

THE GATHERING PLACE
FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

THE GATHERING PLACE

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-21



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, 2017 and 2016, 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, 2017 and 2016 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 20, 2017

THE GATHERING PLACE
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 846,500	\$ 227,513
Unconditional promises to give		
Unrestricted	111,250	129,042
Restricted for term endowment	304,690	553,344
Temporarily restricted - Capital Campaign	106,389	0
Temporarily restricted	8,587	6,750
Inventory	6,706	4,331
Prepaid expenses and deposits	35,825	31,593
Investments	5,042,903	4,513,940
Land	235,000	235,000
Fixed assets, net	1,451,411	1,610,293
Construction in progress	298,055	0
Beneficial interest in perpetual trust	124,886	109,516
	\$ 8,572,202	\$ 7,421,322
Liabilities		
Accounts payable	\$ 59,119	\$ 52,221
Accrued wages and taxes	26,513	24,454
Deferred revenue	194,340	0
Accrued expenses	2,931	0
	282,903	76,675
Net Assets		
Unrestricted		
Available for programs and services	721,493	602,546
Allocated to land and fixed assets	1,984,466	1,845,293
Board designated for endowment	2,764,314	2,568,688
	5,470,273	5,016,527
Temporarily restricted	2,694,140	2,218,604
Permanently restricted	124,886	109,516
	8,289,299	7,344,647
Total Net Assets	\$ 8,572,202	\$ 7,421,322
Total Liabilities and Net Assets	\$ 8,572,202	\$ 7,421,322

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	195,626	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 expenses	(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
	2,706,771	549,308	15,370	3,271,449
Net assets released from restrictions:				
Satisfaction of program restrictions	73,772	(73,772)	0	0
Total Reclassifications	73,772	(73,772)	0	0
	2,780,543	475,536	15,370	3,271,449
Expenses				
Program services:				
Adult and child centers	1,890,766	0	0	1,890,766
Total Program Services	1,890,766	0	0	1,890,766
Supporting services:				
Administration	152,569	0	0	152,569
Development	283,462	0	0	283,462
Total Supporting Services	436,031	0	0	436,031
	2,326,797	0	0	2,326,797
Changes in Net Assets	453,746	475,536	15,370	944,652
Total Net Assets at Beginning of Year	5,016,527	2,218,604	109,516	7,344,647
Total Net Assets at End of Year	5,470,273	2,694,140	124,886	8,289,299
Board Designated and Restricted Net Assets	(2,764,314)	(2,694,140)	(124,886)	(5,583,340)
Unrestricted Net Assets Allocated to Land and Fixed Assets	(1,984,466)	0	0	(1,984,466)
Unrestricted Net Assets Available for Programs & Services	\$ 721,493	\$ 0	\$ 0	\$ 721,493

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

THE GATHERING PLACE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Contributions	\$ 929,708	\$ 0	\$ 0	\$ 929,708
Grants	184,575	40,389	0	224,964
Board-designated and term endowments	62,132	469,232	0	531,364
Donated goods and services	3,400	0	0	3,400
Loss on disposal of fixed assets	(6,286)	0	0	(6,286)
Special events				
Gross revenue	832,282	0	0	832,282
Less: Direct expenses	(202,701)	0	0	(202,701)
Warehouse				
Gross sales	289,322	0	0	289,322
Donated inventory	280,966	0	0	280,966
Less: Cost of sales	(288,272)	0	0	(288,272)
Direct costs	(77,278)	0	0	(77,278)
Change in value of perpetual trust	0	0	(10,644)	(10,644)
Investment income, net of fees	109,644	0	0	109,644
Realized loss on sale of investments	(77,234)	0	0	(77,234)
Unrealized loss on investments	(44,037)	0	0	(44,037)
	<u>1,996,221</u>	<u>509,621</u>	<u>(10,644)</u>	<u>2,495,198</u>
Net assets released from restrictions:				
Satisfaction of program restrictions	80,363	(80,363)	0	0
Total Reclassifications	<u>80,363</u>	<u>(80,363)</u>	<u>0</u>	<u>0</u>
	<u>2,076,584</u>	<u>429,258</u>	<u>(10,644)</u>	<u>2,495,198</u>
Expenses				
Program services:				
Adult and child centers	1,915,652	0	0	1,915,652
Total Program Services	<u>1,915,652</u>	<u>0</u>	<u>0</u>	<u>1,915,652</u>
Supporting services:				
Administration	179,454	0	0	179,454
Development	315,173	0	0	315,173
Total Supporting Services	<u>494,627</u>	<u>0</u>	<u>0</u>	<u>494,627</u>
	<u>2,410,279</u>	<u>0</u>	<u>0</u>	<u>2,410,279</u>
Changes in Net Assets	<u>(333,695)</u>	<u>429,258</u>	<u>(10,644)</u>	<u>84,919</u>
Total Net Assets at Beginning of Year	<u>5,350,222</u>	<u>1,789,346</u>	<u>120,160</u>	<u>7,259,728</u>
Total Net Assets at End of Year	<u>5,016,527</u>	<u>2,218,604</u>	<u>109,516</u>	<u>7,344,647</u>
Board Designated and Restricted Net Assets	<u>(2,568,688)</u>	<u>(2,218,604)</u>	<u>(109,516)</u>	<u>(4,896,808)</u>
Unrestricted Net Assets Allocated to Land and Fixed Assets	<u>(1,845,293)</u>	<u>0</u>	<u>0</u>	<u>(1,845,293)</u>
Unrestricted Net Assets Available for Programs & Services	<u>\$ 602,546</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 602,546</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, 2017

	<u>Program Services</u>		<u>Supporting Services</u>		
	<u>Adult and Child</u>		<u>Development</u>	<u>Total</u>	<u>Total</u>
	<u>Centers</u>	<u>Administration</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	\$ 1,890,766	\$ 152,569	\$ 283,462	\$ 436,031	\$ 2,326,797
	81%	7%	12%	19%	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, 2016

	<u>Program Services</u>		<u>Supporting Services</u>		
	<u>Adult and Child</u>				
	<u>Centers</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 987,572	\$ 118,596	\$ 224,770	\$ 343,366	\$ 1,330,938
Benefits and taxes	240,789	26,857	42,580	69,437	310,226
Program costs	247,945	0	0	0	247,945
Board-related costs	0	6,709	0	6,709	6,709
Fundraising costs	0	0	20,396	20,396	20,396
Operations	236,468	7,267	16,132	23,399	259,867
Professional fees	28,439	10,744	2,014	12,758	41,197
Utilities	22,829	907	907	1,814	24,642
Miscellaneous	878	0	0	0	878
Depreciation and amortization	150,733	8,374	8,374	16,748	167,481
Total	<u>\$ 1,915,652</u>	<u>\$ 179,454</u>	<u>\$ 315,173</u>	<u>\$ 494,627</u>	<u>\$ 2,410,279</u>
	80%	7%	13%	20%	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, 2017 AND 2016

	2017	2016
Cash Flows from Operating Activities		
Changes in net assets	\$ 944,652	\$ 84,919
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	160,897	167,480
Non-cash contribution of donated goods and inventory, net of non-cash cost of sales	(2,375)	7,306
Loss on disposal of fixed assets	0	6,286
Net realized and unrealized (gain) loss on investment activity	(225,303)	127,557
Dividends and interest reinvested, net of fees	65,600	110,835
Change in value of trust held by others	(15,370)	10,644
Amortization of discount on promises to give	25,744	(21,950)
(Increase) decrease in:		
Unconditional promises to give		
Unrestricted	(7,952)	19,952
Board restricted for endowment	248,654	(348,917)
Temporarily restricted - Capital Campaign	(106,389)	0
Temporarily restricted	(1,837)	23,250
Prepaid expenses and deposits	(4,232)	5,256
Increase (decrease) in:		
Accounts payable	6,898	(22,683)
Accrued wages and taxes	2,059	8,525
Deferred revenue	194,340	(35,000)
Accrued expenses	2,931	(318)
Net Cash Provided by Operating Activities	1,288,317	143,142
Cash Flows from Investing Activities		
Net increase in investments, net	(368,980)	(153,918)
Increase in construction in progress	(298,055)	0
Acquisition of property and equipment	(2,295)	(50,532)
Net Cash Used for Investing Activities	(669,330)	(204,450)
Net Increase (Decrease) in Cash and Cash Equivalents	618,987	(61,308)
Cash and Cash Equivalents at Beginning of Year	227,513	288,821
Cash and Cash Equivalents at End of Year	\$ 846,500	\$ 227,513

Supplemental Disclosure of Non-cash Transactions

Non-cash contributions of inventory were received with a fair market value totaling \$261,691 and \$280,966 for the years ended June 30, 2017 and 2016, respectively. Non-cash cost of sales have been recognized in the amount of \$259,316 and \$288,272 for the years ended June 30, 2017 and 2016, respectively.

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

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

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, 2017 AND 2016

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.

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 GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

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

Promises to Give (Continued)

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, 2017 and 2016.

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 2017 or 2016.

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, 2017 AND 2016

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 \$600.

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, 2017 and 2016, the Organization had no other significant concentrations of credit risk.

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

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

Advertising

Advertising costs are expensed when incurred.

Subsequent Events

The Organization has evaluated subsequent events through October 20, 2017, 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, 2017 and 2016 consist of:

	<u>2017</u>	<u>2016</u>
Unrestricted promises	\$ 111,718	129,967
Restricted for term endowment funds	312,132	587,250
Restricted for capital campaign	107,566	0
Restricted for programming	8,587	6,750
	<u>540,003</u>	<u>723,967</u>
Gross unconditional promises to give		
Less: Unamortized discount	9,087	34,831
Net Unconditional Promises to Give	<u>\$ 530,916</u>	<u>\$ 689,136</u>
Amounts due in:		
Less than one year	\$ 364,853	\$ 293,267
One to five years	175,150	430,700
Total Amounts Due	<u>\$ 540,003</u>	<u>\$ 723,967</u>

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

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, 2017 and 2016:

	<u>2017</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
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>

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

NOTE C - INVESTMENTS (CONTINUED)

	2016		
	Cost	Fair Value	Unrealized Gain
Cash and equivalents	\$ 342,767	\$ 342,767	\$ 0
Equities, mutual funds & ETFs	2,508,035	2,981,626	473,591
Fixed income	1,180,249	1,189,547	9,298
	<u>\$ 4,031,051</u>	<u>\$ 4,513,940</u>	<u>\$ 482,889</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, 2017 and 2016.

	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	<u>5,042,903</u>	<u>5,042,903</u>	<u>0</u>	<u>0</u>
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	<u>\$ 5,174,495</u>	<u>\$ 5,042,903</u>	<u>\$ 0</u>	<u>\$ 131,592</u>

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)

	Fair Value Measurements at June 30, 2016 Using			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash and equivalents	\$ 342,767	\$ 342,767	\$ 0	\$ 0
Equities, mutual funds & ETFs	2,981,626	2,981,626	0	0
Fixed income	1,189,547	1,189,547	0	0
Total investments at fair value	4,513,940	4,513,940	0	0
Donated inventory at fair value	4,331	0	0	4,331
Beneficial interest in perpetual trust	109,516	0	0	109,516
Total assets at fair value	\$ 4,627,787	\$ 4,513,940	\$ 0	\$ 113,847

The following table presents a reconciliation of all Level 3 assets measured at fair value for the years ended June 30, 2017 and 2016:

	2017	2016
Balance at beginning of year	\$ 113,847	\$ 131,797
Inventory donations and sales, net	2,375	(7,306)
Change in value of perpetual trust	15,370	(10,644)
Balance at end of year	<u>\$ 131,592</u>	<u>\$ 113,847</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.

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE E - FIXED ASSETS

Fixed assets consist of the following as of June 30, 2017 and 2016:

	2017	2016
Land improvements	\$ 886,504	\$ 886,504
Building and improvements	1,747,475	1,745,179
Computer hardware	35,524	35,524
Computer software and technology	111,663	111,663
Office equipment	92,783	104,450
Furniture and fixtures	368,141	395,696
Leasehold improvements	46,527	275,526
	<u>3,288,617</u>	<u>3,554,542</u>
Less: Accumulated depreciation	<u>(1,837,206)</u>	<u>(1,944,249)</u>
	<u>\$ 1,451,411</u>	<u>\$ 1,610,293</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, 2017 and 2016, assets with a value of \$124,886 and \$109,516 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 \$6,070 and \$5,725 for the years ended June 30, 2017 and 2016, respectively.

NOTE G - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30, 2017 and 2016 are available for the following purposes or periods:

	2017	2016
Programs	\$ 88,442	\$ 98,913
Capital campaign	400,290	0
Term endowment funds restricted by donors	2,175,408	2,119,691
Subsequent years' activities	30,000	0
Total	<u>\$ 2,694,140</u>	<u>\$ 2,218,604</u>

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

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, 2017 AND 2016

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 principal, 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% - 10% 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 principal. 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, 2017 and 2016 is as follows:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net 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
	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment funds:				
Donor-restricted	\$ 0	\$ 2,119,693	\$ 109,516	\$ 2,229,209
Board-designated	2,568,688	0	0	2,568,688
Undesignated	642,127	0	0	642,127
Total Funds	\$ 3,210,815	\$ 2,119,693	\$ 109,516	\$ 5,440,024

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

NOTE G - RESTRICTIONS ON NET ASSETS (CONTINUED)

Changes in endowment net assets as of June 30, 2017 and 2016 are as follows:

	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 gain 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>

	2017		
	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
	Endowment net assets, beginning of year	\$ 2,119,693	\$ 109,516
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>

	2016		
	Unrestricted		
	Undesignated	Board Designated	Total
Endowment net assets, beginning of year	\$ 646,277	\$ 2,506,556	\$ 3,152,833
Contributions	0	62,132	62,132
Investment activity	0	21,026	21,026
Net depreciation	(44,037)	0	(44,037)
Net income on perpetual trust	0	0	0
Amounts appropriated for expenditure	39,887	(21,026)	18,861
Endowment net assets, end of year	<u>\$ 642,127</u>	<u>\$ 2,568,688</u>	<u>\$ 3,210,815</u>

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE G - RESTRICTIONS ON NET ASSETS (CONTINUED)

	2016		Total Net Endowment Assets
	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 1,650,461	\$ 120,160	4,923,454
Contributions	469,232	0	531,364
Investment activity	18,861	0	39,887
Net depreciation	0	0	(44,037)
Net loss on perpetual trust	0	(10,644)	(10,644)
Amounts appropriated for expenditure	(18,861)	0	(0)
Endowment net assets, end of year	<u>\$ 2,119,693</u>	<u>\$ 109,516</u>	<u>\$ 5,440,024</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 (4.25% at June 30, 2017). 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. As of June 30, 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, 2017 and 2016, are as follows:

	2017	2016
Inventory contributed for sale at <i>The Gathering Place Warehouse</i>	\$ 261,691	\$ 280,966
Architectural services	12,800	0
Cabling materials and labor	1,000	0
Garden maintenance	0	3,400
Total	<u>\$ 275,491</u>	<u>\$ 284,366</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 the years ended June 30, 2017 and 2016, volunteers donated in excess of 19,500 and 19,970 hours of service, respectively, to the Organization at a value of approximately \$459,000 and \$455,000, respectively. These services do not meet the criteria for recognition under ASC 958-605.

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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, 2015 and for the years ended June 30, 2017 and 2016, 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, 2017 and 2016, 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 2013.

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, 2017:

2018	\$	129,991
2019		121,358
2020		112,108
2021		110,437
2022		105,424
		105,424
Total Minimum Payments	\$	579,318

Total rental expense amounted to \$87,784 and \$86,544 for the years ended June 30, 2017 and 2016, 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 \$34,073 and \$33,171 for the years ended June 30, 2017 and 2016, respectively.



October 20, 2017

To the Board of Directors
Gathering Place

We have audited the financial statements of Gathering Place for the year ended June 30, 2017, and have issued our report thereon dated October 20, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 15, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Gathering Place are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no such estimates.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial

statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 20, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

This information is intended solely for the use of the Board of Directors and management of Gathering Place and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Zinner & Co. LLP

Beachwood, Ohio