

**The Gathering Place:
A Refuge for Rebuilding Lives**

Financial Statements

September 30, 2021 and 2020

(With Independent Auditor's Report Thereon)

Kundinger, Corder & Engle, P.C.

Certified Public Accountants

Independent Auditor's Report

Board of Directors

The Gathering Place: A Refuge for Rebuilding Lives

Report on the Financial Statements

We have audited the accompanying financial statements of The Gathering Place: A Refuge for Rebuilding Lives (The Gathering Place), which comprise the statements of financial position as of September 30, 2021 and 2020, 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 that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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.

Board of Directors
The Gathering Place: A Refuge for Rebuilding Lives

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 September 30, 2021 and 2020, 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.

Keenring, Cochrane & Congle, P.C.

February 3, 2022

The Gathering Place: A Refuge for Rebuilding Lives
Statements of Financial Position
September 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 1,049,624	288,009
Contributions receivable (note 3)	357,705	564,988
Grants receivable	124,982	100,764
Prepaid expenses and other assets	34,471	33,112
Investment in money market funds (note 4)	323,559	323,526
Beneficial interest in assets held by others (notes 4, 5 and 10)	2,282,187	279,912
Property and equipment, net (note 6)	5,312,185	5,504,030
Total assets	\$ 9,484,713	7,094,341
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 150,537	165,613
Notes and loan payable (note 8)	2,291,938	2,385,190
Refundable advances	162,731	–
Paycheck protection program loan	–	274,400
Total liabilities	2,605,206	2,825,203
Net assets		
Net assets without donor restrictions (note 9)		
Board designated	2,324,453	408,042
Undesignated	3,980,974	3,175,684
	6,305,427	3,583,726
Net assets with donor restrictions (notes 9 and 10)	574,080	685,412
Total net assets	6,879,507	4,269,138
Commitments (notes 7, 11, and 14)		
Total liabilities and net assets	\$ 9,484,713	7,094,341

See the accompanying notes to the financial statements.

The Gathering Place: A Refuge for Rebuilding Lives
Statement of Activities
Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 3,534,121	758,657	4,292,778
Paycheck Protection Program grant (note 13)	274,400	–	274,400
Government grants	560,931	–	560,931
Contributed goods and services	286,222	–	286,222
Other income	1,826	–	1,826
Net assets released from restrictions (note 9)	955,886	(955,886)	–
Total support and revenue	<u>5,613,386</u>	<u>(197,229)</u>	<u>5,416,157</u>
Expenses			
Program services			
Meet Basic Needs	1,334,903	–	1,334,903
Supporting Stability	818,165	–	818,165
Total program services	<u>2,153,068</u>	<u>–</u>	<u>2,153,068</u>
Supporting services			
General and administrative	326,980	–	326,980
Fundraising and development	281,164	–	281,164
Total supporting services	<u>608,144</u>	<u>–</u>	<u>608,144</u>
Total expenses before depreciation and interest	<u>608,144</u>	<u>–</u>	<u>608,144</u>
Change in net assets before depreciation, interest, and change in beneficial interest in assets held by others	2,852,174	(197,229)	2,654,945
Depreciation	(226,186)	–	(226,186)
Interest expense	(94,769)	–	(94,769)
Change in beneficial interest in assets held by others (note 5)	190,482	85,897	276,379
Change in net assets	<u>2,721,701</u>	<u>(111,332)</u>	<u>2,610,369</u>
Net assets at beginning of year	<u>3,583,726</u>	<u>685,412</u>	<u>4,269,138</u>
Net assets at end of year	<u>\$ 6,305,427</u>	<u>574,080</u>	<u>6,879,507</u>

See the accompanying notes to the financial statements.

The Gathering Place: A Refuge for Rebuilding Lives
Statement of Activities
Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 2,030,539	492,886	2,523,425
Government grants	202,184	–	202,184
Contributed goods and services	469,804	–	469,804
Art Restart program income	20,201	–	20,201
Other Income	2,689	–	2,689
Net assets released from restrictions (note 9)	628,090	(628,090)	–
Total support and revenue	<u>3,353,507</u>	<u>(135,204)</u>	<u>3,218,303</u>
Expenses			
Program services			
Meet Basic Needs	1,406,606	–	1,406,606
Supporting Stability	496,068	–	496,068
Social Enterprise	67,236	–	67,236
Total program services	<u>1,969,910</u>	<u>–</u>	<u>1,969,910</u>
Supporting services			
General and administrative	336,492	–	336,492
Fundraising and development	280,915	–	280,915
Total supporting services	<u>617,407</u>	<u>–</u>	<u>617,407</u>
Total expenses before depreciation and interest	<u>617,407</u>	<u>–</u>	<u>617,407</u>
Change in net assets before depreciation, interest, and change in beneficial interest in assets held by others	766,190	(135,204)	630,986
Depreciation	(228,319)	–	(228,319)
Interest expense	(100,577)	–	(100,577)
Change in beneficial interest in assets held by others (note 5)	–	18,328	18,328
Change in net assets	<u>437,294</u>	<u>(116,876)</u>	<u>320,418</u>
Net assets at beginning of year	<u>3,146,432</u>	<u>802,288</u>	<u>3,948,720</u>
Net assets at end of year	<u>\$ 3,583,726</u>	<u>685,412</u>	<u>4,269,138</u>

See the accompanying notes to the financial statements.

The Gathering Place: A Refuge for Rebuilding Lives
Statement of Functional Expenses
Year Ended September 30, 2021

	Meet Basic Needs	Supporting Stability	Total Program Activities	General and Admin- istrative	Fundraising and Dev- elopment	Total Supporting Activities	Total
Salaries	\$ 681,808	417,883	1,099,691	189,223	178,526	367,749	1,467,440
Employee benefits	56,762	34,788	91,550	10,249	10,946	21,195	112,745
Payroll taxes	52,782	32,350	85,132	14,526	13,676	28,202	113,334
Assistance to individuals	131,165	80,388	211,553	—	—	—	211,553
Occupancy costs	115,752	70,944	186,696	7,961	5,219	13,180	199,876
Information technology	54,563	33,443	88,006	7,317	18,724	26,041	114,047
Printing and publications	1,420	871	2,291	355	13,551	13,906	16,197
Professional services	28,755	17,625	46,380	86,202	14,040	100,242	146,622
Marketing	2,364	1,449	3,813	498	468	966	4,779
Insurance	18,672	11,444	30,116	4,591	519	5,110	35,226
Postage and shipping	1,088	667	1,755	223	6,185	6,408	8,163
Dues and subscriptions	4,404	2,700	7,104	583	4,279	4,862	11,966
Supplies	3,725	2,284	6,009	148	199	347	6,356
Miscellaneous	5,046	3,093	8,139	873	1,457	2,330	10,469
Bank fees	1,315	806	2,121	276	13,129	13,405	15,526
Travel	342	209	551	51	89	140	691
Contributed supplies	165,368	101,354	266,722	—	—	—	266,722
Donated professional services	9,572	5,867	15,439	3,904	157	4,061	19,500
Total functional expenses before depreciation and interest	<u>1,334,903</u>	<u>818,165</u>	<u>2,153,068</u>	<u>326,980</u>	<u>281,164</u>	<u>608,144</u>	<u>2,761,212</u>
Depreciation	133,504	81,825	215,329	7,148	3,709	10,857	226,186
Interest expense	55,936	34,284	90,220	2,995	1,554	4,549	94,769
Total expenses	<u>\$ 1,524,343</u>	<u>934,274</u>	<u>2,458,617</u>	<u>337,123</u>	<u>286,427</u>	<u>623,550</u>	<u>3,082,167</u>

See the accompanying notes to the financial statements.

The Gathering Place: A Refuge for Rebuilding Lives
Statement of Functional Expenses
Year Ended September 30, 2020

	Meet Basic Needs	Supporting Stability	Social Enterprise	Total Program Activities	General and Admin- istrative	Fundraising and Dev- elopment	Total Supporting Activities	Total
Salaries	\$ 616,445	225,740	34,271	876,456	204,267	172,171	376,438	1,252,894
Employee benefits	38,069	13,940	2,334	54,343	10,654	11,131	21,785	76,128
Payroll taxes	49,037	17,958	2,688	69,683	16,149	13,774	29,923	99,606
Assistance to individuals	149,513	36,853	2,702	189,068	60	68	128	189,196
Occupancy costs	122,290	42,336	4,884	169,510	8,186	3,134	11,320	180,830
Information technology	36,188	13,252	1,950	51,390	5,968	17,764	23,732	75,122
Printing and publications	1,337	712	51	2,100	361	17,798	18,159	20,259
Professional services	6,449	2,361	573	9,383	75,618	7,531	83,149	92,532
Marketing	15,130	5,541	897	21,568	3,209	3,631	6,840	28,408
Insurance	20,188	7,393	853	28,434	3,145	547	3,692	32,126
Postage and shipping	1,761	645	74	2,480	373	8,698	9,071	11,551
Telephone and internet	6,672	2,443	282	9,397	1,415	1,601	3,016	12,413
Dues and subscriptions	3,548	1,357	150	5,055	730	4,430	5,160	10,215
Equipment	5,673	2,077	240	7,990	1,127	1,247	2,374	10,364
Supplies	1,534	811	57	2,402	294	368	662	3,064
Miscellaneous	1,737	1,457	1,111	4,305	148	15,012	15,160	19,465
Bank fees	1,609	589	68	2,266	329	386	715	2,981
Travel	148	21	139	308	14	37	51	359
Contributed supplies	275,932	101,046	11,660	388,638	—	—	—	388,638
Donated professional services	53,346	19,536	2,252	75,134	4,445	1,587	6,032	81,166
Total functional expenses before depreciation and interest	1,406,606	496,068	67,236	1,969,910	336,492	280,915	617,407	2,587,317
Depreciation	147,143	53,883	12,885	213,911	10,418	3,990	14,408	228,319
Interest expense	66,323	24,287	3,083	93,693	4,851	2,033	6,884	100,577
Total expenses	\$ 1,620,072	574,238	83,204	2,277,514	351,761	286,938	638,699	2,916,213

See the accompanying notes to the financial statements.

The Gathering Place: A Refuge for Rebuilding Lives
Statements of Cash Flows
Years Ended September 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 2,610,369	320,418
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	226,186	228,319
Loss on disposal of equipment	–	10,556
Forgiveness of Paycheck Protection Program loan	(274,400)	–
Change in operating assets and liabilities		
Contributions receivable	207,283	(108,723)
Grants receivable	(24,218)	(93,104)
Prepaid and other assets	(1,359)	11,546
Refundable advances	162,731	–
Accounts payable and accrued liabilities	(15,076)	24,348
Net cash provided by operating activities	<u>2,891,516</u>	<u>393,360</u>
Cash flows from investing activities		
Net purchases of investments	(33)	(323,474)
(Increase) decrease in beneficial interest in assets held by others	(2,002,275)	98,093
Purchases of property and equipment	(34,341)	(37,716)
Net cash used in investing activities	<u>(2,036,649)</u>	<u>(263,097)</u>
Cash flows from financing activities		
Borrowings on line of credit	–	316,000
Payments on program-related loan	–	(75,000)
Proceeds from paycheck protection program loan	–	274,400
Payments on notes payable	(93,252)	(89,766)
Payments on line of credit	–	(316,000)
Net cash provided by (used in) financing activities	<u>(93,252)</u>	<u>109,634</u>
Increase in cash and cash equivalents	761,615	239,897
Cash and cash equivalents, beginning of year	288,009	48,112
Cash and cash equivalents, end of year	<u>\$ 1,049,624</u>	<u>288,009</u>
Additional cash flow information:		
Interest paid	<u>\$ 94,769</u>	<u>100,577</u>

See the accompanying notes to the financial statements.

The Gathering Place: A Refuge for Rebuilding Lives
Notes to Financial Statements
September 30, 2021 and 2020

(1) Summary of Significant Accounting Policies

(a) General

Founded in 1986, The Gathering Place (TGP) is the only daytime drop-in center in Denver specifically dedicated to addressing the needs of women, transgender individuals, and their families experiencing extreme poverty, many of whom are also experiencing homelessness. Our services and programs empower those we work with to move from homelessness and poverty to stability and self-determination by addressing urgent basic needs, building relationships of trust, and connecting and engaging people with vital support and assistance. Instead of *client*, TGP uses the term *member* to refer to the people who seek out and benefit from our services and programs, reflecting our belief in the power and importance of community and relationships. All TGP services and programs are provided free of charge and utilize trauma-informed care practices.

Within this framework, our work flows into three primary areas.

1. Meet Basic Needs: Resource advocates on the Community Access Team (CAT) respond to members' immediate needs with services that include showers, laundry, naps, mail service, locker storage, telephone access, and an extensive array of resources and referrals. Similar to the CAT response, TGP's Family Program provides support to families in a safe, nurturing, and developmentally rich environment and the team is available to care for children while mothers/guardians utilize or participate in other TGP services and programs.

In our community dining room, the Food Services Program serves freshly prepared meals (breakfast, lunch, and early dinner) that include healthy and delicious options, which accommodate most dietary needs and preferences. For example, vegetarian options are available for meals. Our Food Pantries (Betsy's Cupboard and Family Program) provide healthy groceries, baby food/formula, toiletries, and diapers. Bridget's Boutique, TGP's clothing bank, distributes clothing to members who have an emergency need for replacement clothes or need clothes for employment reasons.

In response to the COVID-19 pandemic, TGP worked closely with the City and County of Denver and other shelter-providing agencies to establish and operate a new, 24/7 Auxiliary Shelter for women and transgender adults at the Denver Coliseum, which opened April 20, 2020. On August 4, 2020, guests were moved from this shelter to a former motel property owned by Denver Housing Authority. TGP is solely responsible for operating daytime services at the motel shelter location, and continued to provide daytime staffing and services at this facility through the end of 2021.

The Gathering Place: A Refuge for Rebuilding Lives

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(a) General, Continued

2. Supporting Stability: TGP’s Education and Job Readiness Program helps members reach their goals, advance their education, improve their employment potential, and increase their income. Educational opportunities for adult members at TGP include High School Equivalency Program, Skills Development Classes, and Writers Group. In August 2020, the High School Equivalency Program provided in collaboration with Community College of Denver’s Foundation Skills Institute ended.

Job readiness opportunities include job search assistance, onsite job fairs, and private appointments. Job search assistance sessions, held twice per week, include dedicated time in the computer lab to complete online job applications, help from volunteers on resume and cover letter building, and assistance with conducting online job searches. At least once a month, a job fair is hosted onsite and can either be a practice event with human resource volunteers or an actual hiring fair with an employer. Private appointments with the Job Readiness Program Manager also provide members a chance to discuss their job or education related needs and get referrals, assistance, and advice. TGP’s computer lab provides access to technology, including internet access, which is increasingly vital for social connection and opportunity in modern society. Volunteers run the lab and are available to help members learn computer software and programs, supporting increased computer literacy.

The Physical and Mental Health Program promotes wellness and growth by increasing access to health care information, services, and referrals. Bringing partner agencies and pro bono health professionals onsite to serve members relieves various barriers to care (e.g., transportation) for members who are already at TGP for other reasons. Additionally, by building trusting and collaborative relationships with both members and partner agencies, TGP is able to provide “warm hand-off” referrals where members are introduced personally to outside partner agencies, improving the success rate of such referrals. The program also provides assistance to pay for prescriptions or pharmacy gift cards for minor medical supplies and over the counter medications.

TGP’s Case Management Program supports members in obtaining housing and overcoming other barriers to exiting homelessness and achieving long-term stability in housing. Case Managers work with individuals and families to develop individualized plans and goals addressing their unique circumstances and needs, and then provide support and assistance to members in achieving those goals, including obtaining transitional or long-term housing. Case Managers also support members in increasing income through employment and benefits, gaining reliable means of communication and transportation, obtaining education or training, and connecting with additional support systems as needed to support long-term stability.

The Gathering Place: A Refuge for Rebuilding Lives

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(a) General, Continued

3. Social Enterprise: Art Restart: Art Restart was launched in 2014 as a social enterprise to diversify and expand TGP's funding sources and give members an opportunity to earn supplemental income from their artistic talents through sales marketed throughout the United States. Art Restart provides members with the support and supplies they need to create their own art. Select pieces are then turned into custom merchandise from which the artists receive a royalty on every sale made. This program ended in 2020.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

(c) Financial Statement Presentation

TGP is required to present information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of TGP. These net assets may be used at the discretion of TGP's management and the Board of Directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of TGP or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

(d) Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets before depreciation, interest, and change in beneficial interest in assets held by others.

(e) Cash and Cash Equivalents

For purposes of the statement of cash flows, TGP considers all highly liquid investments with an initial maturity of three months or less, and which are not held as part of an investment portfolio or restricted by donors for long-term purposes, to be cash equivalents.

The Gathering Place: A Refuge for Rebuilding Lives

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Concentrations of Credit Risk

Financial instruments which potentially subject TGP to concentrations of credit risk consist of cash and cash equivalents and beneficial interest in assets held by others. TGP deposits its cash and cash equivalents with creditworthy, high quality, financial institutions. At times throughout the year, a portion of TGP's cash is not insured.

The assets in the beneficial interest in assets held by others are managed by The Denver Foundation and monitored by the TGP Board of Directors. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of TGP.

(g) Investments

Investments are recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position. Fair value is determined as more fully described in note 1(h). TGP's investments consist of money market funds and TGP's beneficial interest in funds held by The Denver Foundation in an investment pool consisting of both marketable and alternative investments. In general, investments in marketable equity and fixed income securities with readily determinable market values are reported at fair value based upon quoted prices in active markets. The market value of the investments held by The Denver Foundation is determined using the net asset value per share practical expedient method. Because of the nature of the investment pool, the recorded market value may differ significantly from the realizable values. Management is responsible for the fair value measurement reported in the financial statements and believes that the reported values are reasonable.

Investment return consists of the distributive share of any interest, dividends, capital gains and losses generated from investments, as well as the change in fair value of the investments. Gains and losses attributable to investments are realized and reported upon a sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the statement of activities.

(h) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. In addition, TGP reports certain investments using the net asset value per share as determined by The Denver Foundation under the "practical expedient" method. The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method is met.

The Gathering Place: A Refuge for Rebuilding Lives

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Fair Value Measurements, Continued

Fair value measurement standards require TGP to classify financial instruments, with the exception of those valued at net asset value per share, into a three-level hierarchy, based on the priority of inputs to the valuation technique.

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 Inputs other than quoted market prices that are observable for the asset/liability, either directly or indirectly.

Level 3 Unobservable inputs that cannot be corroborated by observable market data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Level 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

(i) Property and Equipment

Property and equipment are stated at cost, if purchased, or fair market value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful life of the asset (five to forty years). TGP's policy is to capitalize all expenditures for property and equipment in excess of \$3,000 and with an estimated useful life exceeding one year, and to expense normal repairs and maintenance as incurred. Management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

(j) Revenue Recognition

Contributions

Contributions are recognized when cash, securities or other assets, and unconditional promises to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Should TGP substantially meet all conditions in the same period that the contribution was awarded, and barring any further donor-imposed restrictions, TGP has elected to recognize the revenue in net assts without donor restrictions.

TGP received contributions that are considered conditional grants. These grants include a right of return and are conditioned upon meeting specific milestones. At September 30, 2021 conditional contributions from a Foundation totaling \$324,157 has not been recognized in the Statements of Activities, and funds received in advance totaling \$162,731 is reported as a refundable advance.

The Gathering Place: A Refuge for Rebuilding Lives
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Revenue Recognition, Continued

Contributions, Continued

All donor restricted support, including pledges, is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Unconditional contributions are recognized as revenue in the period the pledge is received. Contributions receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. TGP uses the allowance method to determine uncollectible unconditional contributions receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made. There was no allowance for uncollectible amounts at September 30, 2021 because management believes all contributions receivable are fully collectible.

Government Grants

Government grants are treated as contributions that are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Conditional contributions totaling \$344,040 related to these grants have not been recognized in the accompanying financial statements.

Government grants are recognized as revenue monthly after qualifying expenses are incurred. Grants receivable are expected to be collected within one year. Management considers all grants to be fully collectible; therefore, no allowance for doubtful accounts is considered necessary.

Art Restart Program Income

Income from Art Restart was recorded when products were sold. The Art Restart program was discontinued effective September 30, 2020.

(k) Donated Goods and Services

Donated goods are valued at the fair value at the date of donation or, for clothing items, at the date the items are distributed to members. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by TGP.

A number of volunteers have donated time in connection with TGP's activities. No amounts have been reflected in the accompanying financial statements for these services because the donations do not meet the criteria for recognition under generally accepted accounting standards.

The Gathering Place: A Refuge for Rebuilding Lives

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(m) Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statements of functional expenses. TGP incurs expenses that directly relate to, and can be assigned to, specific programs or supporting activities. TGP also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e. fundraising and development and general and administrative activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount, square-footage, or estimates of time and effort incurred by personnel.

(n) Income Taxes

TGP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the charitable contribution deduction. However, income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income. TGP incurred no unrelated business income tax during the years ended September 30, 2021 and 2020, respectively.

TGP follows the *Accounting for Uncertainty in Income Taxes* accounting standard which requires TGP to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. TGP has analyzed the tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements and determined there are none. The three previous tax years remain subject to examination by the IRS.

(o) Subsequent Events

TGP has evaluated all subsequent events through February 3, 2022, which is the date the financial statements were available to be issued.

The Gathering Place: A Refuge for Rebuilding Lives
Notes to Financial Statements, Continued

(2) Liquidity and Availability of Financial Assets

Financial assets are considered unavailable when illiquid, not convertible to cash within one year, when restricted by donors for purposes more limited than general expenditures, or funds that have been board designated. The following table reflects TGP's financial assets that are available for general expenditure within one year as of September 30:

	<u>2021</u>	<u>2020</u>
Available financial assets at year-end		
Cash and cash equivalents	\$ 1,049,624	288,009
Contributions receivable within one year (note 3)	275,266	314,988
Grants receivable	<u>124,982</u>	<u>100,764</u>
Financial assets available for general expenditure over the next twelve months	\$ <u>1,449,872</u>	<u>703,761</u>

TGP anticipates collecting sufficient support and revenue to cover operating costs not covered by the above available financial assets. TGP also has a \$200,000 line of credit available to cover short-term cash flow needs when necessary, and board designated operating, capital and strategic reserves of \$2,324,454 and \$408,042 at September 30, 2021 and 2020, respectively. Board designated reserves can be expended as needed by a majority vote of approval by TGP Board of Directors.

At September 30, 2021 and 2020, unappropriated earnings on the TGP Endowment held at The Denver Foundation totaling \$161,912 and \$76,015, respectively, are available to be disbursed upon request (see note 10).

(3) Contributions Receivable

Contributions receivable at September 30, 2021 are expected to be collected as follows:

Due in fiscal year 2022	\$ 275,266
Due in fiscal year 2023	<u>82,439</u>
Total contributions receivable	\$ <u>357,705</u>

Amounts due in more than one year have not been discounted to net present value because the amount is not significant to the financial statements.

(4) Fair Value Measurements

TGP's assets under the fair value hierarchy levels consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Level 1		
Money market funds	\$ <u>323,559</u>	<u>323,526</u>
Net asset value per share		
Beneficial interest in assets held by others	\$ <u>2,282,187</u>	<u>279,912</u>

The Gathering Place: A Refuge for Rebuilding Lives
Notes to Financial Statements, Continued

(4) Fair Value Measurements, Continued

All assets have been valued using a market approach or net asset value per share. There were no changes to valuation techniques during the year. See note 5 for information related to investments measured at net asset value per share.

(5) Beneficial Interest in Assets Held by Others

TGP established an endowment fund (The Gathering Place Endowment Fund – “TGP Endowment”) with The Denver Foundation (the Foundation) on November 27, 2013 and named itself as the beneficiary. TGP granted variance power to the Foundation which allows the Foundation to substitute a successor organization if TGP ceases to operate or exist, or be qualified as a tax exempt organization in section 501(c)(3) of the Internal Revenue Code. The TGP Endowment consists of donor-restricted funds. In addition to the donor-restricted endowment, TGP’s beneficial interest in assets held by the Foundation at September 30, 2021 and 2020 includes board designated and undesignated funds.

In accordance with the accounting standard *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others* accounting standard, the transfer was not considered to be a contribution from TGP to the Foundation but rather was accounted for as a reciprocal transfer from TGP to the Foundation. Therefore, the transfer is reflected in the statement of financial position as “beneficial interest in assets held by others.”

Endowment distributions are based on the terms of the agreement as discussed in note 10. Earnings in excess of distributions, if any, are reinvested in the endowment fund. The agreement can be amended by a vote of three-fourths of all directors of TGP then in office and by a vote of three-fourths of all members of the Board of Trustees of the Foundation then in office. Distributions of earnings from the endowment fund are unrestricted to TGP and can be used for any needs, including general operating support. There were distributions of earnings from the endowment fund of \$0 and \$18,437 during the years ended September 30, 2021 and 2020, respectively.

Board designated funds can be withdrawn from the Foundation upon a three-quarter vote of approval by TGP Board of Directors.

The fair value of the beneficial interest in assets held by the Foundation at September 30, 2021 and 2020 was \$2,282,187 and \$279,912, respectively, and consisted of the following:

	<u>2021</u>	<u>2020</u>
TGP Endowment (notes 9 and 10)	\$ 281,293	195,396
Board designated reserves (note 9)	<u>2,000,894</u>	<u>84,516</u>
Beneficial interest in assets held by others	\$ <u>2,282,187</u>	<u>279,912</u>

The Gathering Place: A Refuge for Rebuilding Lives
Notes to Financial Statements, Continued

(5) Beneficial Interest in Assets Held by Others, Continued

The assets held by the Foundation are in a co-mingled investment pool consisting of both marketable and alternative investments. TGP reports its interest in the pool at fair value using information provided by the Foundation. Investment return consists of TGP's distributive share of any interest, dividends, capital gains and losses generated from the investments, as well as the change in fair value of the investments. Investment return is reported as the change in beneficial interest in assets held by others and for the years ended September 30, 2021 and 2020 was \$276,379 and \$18,328, respectively.

(6) Property and Equipment

Property and equipment consisted of the following at September 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 50,000	50,000
Building and improvements	7,971,005	7,971,005
Furniture, fixtures and equipment	<u>407,524</u>	<u>373,184</u>
	8,428,529	8,394,189
Less accumulated depreciation	<u>(3,116,344)</u>	<u>(2,890,159)</u>
Property and equipment, net	\$ <u>5,312,185</u>	<u>5,504,030</u>

(7) Line of Credit

TGP has a \$200,000 line of credit with a bank which bears interest at the lender's prime rate plus 1%. The interest rate is variable and can be adjusted monthly on the first day of the month. The line of credit matures on June 5, 2023. At September 30, 2021 and 2020, TGP had no outstanding balance on the line of credit.

Borrowings under the line of credit are secured by the property located at 1535 High Street, Denver, Colorado, and are subject to certain covenants. Interest expense on the line of credit in 2021 and 2020 was \$0 and \$2,043, respectively.

(8) Notes and Loan Payable

On July 15, 2008, TGP entered into an agreement with Colorado Housing and Finance Authority (CHFA) to borrow \$2,500,000 (the First Note) to finance building construction costs at 1535 High Street. The note is secured by a first lien Deed of Trust, Financing Statement and Assignment of Rents and Leases. Concurrently, TGP entered into a second agreement with CHFA in the amount of \$621,000 (the Second Note). The note is secured by a second lien Deed of Trust, Financing Statement and Assignment of Rents and Leases.

Interest on the First Note is 4.73% per annum; interest on the Second Note is 1% per annum. Interest expense on the two notes during the years ended September 30, 2021 and 2020 was \$94,769 and \$98,253, respectively. Combined principal and interest payments totaling \$15,668 are due on the notes each month through August 1, 2038.

The Gathering Place: A Refuge for Rebuilding Lives
Notes to Financial Statements, Continued

(8) Notes and Loan Payable, Continued

Principal payments are due as follows for years ending September 30:

2022	\$ 96,828
2023	100,637
2024	104,620
2025	108,788
2026	113,149
Thereafter	<u>1,767,916</u>
	<u>\$ 2,291,938</u>

(9) Net Assets

Board Designated Net Assets

The board has designated these net assets for the following purposes at September 30:

	<u>2021</u>	<u>2020</u>
Strategic reserve	\$ 76,748	53,312
Capital reserve	637,561	41,519
Operating reserve	<u>1,610,144</u>	<u>313,211</u>
Total board designated net assets	<u>\$ 2,324,453</u>	<u>408,042</u>

TGP received two significant estate gifts in 2021. The funds received are board designated as reserve funds.

Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at September 30:

	<u>2021</u>	<u>2020</u>
Specific time or purpose		
Personal growth and learning	\$ 221,944	208,872
Future operations	47,500	257,500
Member and other services	<u>23,343</u>	<u>23,644</u>
Net assets restricted for specific purpose	<u>292,787</u>	<u>490,016</u>
Endowment		
Unappropriated earnings on endowment	161,912	76,015
Donor-restricted endowment	<u>119,381</u>	<u>119,381</u>
Net assets restricted for endowment	<u>281,293</u>	<u>195,396</u>
Total net assets with donor restrictions	<u>\$ 574,080</u>	<u>685,412</u>

The Gathering Place: A Refuge for Rebuilding Lives
Notes to Financial Statements, Continued

(9) Net Assets, Continued

Net assets were released from restrictions for the following purposes during the years ended September 30:

	<u>2021</u>	<u>2020</u>
Personal growth and learning	\$ 527,610	331,942
Emergency services	218,276	202,711
General operating support	<u>210,000</u>	<u>93,437</u>
Total net assets released	\$ <u>955,886</u>	<u>628,090</u>

(10) Endowment Funds

TGP follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). TGP has interpreted UPMIFA 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, TGP classifies as donor restricted endowments (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, TGP will consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

- (1) The duration and preservation of the fund
- (2) The purpose of TGP and the donor-restricted 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 available resources
- (7) The investment policies of TGP.

As required by generally accepted accounting principles, net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment funds consisted of the following at September 30:

	<u>2021</u>	<u>2020</u>
Unappropriated earnings on donor restricted endowment	\$ 161,912	76,015
Donor-restricted endowment	<u>119,381</u>	<u>119,381</u>
Total TGP endowment	\$ <u>281,293</u>	<u>195,396</u>

The Gathering Place: A Refuge for Rebuilding Lives
Notes to Financial Statements, Continued

(10) Endowment Funds, Continued

Following are the changes in the TGP endowment for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Beginning endowment net assets	\$ 195,396	195,505
Investment return	85,897	18,328
Appropriated for expenditure	<u>—</u>	<u>(18,437)</u>
Ending endowment net assets	\$ <u>281,293</u>	<u>195,396</u>

Return Objectives and Risk Parameters and Strategies Employed for Achieving Objectives

As discussed in note 5, the TGP Endowment is held by The Denver Foundation. The Foundation has sole discretion over the investment of the TGP Endowment, within the standards set by UPMIFA.

Distribution Policy and How the Investment Objectives Relate to Distribution Policy

The distribution policy provides for annual distributions of 5% of the average of the previous twelve quarter's fair market value of the TGP Endowment, less administrative fees and expenses as of the third quarter balance of the preceding year. The average fair market value is determined in accordance with the Foundation's valuation policies and procedures in effect from time to time. Additional distributions require approval by The Denver Foundation's Board of Directors Executive Committee.

(11) Leases

TGP has non-cancelable operating leases for certain office equipment that expire at various times through 2026. Total rent for operating leases was \$8,556 and \$9,553 in 2021 and 2020, respectively. Rent totaling \$8,847 is due each year from 2022 through 2025 with a remaining payment of \$6,635 due in 2026.

(12) The Helen McLoraine Endowment Fund

TGP was named the designated beneficiary of The Helen McLoraine Endowment Fund (the Fund) with a \$1,000,000 endowment held and administered by The Denver Foundation. This endowment fund was contributed directly to The Denver Foundation and is not shown as an asset of TGP. The endowment was created to fund the personal growth and learning program. TGP is entitled to an annual 5% distribution of the endowment as valued on September 30 of the preceding year. Distributions are paid equally on a quarterly basis. For the years ended September 30, 2021 and 2020, TGP recognized contribution revenue from the Fund of \$43,472 and \$43,954, respectively.

(13) Paycheck Protection Program Loan

In April 2020, TGP received a \$274,400 loan under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). In April 2021, the loan was fully forgiven, and contribution revenue totaling \$274,400 was recognized.

The Gathering Place: A Refuge for Rebuilding Lives
Notes to Financial Statements, Continued

(14) Retirement Plan

TGP sponsors a defined contribution plan (the Plan) under the provisions of Internal Revenue Code Section 403(b). Eligible employees may participate in the Plan upon date of hire. The Plan is available to all employees over the age of eighteen. Participants are eligible to contribute an amount not to exceed limits set by the Internal Revenue Service. TGP has no matching obligations on contributions made to the Plan. However, TGP may make a discretionary contribution based upon a percentage of the employee's annual compensation, to be determined annually. TGP made no contributions to the Plan during the years ended September 30, 2021 and 2020.