

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

**Financial Statements**

**September 30, 2018 and 2017**

**(With Independent Auditor's Report Thereon)**

*Kundinger, Corder & Engle, P.C.*

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*Certified Public Accountants*

## **Independent Auditor's Report**

### **Board of Directors**

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

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

### **Management's Responsibility for the Financial Statements**

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

### **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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Kundinger, Corder & Engle, P.C.*

February 7, 2019

**The Gathering Place: A Refuge for Rebuilding Lives**  
**Statements of Financial Position**  
**September 30, 2018 and 2017**

	2018	2017
<b>Assets:</b>		
Cash and cash equivalents	\$ 136,166	73,064
Contributions receivable (note 2)	166,219	237,086
Grants receivable	12,612	5,994
Prepaid expenses and other assets	47,888	39,649
Investments (notes 3, 5 and 9)	103,062	–
Beneficial interest in assets held in endowment (notes 4, 5 and 10)	325,985	387,212
Property and equipment, net (note 6)	5,832,381	6,043,790
Total assets	\$ 6,624,313	6,786,795
<b>Liabilities and Net Assets:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 128,438	127,719
Line of credit (note 7)	–	80,000
Notes payable (note 8)	2,561,547	2,644,741
Total liabilities	2,689,985	2,852,460
<b>Net assets:</b>		
Unrestricted (note 9)		
Board designated	235,562	9,000
Undesignated	3,057,449	3,258,541
	3,293,011	3,267,541
Temporarily restricted (notes 9 and 10)	521,936	347,413
Permanently restricted (notes 9 and 10)	119,381	319,381
Total net assets	3,934,328	3,934,335
Commitments (note 11)		
Total liabilities and net assets	\$ 6,624,313	6,786,795

See the accompanying notes to the financial statements.

**The Gathering Place: A Refuge for Rebuilding Lives**  
**Statement of Activities**  
**Year Ended September 30, 2018**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and revenue:</b>				
Contributions	\$ 1,284,844	815,245	–	2,100,089
Government grants and contracts	84,697	–	–	84,697
Special events, net of direct costs to donors of \$9,176	3,824	–	–	3,824
Contributed goods and services (note 1(j))	485,293	–	–	485,293
Art Restart program income	72,646	–	–	72,646
Rental and other income	26,848	–	–	26,848
Net assets released from restrictions (note 9)	665,287	(665,287)	–	–
<b>Total support and revenue</b>	<b>2,623,439</b>	<b>149,958</b>	<b>–</b>	<b>2,773,397</b>
<b>Expenses:</b>				
Program services	1,844,103	–	–	1,844,103
Supporting services:				
General and administrative	330,494	–	–	330,494
Fundraising and development	305,544	–	–	305,544
<b>Total supporting services</b>	<b>636,038</b>	<b>–</b>	<b>–</b>	<b>636,038</b>
<b>Total expenses before depreciation and interest</b>	<b>2,480,141</b>	<b>–</b>	<b>–</b>	<b>2,480,141</b>
Change in net assets before depreciation, interest, and change in beneficial interest in assets held in endowment	143,298	149,958	–	293,256
Depreciation	(211,410)	–	–	(211,410)
Interest expense	(106,418)	–	–	(106,418)
Change in beneficial interest in assets held in endowment (note 4)	–	24,565	–	24,565
<b>Change in net assets</b>	<b>(174,530)</b>	<b>174,523</b>	<b>–</b>	<b>(7)</b>
<b>Net assets at beginning of year</b>	<b>3,267,541</b>	<b>347,413</b>	<b>319,381</b>	<b>3,934,335</b>
Reclassification of net assets (note 10)	200,000	–	(200,000)	–
<b>Net assets at end of year</b>	<b>\$ 3,293,011</b>	<b>521,936</b>	<b>119,381</b>	<b>3,934,328</b>

See the accompanying notes to the financial statements.

**The Gathering Place: A Refuge for Rebuilding Lives**  
**Statement of Activities**  
**Year Ended September 30, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and revenue:</b>				
Contributions	\$ 1,232,507	500,987	–	1,733,494
Government grants and contracts	91,072	–	–	91,072
Special events, net of direct costs to donors of \$84,646	137,631	–	–	137,631
Contributed goods and services (note 1(j))	484,330	–	–	484,330
Art Restart program income	74,255	–	–	74,255
Rental and other income	19,819	–	–	19,819
Net assets released from restrictions (note 9)	696,470	(696,470)	–	–
Total support and revenue	<u>2,736,084</u>	<u>(195,483)</u>	<u>–</u>	<u>2,540,601</u>
<b>Expenses:</b>				
Program services	1,870,649	–	–	1,870,649
Supporting services:				
General and administrative	256,358	–	–	256,358
Fundraising and development	348,715	–	–	348,715
Total supporting services	<u>605,073</u>	<u>–</u>	<u>–</u>	<u>605,073</u>
Total expenses before depreciation and interest	<u>2,475,722</u>	<u>–</u>	<u>–</u>	<u>2,475,722</u>
Change in net assets before depreciation, interest, and change in beneficial interest in assets held in endowment	260,362	(195,483)	–	64,879
Depreciation	(213,856)	–	–	(213,856)
Interest expense	(109,934)	–	–	(109,934)
Change in beneficial interest in assets held in endowment (note 4)	–	41,876	–	41,876
<b>Change in net assets</b>	<u>(63,428)</u>	<u>(153,607)</u>	<u>–</u>	<u>(217,035)</u>
<b>Net assets at beginning of year</b>	3,330,969	492,400	328,001	4,151,370
Reclassification of net assets (note 10)	–	8,620	(8,620)	–
<b>Net assets at end of year</b>	<u>\$ 3,267,541</u>	<u>347,413</u>	<u>319,381</u>	<u>3,934,335</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, 2018**

	Meet Basic Needs	Foster Personal Growth	Social Enterprise	Total Program Activities	General and Admin- istrative	Fundraising and Dev- elopment	Total Supporting Activities	Total
Salaries	\$ 501,413	164,504	113,149	779,066	198,460	211,119	409,579	1,188,645
Assistance to individuals	167,505	34,382	7,305	209,192	58	53	111	209,303
Occupancy costs	109,354	32,137	10,242	151,733	7,264	3,498	10,762	162,495
Contributed supplies	273,721	89,802	28,629	392,152	-	-	-	392,152
Employee benefits	31,271	10,258	3,552	45,081	10,271	15,201	25,472	70,553
Donated professional services	60,873	19,970	6,365	87,208	5,712	222	5,934	93,142
Payroll taxes	39,021	14,020	8,826	61,867	15,205	16,170	31,375	93,242
Information technology	20,791	6,820	3,734	31,345	4,086	12,136	16,222	47,567
Printing and publications	4,328	1,420	595	6,343	748	6,981	7,729	14,072
Professional services	1,804	5,092	2,590	9,486	77,440	802	78,242	87,728
Marketing	447	147	326	920	800	-	800	1,720
Special events expense	-	-	-	-	-	9,176	9,176	9,176
Insurance	12,336	4,047	1,290	17,673	2,460	431	2,891	20,564
Postage and shipping	1,376	452	605	2,433	336	17,484	17,820	20,253
Telephone and internet	5,451	1,789	570	7,810	1,329	1,216	2,545	10,355
Dues and subscriptions	2,873	1,000	301	4,174	664	8,934	9,598	13,772
Equipment	8,099	2,658	848	11,605	1,850	1,691	3,541	15,146
Supplies	1,046	911	108	2,065	212	541	753	2,818
Miscellaneous	14,155	4,843	2,512	21,510	3,155	8,548	11,703	33,213
Bank fees	1,625	533	169	2,327	396	362	758	3,085
Travel	109	4	-	113	48	155	203	316
	<u>1,257,598</u>	<u>394,789</u>	<u>191,716</u>	<u>1,844,103</u>	<u>330,494</u>	<u>314,720</u>	<u>645,214</u>	<u>2,489,317</u>
Less expenses netted against revenue:								
Special events expense	-	-	-	-	-	(9,176)	(9,176)	(9,176)
Total functional expenses before depreciation and interest	<u>1,257,598</u>	<u>394,789</u>	<u>191,716</u>	<u>1,844,103</u>	<u>330,494</u>	<u>305,544</u>	<u>636,038</u>	<u>2,480,141</u>
Depreciation	135,754	44,538	16,202	196,494	10,067	4,849	14,916	211,410
Interest expense	68,797	22,571	7,195	98,563	5,240	2,615	7,855	106,418
Total expenses	<u>\$ 1,462,149</u>	<u>461,898</u>	<u>215,113</u>	<u>2,139,160</u>	<u>345,801</u>	<u>313,008</u>	<u>658,809</u>	<u>2,797,969</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, 2017**

	Meet Basic Needs	Foster Personal Growth	Social Enterprise	Total Program Activities	General and Admin- istrative	Fundraising and Dev- elopment	Total Supporting Activities	Total
Salaries	\$ 480,192	196,443	110,632	787,267	129,106	224,135	353,241	1,140,508
Assistance to individuals	153,065	37,089	3,728	193,882	61	108	169	194,051
Occupancy costs	109,130	40,827	10,585	160,542	8,179	3,724	11,903	172,445
Contributed supplies	242,083	99,035	25,674	366,792	-	-	-	366,792
Employee benefits	33,422	13,673	3,785	50,880	7,872	17,487	25,359	76,239
Donated professional services	63,487	25,972	6,732	96,191	21,082	265	21,347	117,538
Payroll taxes	45,422	19,671	9,498	74,591	11,013	20,007	31,020	105,611
Information technology	23,676	9,685	3,530	36,891	3,386	13,898	17,284	54,175
Printing and publications	4,792	1,960	8,713	15,465	531	17,751	18,282	33,747
Professional services	3,746	1,532	397	5,675	67,198	1,428	68,626	74,301
Marketing	5,048	2,065	535	7,648	844	6,507	7,351	14,999
Special events expense	-	-	-	-	-	84,646	84,646	84,646
Insurance	12,341	5,049	1,309	18,699	2,557	451	3,008	21,707
Postage and shipping	2,407	808	311	3,526	402	13,320	13,722	17,248
Telephone and internet	5,195	2,125	551	7,871	869	1,551	2,420	10,291
Dues and subscriptions	2,369	969	250	3,588	391	9,857	10,248	13,836
Equipment	12,840	5,253	1,362	19,455	2,072	3,698	5,770	25,225
Supplies	1,316	1,395	129	2,840	180	833	1,013	3,853
Bad debt	1,274	521	136	1,931	213	381	594	2,525
Miscellaneous	10,301	4,337	1,945	16,583	354	13,162	13,516	30,099
Travel	311	15	6	332	48	152	200	532
	<u>1,212,417</u>	<u>468,424</u>	<u>189,808</u>	<u>1,870,649</u>	<u>256,358</u>	<u>433,361</u>	<u>689,719</u>	<u>2,560,368</u>
Less expenses netted against revenue:								
Special events expense	-	-	-	-	-	(84,646)	(84,646)	(84,646)
Total functional expenses before depreciation and interest	<u>1,212,417</u>	<u>468,424</u>	<u>189,808</u>	<u>1,870,649</u>	<u>256,358</u>	<u>348,715</u>	<u>605,073</u>	<u>2,475,722</u>
Depreciation	129,619	53,026	15,752	198,397	10,623	4,836	15,459	213,856
Interest expense	67,040	27,426	7,111	101,577	5,583	2,774	8,357	109,934
Total expenses	<u>\$ 1,409,076</u>	<u>548,876</u>	<u>212,671</u>	<u>2,170,623</u>	<u>272,564</u>	<u>356,325</u>	<u>628,889</u>	<u>2,799,512</u>

See the accompanying notes to the financial statements.

# The Gathering Place: A Refuge for Rebuilding Lives

## Statement of Cash Flows

Years Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (7)	(217,035)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	211,410	213,856
(Increase) decrease in operating assets:		
Contributions receivable	70,867	68,408
Grants receivable	(6,618)	26,735
Prepaid and other assets	(8,239)	4,814
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	719	(25,467)
Deferred revenue	–	(1,358)
Net cash provided by operating activities	<u>268,132</u>	<u>69,953</u>
<b>Cash flows from investing activities:</b>		
Net purchases of investments	(103,062)	–
(Increase) decrease in beneficial interest in assets held in endowment	61,227	(23,309)
Purchases of property and equipment	–	(17,492)
Net cash used in investing activities	<u>(41,835)</u>	<u>(40,801)</u>
<b>Cash flows from financing activities:</b>		
Borrowings on line of credit	413,000	458,000
Payments on notes payable	(83,195)	(80,149)
Payments on line of credit	(493,000)	(378,000)
Net cash used in financing activities	<u>(163,195)</u>	<u>(149)</u>
<b>Increase in cash and cash equivalents</b>	63,102	29,003
<b>Cash and cash equivalents, beginning of year</b>	<u>73,064</u>	<u>44,061</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 136,166</u>	<u>73,064</u>
<b>Additional cash flow information:</b>		
Interest paid	<u>\$ 106,418</u>	<u>109,934</u>

See the accompanying notes to the financial statements.



**The Gathering Place: A Refuge for Rebuilding Lives**  
**Notes to Financial Statements**  
**September 30, 2018 and 2017**

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**(1) Summary of Significant Accounting Policies**

**(a) General**

Founded in 1986, The Gathering Place (TGP) is the only daytime drop-in center in Denver that serves women, children, and transgender individuals who are experiencing poverty, many of whom are also experiencing homelessness. Our services and programs meet basic needs, foster personal growth, and build community. Instead of *client*, TGP uses the term *member* to refer to the people who seek out and benefit from our services and programs. All TGP services and programs are provided free of charge and utilize trauma-informed care practices.

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, 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*; equal and active participation in the Member Engagement Steering Committee, which is charged by the TGP Board of Directors with developing a variety of ways to partner with members in governance, decision-making, and daily activities. This committee consists of members who receive services, board members, staff members, and volunteers working in partnership; welcoming community volunteers, which has a two-fold impact of connecting more people to our community and leveraging their time as a resource to decrease personnel expense; and engaging members as long-term volunteers and promoting their direct involvement in providing services, such as clothing distribution.

Members are also currently volunteering in the computer lab, serving on the Advocacy Committee and Member Engagement Steering Committee, and keeping the "success" bulletin board designed and updated.

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.

# The Gathering Place: A Refuge for Rebuilding Lives

## Notes to Financial Statements, Continued

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### (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 the High School Equivalency Program, Skills Development Classes, Writers Group, and Book Club. The High School Equivalency Program is provided in collaboration with Community College of Denver and provides students who test at a seventh grade level or above with classroom instruction in a dedicated study room, pays testing fees, and provides access to computers for studying and taking tests. 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. Additionally, all members are welcome to participate in the drop-in Writers Group and Book Club, which also bolster literacy and learning.

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 technological opportunities and offers freedom of choice in a modern lab. Volunteers run the lab and are available to help members learn computer software and programs. Because many businesses, educational institutions, and service providers are increasingly dependent on computer and web-based services, the importance of "computer literacy" cannot be overestimated.

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.

The Arts Program is a broad category of creative programming that includes greeting card art, knitting and crocheting, open art, a creative writing group, and a music group. These endeavors have intangible benefits such as increased self-esteem, the opportunity to be part of a caring community, and the chance to engage in creative expression.

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

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**(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 purchase made. Art Restart was recently chosen as a social venture finalist out of 150 applicants in a competitive process with over 138 judges from around the United States. Visit: [www.artrestart.org](http://www.artrestart.org) for more information.

**(b) Financial Statement Presentation**

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.

Basis of Presentation

Information regarding the financial position and activities of TGP is reported according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

**(c) Cash and Cash Equivalents**

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, to be cash equivalents.

**(d) Contributions Receivable**

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.

Conditional contributions receivable are recognized as revenue when the conditions on which they depend are substantially met. There were no conditional receivables at September 30, 2018 or 2017.

**(e) Grants Receivable**

Receivables on 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, 2018. Management considers all grants to be fully collectible; therefore, no allowance for doubtful accounts is considered necessary.

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

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**(1) Summary of Significant Accounting Policies, Continued**

**(f) Property and Equipment**

TGP capitalizes all expenditures for property and equipment in excess of \$3,000 and with an estimated useful life of one year or more. Property and equipment is stated at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years.

**(g) Investments**

Investments are reported at fair value. Fair value is determined as more fully described in note 5. 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 income 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) Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Conditional promises are recognized as receivables and revenue when the conditions on which they depend are substantially met.

**(i) Revenue Recognition**

TGP records income from government grants and contracts when expenditures are incurred in accordance with the terms of the agreement.

Income from Art Restart and other activities is recorded at the time products are sold or services are provided.

**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**

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, 2018 and 2017, TGP received and recognized as revenue in-kind goods and services totaling \$485,293 and \$484,330, respectively.

Donated goods and services are reported in the following expense categories for the year ended September 30, 2018:

	<u>Program</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Professional services	\$ 88,988	5,712	222	94,922
Food and basic need items	155,012	–	–	155,012
Clothing and supplies	<u>235,359</u>	<u>–</u>	<u>–</u>	<u>235,359</u>
	<u>\$ 479,359</u>	<u>5,712</u>	<u>222</u>	<u>485,293</u>

Donated goods and services are reported in the following expense categories for the year ended September 30, 2017:

	<u>Program</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Professional services	\$ 96,191	21,082	265	117,538
Food and basic need items	159,063	–	–	159,063
Clothing and supplies	<u>207,729</u>	<u>–</u>	<u>–</u>	<u>207,729</u>
	<u>\$ 462,983</u>	<u>21,082</u>	<u>265</u>	<u>484,330</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 donated services because the donations do not meet the criteria for recognition under generally accepted accounting standards.

**(k) Use of 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.

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

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**(1) Summary of Significant Accounting Policies, Continued**

**(l) 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.

The assets held in endowment are managed by The Denver Foundation and monitored by 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.

**(m) Allocation of Expenses**

The costs of providing the various service programs, activities, and related supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the appropriate programs and supporting services benefited.

**(n) Income Taxes**

TGP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and contributions received qualify for the charitable contribution deduction. Income from activities not directly related to their tax-exempt purposes is subject to taxation as unrelated business income. TGP incurred no unrelated business income tax during the years ended September 30, 2018 and 2017, respectively.

Management is required to evaluate tax positions taken and to recognize a tax liability (or asset) if a position has been taken that likely would not be sustained upon examination by taxing authorities. Management 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. TGP is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes TGP is no longer subject to income tax examinations for years prior to September 30, 2015.

**(o) Subsequent Events**

Management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. TGP's financial statements were available to be issued on February 7, 2019 and this is the date through which subsequent events were evaluated.

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

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**(2) Contributions Receivable**

Contributions receivable at September 30, 2018 are expected to be collected as follows:

Due in fiscal year 2019	\$ 165,919
Due in fiscal year 2020	<u>300</u>
Total contributions receivable	\$ <u>166,219</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.

**(3) Investments**

Investments consist of board designated money market funds that are classified as investments based on management's intention to hold them long-term. The value of the money market funds at September 30, 2018 was \$103,062. There were no similar investments at September 30, 2017. See note 9.

**(4) Beneficial Interest in Assets Held in Endowment**

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. 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 in 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 \$18,292 and \$18,567 during the years ended September 30, 2018 and 2017, respectively. In 2018, TGP requested a \$100,000 distribution from board designated endowment funds to establish certain board reserve funds (see note 9).

The fair value of the endowment fund at September 30, 2018 and 2017 was \$325,985 and \$387,212, respectively. The endowment fund consists of assets held by the Foundation 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 in endowment and for the years ended September 30, 2018 and 2017 was \$24,565 and \$41,876, respectively.

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

**(5) Fair Value Measurements**

TGP reports required types of financial instruments in accordance with fair value accounting standards. 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 are met. 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.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level 1 generally includes mutual funds, listed equities, listed derivatives, and cash or cash equivalents. TGP’s money market funds are Level 1 investments.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investment which are generally included in this category include corporate and government bonds, less liquid and restricted equity securities, and certain over-the-counter derivatives.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include limited partnership interests in private equity and real estate funds, funds of hedge funds, and distressed debt.

TGP’s investments are measured and reported as follows at September 30:

	<u>2018</u>	<u>2017</u>
Level 1:		
Money market funds	\$ <u>103,062</u>	<u>-</u>
Net asset value per share:		
Beneficial interest in assets held in endowment	\$ <u>325,985</u>	<u>387,212</u>



**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>2018</u>	<u>2017</u>
Land	\$ 50,000	50,000
Building and improvements	7,975,945	7,982,937
Furniture, fixtures and equipment	<u>335,940</u>	<u>328,948</u>
	8,361,885	8,361,885
Less accumulated depreciation	<u>(2,529,504)</u>	<u>(2,318,095)</u>
Property and equipment, net	\$ <u>5,832,381</u>	<u>6,043,790</u>

**(7) Line of Credit**

TGP has a \$150,000 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, 2020. At September 30, 2018, 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 2018 and 2017 was \$1,596 and \$2,064, respectively.

**(8) Notes Payable**

On July 15, 2008, TGP entered into a loan agreement in the amount of \$2,500,000 (the First Note) with Colorado Housing and Finance Authority (CHFA) 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, CHFA made a second loan to TGP 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, 2018 and 2017 was \$104,826 and \$107,870, respectively. Combined principal and interest payments totaling \$15,668 are due on the notes each month through August 1, 2038.

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

2019	\$ 86,378
2020	89,707
2021	93,188
2022	96,828
2023	100,637
Thereafter	<u>2,094,809</u>
	\$ <u>2,561,547</u>

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

**(9) Net Assets**

Unrestricted

Included in unrestricted net assets are board designated reserves totaling \$235,562 and \$9,000 at September 30, 2018 and 2017, respectively. The board has designated these reserves for the following purposes at September 30:

	<u>2018</u>	<u>2017</u>
Strategic reserve	\$ 100,000	-
Capital reserve	53,062	-
Operating reserve	<u>82,500</u>	<u>9,000</u>
Total board designated net assets	<u>\$ 235,562</u>	<u>9,000</u>

The reserves are reported in the accompanying financial statements as follows at September 30, 2018:

Investments:		
Strategic reserve	\$ 50,000	
Capital reserve	53,062	
Beneficial interest in assets held in endowment:		
Strategic reserve	50,000	
Operating reserve	<u>82,500</u>	
Total board designated net assets	<u>\$ 235,562</u>	

Temporarily Restricted

Temporarily restricted net assets consist of contributions restricted for the following purposes at September 30:

	<u>2018</u>	<u>2017</u>
Personal growth and learning	\$ 327,862	238,173
General operations	107,500	40,000
Member and other services	12,470	1,409
Unappropriated endowment funds	<u>74,104</u>	<u>67,831</u>
Total temporarily restricted net assets	<u>\$ 521,936</u>	<u>347,413</u>

Net assets were released from restrictions for the following purposes during:

	<u>2018</u>	<u>2017</u>
Personal growth and learning	\$ 429,768	452,150
Emergency services	153,173	120,425
General operations	70,792	78,567
Member and other services	11,554	32,928
Social enterprise	<u>-</u>	<u>12,400</u>
Total temporarily restricted net assets released	<u>\$ 665,287</u>	<u>696,470</u>

Permanently Restricted

Permanently restricted net assets of \$119,381 at September 30, 2018 consist of endowment assets to be held indefinitely, the income from which is available for general operating expenses.

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

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**(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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by TGP in a manner consistent with the standard of prudence prescribed by UPMIFA. 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 consisting of board designated endowments, donor restricted contributions and unexpended earnings on donor restricted contributions, are classified as follows at September 30:

	<u>2018</u>	<u>2017</u>
Unrestricted, board designated	\$ 132,500	—
Temporarily restricted	74,104	67,831
Permanently restricted	<u>119,381</u>	<u>319,381</u>
Total TGP endowment	\$ <u>325,985</u>	<u>387,212</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, 2018 and 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at September 30, 2016	\$ —	35,902	328,001	363,903
Investment return	—	41,876	—	41,876
Contributions	—	—	—	—
Appropriated for expenditure	—	(18,567)	—	(18,567)
Net assets reclassification *	<u>—</u>	<u>8,620</u>	<u>(8,620)</u>	<u>—</u>
Endowment net assets at September 30, 2017	—	67,831	319,381	387,212
Investment return	—	24,565	—	24,565
Contributions	32,500	—	—	32,500
Appropriated for expenditure	(100,000)	(18,292)	—	(118,292)
Net assets reclassification *	<u>200,000</u>	<u>—</u>	<u>(200,000)</u>	<u>—</u>
Endowment net assets at September 30, 2018	\$ <u>132,500</u>	<u>74,104</u>	<u>119,381</u>	<u>325,985</u>

\* During 2017 and into 2018, management performed an in-depth review of endowment fund activity since inception. As a result of the review, certain reclassifications were made to properly report net asset balances. Investment return of \$8,620 was reclassified from permanently restricted to temporarily restricted in 2017 when it was determined that the investment return had been improperly recorded as a contribution. In 2018, permanently restricted net assets totaling \$200,000 were reclassified to unrestricted net assets when it was determined that these were unrestricted contributions that the board designated for the endowment. The reclassifications had no effect on total endowment net assets.

Return Objectives and Risk Parameters and Strategies Employed for Achieving Objectives

As discussed in note 4, 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.

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

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**(10) Endowment Funds, Continued**

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. The average fair market value is determined in accordance with the Foundation's valuation policies and procedures in effect from time to time.

**(11) Leases**

TGP has non-cancelable operating leases for certain office equipment that expire at various times through 2021. Total rent for operating leases was \$14,065 in 2018.

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

2019	\$ 8,463
2020	8,463
2021	6,370
2022	6,180
2023	<u>3,090</u>
	\$ <u>32,566</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, 2018 and 2017, TGP recognized contribution revenue from the Fund of \$44,197 and \$42,144, respectively.