       |
|---|-----------|------------|
| Without donor restrictions  | \$ 30,098 | \$ 145,214 |
| Without donor restrictions - Board designated<br>for capital improvements | 5,073     | 20,411     |
| With donor restrictions - Restricted for term endowment                   | 4,100     | 23,067     |
| With donor restrictions   | 700       | 65,000     |
| Gross unconditional promises to give                                      | 39,971    | 253,692    |
| Less: Unamortized discount  | 8         | 307        |
| Net Unconditional Promises to Give  | \$ 39,963 | \$ 253,385 |

Amounts due in:

|                    |           |            |
|--------------------|-----------|------------|
| Less than one year | \$ 30,798 | \$ 244,730 |
| One to five years  | 9,173     | 8,962      |
| Total Amounts Due  | \$ 39,971 | \$ 253,692 |

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, 2020 and 2019 consist of:

|  |            |            |
|--|------------|------------|
| Community Liaison Cancer Patient Program matching pledge | \$ 100,000 | \$ 200,000 |
| Total Conditional Promises to Give                       | \$ 100,000 | \$ 200,000 |

**THE GATHERING PLACE**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**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, 2020 and 2019:

|                               | 2020         |              |                 |
|-------------------------------|--------------|--------------|-----------------|
|                               | Cost         | Fair Value   | Unrealized Gain |
| Cash and equivalents          | \$ 296,967   | \$ 296,967   | \$ 0            |
| Equities, mutual funds & ETFs | 3,763,914    | 4,576,283    | 812,369         |
| Fixed income                  | 1,376,079    | 1,427,524    | 51,445          |
|                               | \$ 5,436,959 | \$ 6,300,774 | \$ 863,815      |
|                               | 2019         |              |                 |
|                               | Cost         | Fair Value   | Unrealized Gain |
| Cash and equivalents          | \$ 273,524   | \$ 273,524   | \$ 0            |
| Equities, mutual funds & ETFs | 3,174,914    | 3,992,747    | 817,833         |
| Fixed income                  | 1,388,746    | 1,405,309    | 16,563          |
|                               | \$ 4,837,183 | \$ 5,671,580 | \$ 834,397      |

**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 GATHERING PLACE**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)**

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, 2020 and 2019.

|   | Fair Value Measurements at June 30, 2020 Using |                     |                |                   |
|---|--|---------------------|----------------|-------------------|
|   | Fair Value                                     | Level 1 Inputs      | Level 2 Inputs | Level 3 Inputs    |
| Cash and equivalents                          | \$ 296,967                                     | \$ 296,967          | \$ 0           | \$ 0              |
| Equities, mutual funds & ETFs                 | 4,576,283                                      | 4,576,283           | 0              | 0                 |
| Fixed income                                  | 1,427,524                                      | 1,427,524           | 0              | 0                 |
| <b>Total investments at fair value</b>        | <b>6,300,774</b>                               | <b>6,300,774</b>    | <b>0</b>       | <b>0</b>          |
| <b>Donated inventory at fair value</b>        | <b>30,019</b>                                  | <b>0</b>            | <b>0</b>       | <b>30,019</b>     |
| <b>Beneficial interest in perpetual trust</b> | <b>130,430</b>                                 | <b>0</b>            | <b>0</b>       | <b>130,430</b>    |
| <b>Total assets at fair value</b>             | <b>\$ 6,461,223</b>                            | <b>\$ 6,300,774</b> | <b>\$ 0</b>    | <b>\$ 160,449</b> |
|   | Fair Value Measurements at June 30, 2019 Using |                     |                |                   |
|   | Fair Value                                     | Level 1 Inputs      | Level 2 Inputs | Level 3 Inputs    |
| Cash and equivalents                          | \$ 273,524                                     | \$ 273,524          | \$ 0           | \$ 0              |
| Equities, mutual funds & ETFs                 | 3,992,747                                      | 3,992,747           | 0              | 0                 |
| Fixed income                                  | 1,405,309                                      | 1,405,309           | 0              | 0                 |
| <b>Total investments at fair value</b>        | <b>5,671,580</b>                               | <b>5,671,580</b>    | <b>0</b>       | <b>0</b>          |
| <b>Donated inventory at fair value</b>        | <b>29,921</b>                                  | <b>0</b>            | <b>0</b>       | <b>29,921</b>     |
| <b>Beneficial interest in perpetual trust</b> | <b>128,407</b>                                 | <b>0</b>            | <b>0</b>       | <b>128,407</b>    |
| <b>Total assets at fair value</b>             | <b>\$ 5,829,908</b>                            | <b>\$ 5,671,580</b> | <b>\$ 0</b>    | <b>\$ 158,328</b> |

The following table presents a reconciliation of all Level 3 assets measured at fair value for the years ended June 30, 2020 and 2019:

|                                    | 2020              | 2019              |
|------------------------------------|-------------------|-------------------|
| Balance at beginning of year       | \$ 158,328        | \$ 142,744        |
| Inventory donations and sales, net | 98                | 23,953            |
| Change in value of perpetual trust | 2,023             | (8,369)           |
| Balance at end of year             | <u>\$ 160,449</u> | <u>\$ 158,328</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 GATHERING PLACE**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)**

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, 2020 and 2019:

|                                  | <u>2020</u>         | <u>2019</u>         |
|----------------------------------|---------------------|---------------------|
| Land improvements                | \$ 927,090          | \$ 910,815          |
| Building and improvements        | 1,816,407           | 1,813,195           |
| Computer hardware                | 68,225              | 55,786              |
| Computer software and technology | 64,055              | 111,663             |
| Office equipment                 | 86,720              | 104,440             |
| Furniture and fixtures           | 378,045             | 402,314             |
| Leasehold improvements           | <u>604,540</u>      | <u>604,540</u>      |
|                                  | 3,945,082           | 4,002,753           |
| Less: Accumulated depreciation   | <u>(2,315,793)</u>  | <u>(2,251,405)</u>  |
|                                  | <u>\$ 1,629,289</u> | <u>\$ 1,751,348</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, 2020 and 2019, assets with a value of \$130,430 and \$128,407 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/(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 \$6,137 and \$13,328 for the years ended June 30, 2020 and 2019, respectively.

**NOTE G - PAYCHECK PROTECTION PROGRAM LOAN**

The Organization applied for and received a term loan pursuant to the CARES Act's Paycheck Protection Program (PPP). The funds were received on April 22, 2020 from Key Bank for an aggregate principal amount of \$296,900.

# THE GATHERING PLACE

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

### NOTE G - PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

The Organization may apply for forgiveness of the amount due on the note based on certain costs incurred by the Organization in accordance with the requirements of the PPP Loan. The loan bears interest at a fixed rate of 1.00%. Loan payments will be deferred for borrowers who apply for forgiveness until the SBA remits the borrower's loan forgiveness amount to the lender. If a borrower does not apply for loan forgiveness, payments are deferred 10 months after the end of the covered period of either 8 weeks or 24 weeks. Outstanding principal amounts not forgiven under the Program are due in 60 equal installments of principal plus interest. The Organization fully intends that the PPP Loan funds will be fully forgiven, however it is deeming these funds as a liability until the Organization is officially notified that the loan has been forgiven, at which time the funds will be recognized as revenue as a forgiveness of debt. As of the fiscal year ended June 30, 2020, the PPP Loan amounted to \$296,900.

### NOTE H - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30, 2020 and 2019 are available for the following purposes or periods:

|   | 2020                | 2019                |
|---|---------------------|---------------------|
| Programs                                  | \$ 621,959          | \$ 248,916          |
| Term endowment funds restricted by donors | 2,216,915           | 2,216,274           |
| Total                                     | <u>\$ 2,838,874</u> | <u>\$ 2,465,190</u> |

#### 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

# THE GATHERING PLACE

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

### NOTE H - RESTRICTIONS ON NET ASSETS (CONTINUED)

#### Interpretation of Relevant Law (Continued)

(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.

#### 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 31<sup>st</sup> 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 31<sup>st</sup> 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, 2020 and 2019 is as follows:

**THE GATHERING PLACE**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**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, 2020 and 2019 is as follows:

|  | 2020                          |                            | Total Net<br>Endowment<br>Assets |
|--|-------------------------------|----------------------------|----------------------------------|
|  | Without Donor<br>Restrictions | With Donor<br>Restrictions |                                  |
| Endowment funds:                                 |                               |                            |                                  |
| Without donor restrictions - Undesignated        | \$ 1,834,974                  | \$ 0                       | \$ 1,834,974                     |
| Without donor restrictions - Board designated    | 2,941,632                     | 0                          | 2,941,632                        |
| With donor restrictions                          | 0                             | 2,216,915                  | 2,216,915                        |
| With donor restrictions-Restricted in perpetuity | 0                             | 130,430                    | 130,430                          |
| Total Funds                                      | <u>\$ 4,776,606</u>           | <u>\$ 2,347,345</u>        | <u>\$ 7,123,951</u>              |
|  |                               |                            |                                  |
|  | 2019                          |                            | Total Net<br>Endowment<br>Assets |
|  | Without Donor<br>Restrictions | With Donor<br>Restrictions |                                  |
| Endowment funds:                                 |                               |                            |                                  |
| Without donor restrictions - Undesignated        | \$ 1,552,303                  | \$ 0                       | \$ 1,552,303                     |
| Without donor restrictions - Board designated    | 2,868,282                     | 0                          | 2,868,282                        |
| With donor restrictions                          | 0                             | 2,216,274                  | 2,216,274                        |
| With donor restrictions-Restricted in perpetuity | 0                             | 128,407                    | 128,407                          |
| Total Funds                                      | <u>\$ 4,420,585</u>           | <u>\$ 2,344,681</u>        | <u>\$ 6,765,266</u>              |

Changes in endowment net assets as of June 30, 2020 are as follows:

|  | 2020                       |                     |                            | Total Net<br>Endowment<br>Assets |
|--|----------------------------|---------------------|----------------------------|----------------------------------|
|  | Without Donor Restrictions |                     | With Donor<br>Restrictions |                                  |
|  | Undesignated               | Board<br>Designated |                            |                                  |
| Endowment net assets,<br>beginning of year                             | \$ 1,552,303               | \$ 2,868,282        | \$ 2,344,681               | \$ 6,765,266                     |
| Contributions  | 0                          | 73,350              | 641                        | 73,991                           |
| Bad debt   | 0                          | 0                   | 0                          | 0                                |
| Investment activity  | 0                          | 107,138             | 119,658                    | 226,796                          |
| Net appreciation   | 29,423                     | 0                   | 26,452                     | 55,875                           |
| Net loss on perpetual trust<br>Amounts appropriated<br>for expenditure | 0                          | 0                   | 2,023                      | 2,023                            |
|  | <u>253,248</u>             | <u>(107,138)</u>    | <u>(146,110)</u>           | <u>0</u>                         |
| Endowment net assets, end of year                                      | <u>\$ 1,834,974</u>        | <u>\$ 2,941,632</u> | <u>\$ 2,347,345</u>        | <u>\$ 7,123,951</u>              |

**THE GATHERING PLACE**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**NOTE H - RESTRICTIONS ON NET ASSETS (CONTINUED)**

Changes in endowment net assets as of June 30, 2019 are as follows:

|  | 2019                       |                     |                            | Total Net<br>Endowment<br>Assets |
|--|----------------------------|---------------------|----------------------------|----------------------------------|
|  | Without Donor Restrictions |                     | With Donor<br>Restrictions |                                  |
|  | Undesignated               | Board<br>Designated |                            |                                  |
| Endowment net assets,<br>beginning of year | \$ 1,254,535               | \$ 2,868,282        | \$ 2,382,580               | \$ 6,505,397                     |
| Contributions                              | 0                          | 0                   | 10,470                     | 10,470                           |
| Bad debt                                   | 0                          | 0                   | (40,000)                   | (40,000)                         |
| Investment activity                        | 0                          | 203,360             | 106,115                    | 309,475                          |
| Net depreciation                           | (11,707)                   | 0                   | 0                          | (11,707)                         |
| Net income on perpetual trust              | 0                          | 0                   | (8,369)                    | (8,369)                          |
| Amounts appropriated<br>for expenditure    | 309,475                    | (203,360)           | (106,115)                  | 0                                |
| Endowment net assets, end of year          | <u>\$ 1,552,303</u>        | <u>\$ 2,868,282</u> | <u>\$ 2,344,681</u>        | <u>\$ 6,765,266</u>              |

**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 (3.25% and 5.5% at June 30, 2020 and 2019, 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, 2021. As of both the years June 30, 2020 and 2019, 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, 2020 and 2019, are as follows:

|   | 2020              | 2019              |
|---|-------------------|-------------------|
| Inventory contributed for sale at<br><i>The Gathering Place Warehouse</i> | \$ 172,522        | \$ 265,324        |
| Discounted program rates  | 137               | 500               |
| Total   | <u>\$ 172,659</u> | <u>\$ 265,824</u> |

# THE GATHERING PLACE

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

### 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, 2020 and 2019, volunteers donated in excess of approximately 20,800 hours of service, to the Organization at a value of approximately \$539,000 and \$515,000, respectively. These services do not meet the criteria for recognition under ASC 958-605.

### 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, 2018 and for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, 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 2016.

### 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, 2020:

|                        |                   |
|------------------------|-------------------|
| 2021                   | \$ 128,387        |
| 2022                   | 123,624           |
| 2023                   | 123,354           |
| 2024                   | 122,500           |
| 2025                   | 122,550           |
| Thereafter             | <u>218,600</u>    |
| Total Minimum Payments | <u>\$ 839,015</u> |

Total rental expense amounted to \$129,666 and \$129,278 for the years ended June 30, 2020 and 2019, respectively.

**THE GATHERING PLACE**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**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 \$23,382 and \$26,526 for the years ended June 30, 2020 and 2019, 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:

|   | <u>2020</u>         | <u>2019</u>       |
|---|---------------------|-------------------|
| Financial assets:   |                     |                   |
| Cash and cash equivalents   | \$ 1,125,940        | \$ 788,842        |
| Unconditional promises to give  |                     |                   |
| Without donor restrictions  | 30,098              | 145,214           |
| Without donor restrictions - Board designated<br>for capital improvements | 5,073               | 20,245            |
| With donor restrictions - Restricted for term endowment                   | 4,092               | 22,926            |
| With donor restrictions   | 700                 | 65,000            |
| Investments   |                     |                   |
| Without donor restrictions  | 44,455              | 0                 |
| Without donor restrictions - Board designated<br>for endowment            | 2,941,632           | 2,868,282         |
| With donor restrictions - Term endowment                                  | 3,064,687           | 2,803,298         |
| With donor restrictions   | 250,000             | 0                 |
| Financial assets, at year-end   | <u>7,466,677</u>    | <u>6,713,807</u>  |
| Less those not available for general expenditure<br>within one year:      |                     |                   |
| Unconditional promises to give  |                     |                   |
| Without donor restrictions - Board designated<br>for capital improvements | (5,073)             | (20,245)          |
| With donor restrictions - Restricted for term endowment                   | (4,092)             | (22,926)          |
| Investments   |                     |                   |
| Without donor restrictions - Board designated<br>for endowment            | (2,941,632)         | (2,868,282)       |
| With donor restrictions - Term endowment                                  | (3,064,687)         | (2,803,298)       |
| Financial assets available for general expenditure<br>within one year     | <u>\$ 1,451,193</u> | <u>\$ 999,056</u> |

**THE GATHERING PLACE**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**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 \$2,941,632 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 G, 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 31<sup>st</sup> 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 H) which it could draw upon in the event of unanticipated liquidity needs.