

The Gathering Place: A Refuge for Rebuilding Lives

Financial Statements

September 30, 2017

(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

We have audited the accompanying financial statements of The Gathering Place: A Refuge for Rebuilding Lives (The Gathering Place), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Kundinger, Corder & Engle, P.C.

February 1, 2018

The Gathering Place: A Refuge for Rebuilding Lives
Statement of Financial Position
September 30, 2017

Assets:

Cash and cash equivalents	\$	73,064
Contributions receivable (note 2)		237,086
Grants receivable		5,994
Prepaid expenses and other assets		39,649
Beneficial interest in assets held in endowment (notes 3 and 8)		387,212
Property and equipment, net (note 4)		<u>6,043,790</u>
Total assets	\$	<u><u>6,786,795</u></u>

Liabilities and Net Assets:

Liabilities:

Accounts payable and accrued liabilities	\$	127,719
Line of credit (note 5)		80,000
Notes payable (note 6)		<u>2,644,741</u>
Total liabilities		<u>2,852,460</u>

Net assets:

Unrestricted (note 7)		
Board designated		9,000
Undesignated		<u>3,258,541</u>
		3,267,541
Temporarily restricted (notes 7 and 8)		347,413
Permanently restricted (notes 7 and 8)		<u>319,381</u>
Total net assets		3,934,335
Commitments (note 9)		<u> </u>
Total liabilities and net assets	\$	<u><u>6,786,795</u></u>

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
Support and revenue:				
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(i))	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 7)	696,470	(696,470)	-	-
Total support and revenue	<u>2,736,084</u>	<u>(195,483)</u>	<u>-</u>	<u>2,540,601</u>
Expenses:				
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 3)	-	41,876	-	41,876
Change in net assets	<u>(63,428)</u>	<u>(153,607)</u>	<u>-</u>	<u>(217,035)</u>
Net assets at beginning of year	3,330,969	492,400	328,001	4,151,370
Reclassification of net assets (note 8)	-	8,620	(8,620)	-
Net assets at end of year	<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, 2017

	Meet Basic Needs	Foster Personal Growth	Social Enterprise	Total Program Activities	General and Administrative	Fundraising and Development	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	1,212,417	468,424	189,808	1,870,649	256,358	348,715	605,073	2,475,722
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

Year Ended September 30, 2017

Cash flows from operating activities:	
Change in net assets	\$ (217,035)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	213,856
Decrease in operating assets:	
Contributions receivable	68,408
Grants receivable	26,735
Prepaid and other assets	4,814
Decrease in operating liabilities:	
Accounts payable and accrued liabilities	(25,467)
Deferred revenue	(1,358)
Net cash provided by operating activities	<u>69,953</u>
Cash flows from investing activities:	
Increase in beneficial interest in assets held in endowment	(23,309)
Purchases of property and equipment	<u>(17,492)</u>
Net cash used in investing activities	<u>(40,801)</u>
Cash flows from financing activities:	
Borrowings on line of credit	458,000
Payments on notes payable	(80,149)
Payments on line of credit	<u>(378,000)</u>
Net cash used in financing activities	<u>(149)</u>
Increase in cash and cash equivalents	29,003
Cash and cash equivalents, beginning of year	<u>44,061</u>
Cash and cash equivalents, end of year	<u>\$ 73,064</u>
Additional cash flow information:	
Interest paid	<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, 2017

(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

(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. Some of 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

(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 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 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, 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, 2017. 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

(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) 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.

(h) 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.

(i) 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 year ended September 30, 2017, TGP received and recognized as revenue in-kind goods and services totaling \$484,330. These donations are reported in the following expense categories:

	<u>Program</u>	<u>General & 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>

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

(1) Summary of Significant Accounting Policies, Continued

(i) Donated Goods and Services, Continued

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.

(j) 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.

(k) 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 in the beneficial interest in 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.

(l) 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.

(m) 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 year ended September 30, 2017.

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

(1) Summary of Significant Accounting Policies, Continued

(m) Income Taxes, Continued

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, 2014.

(n) 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 1, 2018 and this is the date through which subsequent events were evaluated.

(2) Contributions Receivable

Contributions receivable at September 30, 2017 are expected to be collected as follows:

Due in fiscal year 2018	\$ 202,086
Due in fiscal year 2019	<u>35,000</u>
Total contributions receivable	\$ <u>237,086</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) Beneficial Interest in Endowment

TGP established a permanent 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 8. 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.

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

(3) Beneficial Interest in Endowment, Continued

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 from the endowment fund of \$18,567 during the year-ended September 30, 2017.

The fair value of the endowment fund at September 30, 2017 was \$387,212. 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 year ended September 30, 2017 was \$41,876.

(4) Property and Equipment

Property and equipment consist of the following at September 30, 2017:

Land	\$ 50,000
Building and improvements	7,982,937
Furniture, fixtures and equipment	<u>328,948</u>
	8,361,885
Less accumulated depreciation	<u>(2,318,095)</u>
Property and equipment, net	\$ <u>6,043,790</u>

(5) 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, 2018. At September 30, 2017, TGP had \$80,000 outstanding 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 2017 was \$2,064.

(6) 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 year ended September 30, 2017 was \$107,870. Combined principal and interest payments totaling \$15,668 are due on the notes each month through August 1, 2038.

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

(6) Notes Payable, Continued

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

2018	\$	83,193
2019		86,378
2020		89,707
2021		93,188
2022		96,829
Thereafter		<u>2,195,446</u>
	\$	<u>2,644,741</u>

(7) Net Assets

Unrestricted

Included in unrestricted net assets at September 30, 2017 is a board designated operating reserve totaling \$9,000.

Temporarily Restricted

At September 30, 2017, temporarily restricted net assets consist of contributions restricted for the following purposes:

Personal growth and learning	\$	238,173
General operations		40,000
Member and other services		1,409
Unappropriated endowment funds		<u>67,831</u>
Total temporarily restricted net assets	\$	<u>347,413</u>

Net assets totaling \$696,470 were released from restrictions during 2017 for the following purposes:

Personal growth and learning	\$	452,150
Emergency services		120,425
General operations		78,567
Member and other services		32,928
Social enterprise		<u>12,400</u>
Total temporarily restricted net assets released	\$	<u>696,470</u>

Permanently Restricted

Permanently restricted net assets of \$319,381 at September 30, 2017 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

(8) 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 asset (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 donor restricted contributions and unexpended earnings on those funds, are classified as follows at September 30, 2017:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
TGP Endowment	\$ <u>—</u>	<u>67,831</u>	<u>319,381</u>	<u>387,212</u>

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

(8) Endowment Funds, Continued

Following are the changes in the TGP endowment for the year ended September 30, 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	\$ <u>—</u>	<u>67,831</u>	<u>319,381</u>	<u>387,212</u>

* During 2017, management performed a review of contributions made to the fund since inception and determined that investment income totaling \$8,620 had been recorded as donor restricted contributions. Accordingly, the investment income has been reclassified from permanently restricted to temporarily restricted. The reclassification had no effect on total endowment net assets or current year activity.

Return Objectives and Risk Parameters and Strategies Employed for Achieving Objectives

As discussed in note 3, 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. The average fair market value is determined in accordance with the Foundation's valuation policies and procedures in effect from time to time.

(9) Leases

TGP has non-cancelable operating leases for certain office equipment that expire at various times through 2021. Total rent for operating leases was \$24,397 in 2017.

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Notes to Financial Statements, Continued

(9) Leases, Continued

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

2018	\$ 8,522
2019	2,283
2020	2,283
2021	<u>190</u>
	\$ <u>13,278</u>

(10) 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 year ended September 30, 2017, TGP recognized as contribution revenue \$42,144 from the Fund.