

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

Financial Statements

September 30, 2020 and 2019

(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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements 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**

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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kundinger, Corder & Engle, P.C.

February 4, 2021

The Gathering Place: A Refuge for Rebuilding Lives
Statements of Financial Position
September 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 288,009	48,112
Contributions receivable (note 3)	564,988	456,265
Grants receivable	100,764	7,660
Prepaid expenses and other assets	33,112	44,658
Investment in money market funds (note 4)	323,526	52
Beneficial interest in assets held by others (notes 4, 5 and 10)	279,912	378,005
Property and equipment, net (note 6)	5,504,030	5,705,189
Total assets	\$ 7,094,341	6,639,941
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 165,613	141,265
Notes and loan payable (note 8)	2,385,190	2,549,956
Paycheck protection program loan (note 13)	274,400	-
Total liabilities	2,825,203	2,691,221
Net assets		
Net assets without donor restrictions (note 9)		
Board designated	408,042	121,081
Undesignated	3,175,684	3,025,351
	3,583,726	3,146,432
Net assets with donor restrictions (notes 9 and 10)	685,412	802,288
Total net assets	4,269,138	3,948,720
Commitments (notes 7 and 11)		
Total liabilities and net assets	\$ 7,094,341	6,639,941

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 (note 1(j))	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	1,969,910	–	1,969,910
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>2,587,317</u>	<u>–</u>	<u>2,587,317</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	437,294	(116,876)	320,418
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 Activities
Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 1,470,772	1,012,435	2,483,207
Government grants	102,999	–	102,999
Contributed goods and services (note 1(j))	544,581	–	544,581
Art Restart program income	52,729	–	52,729
Rental and other income	6,146	–	6,146
Net assets released from restrictions (note 9)	853,484	(853,484)	–
Total support and revenue	<u>3,030,711</u>	<u>158,951</u>	<u>3,189,662</u>
Expenses			
Program services	2,169,498	–	2,169,498
Supporting services:			
General and administrative	361,153	–	361,153
Fundraising and development	331,093	–	331,093
Total supporting services	<u>692,246</u>	<u>–</u>	<u>692,246</u>
Total expenses before depreciation and interest	<u>2,861,744</u>	<u>–</u>	<u>2,861,744</u>
Change in net assets before depreciation, interest, and change in beneficial interest in assets held by others	168,967	158,951	327,918
Depreciation	(211,897)	–	(211,897)
Interest expense	(103,649)	–	(103,649)
Change in beneficial interest in assets held by others (note 5)	–	2,020	2,020
Change in net assets	<u>(146,579)</u>	<u>160,971</u>	<u>14,392</u>
Net assets at beginning of year	<u>3,293,011</u>	<u>641,317</u>	<u>3,934,328</u>
Net assets at end of year	<u>\$ 3,146,432</u>	<u>802,288</u>	<u>3,948,720</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	Foster Personal Growth	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
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
Contributed supplies	275,932	101,046	11,660	388,638	-	-	-	388,638
Employee benefits	38,069	13,940	2,334	54,343	10,654	11,131	21,785	76,128
Donated professional services	53,346	19,536	2,252	75,134	4,445	1,587	6,032	81,166
Payroll taxes	49,037	17,958	2,688	69,683	16,149	13,774	29,923	99,606
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
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
Statement of Functional Expenses
Year Ended September 30, 2019

	Meet Basic Needs	Foster Personal Growth	Social Enterprise	Total Program Activities	General and Admin- istrative	Fundraising and Dev- elopment	Total Supporting Activities	Total
Salaries	\$ 557,221	231,461	140,382	929,064	230,289	224,779	455,068	1,384,132
Assistance to individuals	170,217	45,366	4,971	220,554	57	59	116	220,670
Occupancy costs	113,942	43,896	13,005	170,843	7,445	3,117	10,562	181,405
Contributed supplies	290,193	120,540	35,716	446,449	—	—	—	446,449
Employee benefits	36,717	15,250	4,967	56,934	12,222	18,676	30,898	87,832
Donated professional services	62,917	26,135	7,744	96,796	942	394	1,336	98,132
Payroll taxes	42,155	17,510	10,707	70,372	17,639	16,938	34,577	104,949
Information technology	30,522	12,679	5,453	48,654	5,614	15,638	21,252	69,906
Printing and publications	1,559	725	181	2,465	587	15,632	16,219	18,684
Professional services	3,129	1,300	385	4,814	73,714	1,702	75,416	80,230
Marketing	23,197	9,636	27,924	60,757	5,291	5,430	10,721	71,478
Insurance	14,952	6,211	1,841	23,004	2,751	433	3,184	26,188
Postage and shipping	1,247	518	442	2,207	284	7,323	7,607	9,814
Telephone and internet	5,881	2,443	724	9,048	1,341	1,377	2,718	11,766
Dues and subscriptions	3,125	1,298	385	4,808	692	7,575	8,267	13,075
Equipment	6,903	2,868	849	10,620	1,205	1,166	2,371	12,991
Supplies	1,148	707	127	1,982	237	344	581	2,563
Miscellaneous	3,686	2,492	1,736	7,914	456	9,951	10,407	18,321
Bank fees	—	—	2,118	2,118	314	322	636	2,754
Travel	60	26	9	95	73	237	310	405
Total functional expenses before depreciation and interest	1,368,771	541,061	259,666	2,169,498	361,153	331,093	692,246	2,861,744
Depreciation	126,923	52,722	19,568	199,213	8,941	3,743	12,684	211,897
Interest expense	62,619	26,011	8,551	97,181	4,501	1,967	6,468	103,649
Total expenses	\$ 1,558,313	619,794	287,785	2,465,892	374,595	336,803	711,398	3,177,290

See the accompanying notes to the financial statements.

The Gathering Place: A Refuge for Rebuilding Lives
Statements of Cash Flows
Years Ended September 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 320,418	14,392
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	228,319	211,897
Loss on disposal of equipment	10,556	3,009
(Increase) decrease in operating assets		
Contributions receivable	(108,723)	(290,046)
Grants receivable	(93,104)	4,952
Prepaid and other assets	11,546	3,230
Increase in operating liabilities		
Accounts payable and accrued liabilities	24,348	12,827
Net cash provided by (used in) operating activities	<u>393,360</u>	<u>(39,739)</u>
Cash flows from investing activities		
Net (purchases) sales of investments	(323,474)	103,010
(Increase) decrease in beneficial interest in assets held by others	98,093	(52,020)
Purchases of property and equipment	<u>(37,716)</u>	<u>(87,715)</u>
Net cash used in investing activities	<u>(263,097)</u>	<u>(36,725)</u>
Cash flows from financing activities		
Borrowings on line of credit	316,000	227,750
Proceeds (payments) on program-related loan	(75,000)	75,000
Proceeds from paycheck protection program loan	274,400	-
Payments on notes payable	(89,766)	(86,590)
Payments on line of credit	<u>(316,000)</u>	<u>(227,750)</u>
Net cash provided by (used in) financing activities	<u>109,634</u>	<u>(11,590)</u>
Increase (decrease) in cash and cash equivalents	239,897	(88,054)
Cash and cash equivalents, beginning of year	<u>48,112</u>	<u>136,166</u>
Cash and cash equivalents, end of year	<u>\$ 288,009</u>	<u>48,112</u>
Additional cash flow information:		
Interest paid	<u>\$ 100,577</u>	<u>103,649</u>

See the accompanying notes to the financial statements.

The Gathering Place: A Refuge for Rebuilding Lives
Notes to Financial Statements
September 30, 2020 and 2019

(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 will continue 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. Foster Personal Growth: 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. Through August 2020, the High School Equivalency Program was provided in collaboration with Community College of Denver through its Foundation Skills Institute, and provided students who test at a seventh grade level or above with classroom instruction in a dedicated study room with access to computers for studying and taking tests. Unfortunately, the Community College of Denver closed the Foundational Skills Institute in August 2020; TGP hopes to identify a new partner to provide onsite high-school equivalency courses in 2021. Students who have a reading level below seventh grade can increase their reading level and math skills through the Skills Development Classes, which are led by volunteers, and include instruction in English as a second language.

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.

In 2020, TGP also expanded its program offerings to include housing-focused case management services, designed to assist members with obtaining housing and overcoming other barriers to exiting homelessness and achieving long-term stability in housing.

The Gathering Place: A Refuge for Rebuilding Lives

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(a) General, Continued

3. Build Community: Building community is woven through our work, on a number of fronts with a large number of stakeholders. It involves: providing regular and periodic trauma-informed care trainings for staff, Board of Directors, volunteers, and members to ensure greater understanding of our commonalities, TGP's philosophy, and our approach to creating a safe community; opening channels of communication with members via community meetings twice a week; involving members in writing and ensuring access to our internal, bi-weekly newsletter, *TGP Post*; and engaging members as long-term volunteers and promoting their direct involvement in providing services, such as clothing and food distribution. TGP is also participating in The Denver Foundation's "The SHIFT" cohort, in order to support our work in becoming a more participant-centered organization and increasing member engagement in decision-making and governance for the organization.

(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.

Measure of Operations

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

(d) 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

(e) 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.

(f) 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(g). 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.

(g) 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

(g) 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.

(h) 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.

(i) 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. 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.

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

(1) Summary of Significant Accounting Policies, Continued

(i) Revenue Recognition, Continued

Contributions, Continued

Unconditional contributions receivable 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, 2020 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. Consequently, at September 30, 2020, conditional contributions related to these grants total \$44,288.

Receivables on government grants and contracts consist of amounts due from state and local government agencies resulting from allowable expenditures incurred that have not been recovered from the relevant state and local government agencies as of September 30, 2020. 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.

(j) 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. During the years ended September 30, 2020 and 2019, TGP received and recognized as revenue in-kind goods and services totaling \$469,804 and \$544,581, respectively.

Donated goods and services are reported in the following expense categories for the year ended September 30, 2020:

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Professional services	\$ 75,134	4,445	1,587	81,166
Food and basic need items	213,208	–	–	213,208
Clothing and supplies	<u>175,430</u>	<u>–</u>	<u>–</u>	<u>175,430</u>
	<u>\$ 463,772</u>	<u>4,445</u>	<u>1,587</u>	<u>469,804</u>

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

(1) Summary of Significant Accounting Policies, Continued

(j) Donated Goods and Services, Continued

Donated goods and services are reported in the following expense categories for the year ended September 30, 2019:

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Professional services	\$ 98,955	942	394	100,291
Food and basic need items	214,348	–	–	214,348
Clothing and supplies	<u>229,942</u>	<u>–</u>	<u>–</u>	<u>229,942</u>
	<u>\$ 543,245</u>	<u>942</u>	<u>394</u>	<u>544,581</u>

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.

(k) 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.

(l) 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 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.

(m) 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, 2020 and 2019, respectively.

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

(1) Summary of Significant Accounting Policies, Continued

(m) Income Taxes, Continued

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.

(n) Subsequent Events

TGP has evaluated all subsequent events through February 4, 2021, which is the date the financial statements were available to be issued.

Although the effects of the COVID-19 pandemic are continuing beyond the date of the financial statements, management does not anticipate significant adverse effects on the operations of TGP during fiscal year 2021.

(o) New Accounting Pronouncement

During 2020, TGP adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The provisions of ASU No. 2018-08 have been implemented in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with implementation of ASU No. 2018-08.

(2) Liquidity and Availability of Financial Assets

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

	<u>2020</u>	<u>2019</u>
Available financial assets at year-end		
Cash and cash equivalents	\$ 288,009	48,112
Contributions receivable within one year (note 3)	314,988	186,265
Grants receivable	<u>100,764</u>	<u>7,660</u>
Financial assets available for general expenditure over the next twelve months	\$ <u>703,761</u>	<u>242,037</u>

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

(2) Liquidity and Availability of Financial Assets, Continued

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 \$408,042 and \$121,081 at September 30, 2020 and 2019, respectively. Board designated reserves can be expended as needed by a majority vote of approval by TGP Board of Directors.

TGP receives an annual distribution from The Helen McLoraine Endowment fund held by The Denver Foundation (see note 12). Distributions from this fund in 2020 and 2019 totaled \$43,954 and \$46,061, respectively. TGP anticipates a similar distribution in 2021. In addition, TGP can request a distribution from the TGP Endowment held at The Denver Foundation (see note 10).

(3) Contributions Receivable

Contributions receivable at September 30, 2020 are expected to be collected as follows:

Due in fiscal year 2021	\$ 314,988
Due in fiscal year 2022	215,000
Due in fiscal year 2023	<u>35,000</u>
Total contributions receivable	\$ <u>564,988</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. Management believes the pledges are fully collectible; therefore, there is no allowance for doubtful accounts.

(4) Fair Value Measurements

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

	<u>2020</u>	<u>2019</u>
Level 1		
Money market funds	\$ <u>323,526</u>	<u>52</u>
Net asset value per share		
Beneficial interest in assets held by others	\$ <u>279,912</u>	<u>378,005</u>

There were no changes to valuation techniques during the year.

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

(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, 2020 and 2019 includes board designated and undesignated funds.

In accordance with *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 \$18,437 and \$0 during the years ended September 30, 2020 and 2019, 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, 2020 and 2019 was \$279,912 and \$378,005, respectively, and consisted of the following:

	<u>2020</u>	<u>2019</u>
TGP Endowment (notes 9 and 10)	\$ 195,396	195,505
Board designated reserves (note 9)	84,516	121,029
Undesignated liquidity reserve	<u>—</u>	<u>61,471</u>
Beneficial interest in assets held by others	\$ <u>279,912</u>	<u>378,005</u>

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, 2020 and 2019 was \$18,328 and \$2,020, respectively.

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

(6) Property and Equipment

Property and equipment consisted of the following at September 30:

	<u>2020</u>	<u>2019</u>
Land	\$ 50,000	50,000
Building and improvements	7,971,005	7,975,945
Furniture, fixtures and equipment	<u>373,184</u>	<u>406,663</u>
	8,394,189	8,432,608
Less accumulated depreciation	<u>(2,890,159)</u>	<u>(2,727,419)</u>
Property and equipment, net	\$ <u>5,504,030</u>	<u>5,705,189</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, 2021. At September 30, 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 2020 and 2019 was \$2,043 and \$1,180, 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, 2020 and 2019 was \$98,253 and \$101,629, respectively. Combined principal and interest payments totaling \$15,668 are due on the notes each month through August 1, 2038.

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

2021	\$ 93,188
2022	96,828
2023	100,637
2024	104,620
2025	108,788
Thereafter	<u>1,881,129</u>
	\$ <u>2,385,190</u>

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

(8) Notes and Loan Payable, Continued

TGP received a \$75,000, unsecured program related loan in 2018 for the Art Restart program. There were no loan principal payments on the loan in 2019. The loan balance was paid in full in 2020 when the program was discontinued.

(9) Net Assets

Board Designated Net Assets

Included in net assets without donor restrictions are board designated net assets totaling \$408,042 and \$121,081 at September 30, 2020 and 2019, respectively. The board has designated these net assets for the following purposes at September 30:

	<u>2020</u>	<u>2019</u>
Strategic reserve	\$ 53,312	53,312
Capital reserve	41,519	36,565
Operating reserve	<u>313,211</u>	<u>31,204</u>
Total board designated net assets	\$ <u>408,042</u>	<u>121,081</u>

Net Assets with Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Specific time or purpose		
Personal growth and learning	\$ 208,872	439,359
Future operations	257,500	142,500
Member and other services	<u>23,644</u>	<u>24,924</u>
Net assets restricted for specific purpose	490,016	606,783
Endowment		
Unappropriated earnings on endowment	76,015	76,124
Donor-restricted endowment	<u>119,381</u>	<u>119,381</u>
Net assets restricted for endowment	<u>195,396</u>	<u>195,505</u>
Total net assets with donor restrictions	\$ <u>685,412</u>	<u>802,288</u>

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

	<u>2020</u>	<u>2019</u>
Personal growth and learning	\$ 331,942	383,064
Emergency services	202,711	320,374
General operating support	93,437	140,000
Member and other services	—	8,546
Social enterprise	<u>—</u>	<u>1,500</u>
Total net assets released	\$ <u>628,090</u>	<u>853,484</u>

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

(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>2020</u>	<u>2019</u>
Unappropriated earnings on donor restricted endowment	\$ 76,015	76,124
Donor-restricted endowment	<u>119,381</u>	<u>119,381</u>
Total TGP endowment	<u>\$ 195,396</u>	<u>195,505</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, 2020 and 2019:

	<u>Board Designated</u>	<u>Donor Restricted</u>	<u>Total</u>
Endowment net assets at September 30, 2018	\$ 132,500	193,485	325,985
Investment return	–	2,020	2,020
Contributions	–	–	–
Appropriated for expenditure	–	–	–
Re-designation (a)	<u>(132,500)</u>	<u>–</u>	<u>(132,500)</u>
Endowment net assets at September 30, 2019	–	195,505	195,505
Investment return	–	18,328	18,328
Contributions	–	–	–
Appropriated for expenditure	<u>–</u>	<u>(18,437)</u>	<u>(18,437)</u>
Endowment net assets at September 30, 2020	\$ <u>–</u>	<u>195,396</u>	<u>195,396</u>

(a) During 2019, the Board re-designated Board-designated Endowment funds as Board-designated reserves to provide flexibility for use as needed, upon approval of the Board, rather than having these funds subject to the normal distribution provisions applied to the Endowment funds (see note 9). Accordingly, all remaining Endowment funds are donor-restricted.

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.

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

(11) Leases

TGP has non-cancelable operating leases for certain office equipment that expire at various times through 2023. Total rent for operating leases was \$9,553 in 2020.

Future minimum lease payments are as follows for years ending September 30:

2021	\$ 6,370
2022	6,180
2023	<u>3,090</u>
	\$ <u>15,640</u>

(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, 2020 and 2019, TGP recognized contribution revenue from the Fund of \$43,954 and \$46,061, 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). Under the program, this loan may be partially or fully forgiven if certain eligibility requirements are met, including that 60% of the loan must be spent on payroll. Management expects the loan to be forgiven in its entirety. Accordingly, the loan is accounted for as a refundable advance of a conditional contribution until such time that the loan has been explicitly forgiven by the SBA. At such time that the loan is forgiven, TGP will recognize contribution revenue in the amount of the loan forgiveness.

In the case that the loan is not forgiven in its entirety, the unforgiven balance is payable in equal amounts required to fully amortize the principal amount outstanding on the note by the maturity date of April 16, 2022. The loan is unsecured and interest is charged at 1% per annum.