



The Gathering Place
a refuge for rebuilding lives

**Financial Statements
and
Independent Auditors' Report
September 30, 2015
(With Comparative Totals for 2014)**

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THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Gathering Place: A Refuge for Rebuilding Lives
Denver, Colorado

We have audited the accompanying financial statements of The Gathering Place: A Refuge for Rebuilding Lives ("The Gathering Place") (a Colorado non-profit corporation), which are comprised of the statement of financial position as of September 30, 2015, 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.

AUDITORS' 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 auditors' 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 auditors consider 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.

To the Board of Directors
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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: A Refuge for Rebuilding Lives as of September 30, 2015, 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.

REPORT ON SUMMARIZED COMPARATIVE INFORMATION

We have previously audited The Gathering Place's 2014 financial statements, and our report dated February 5, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

EKS&H LLLP

EKS&H LLLP

February 4, 2016
Denver, Colorado

THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES

Statement of Financial Position

	September 30, 2015	Summarized Financial Information for September 30, 2014
Assets		
Cash and cash equivalents	\$ 57,620	\$ 99,076
Cash and cash equivalents - operating reserve	12,138	2,102
Contributions receivable	438,439	181,837
Contributions receivable - related party	6,600	9,350
Grants receivable	36,348	39,978
Prepaid expenses and other assets	45,827	103,421
Beneficial interest in assets held by The Denver Foundation	360,994	392,020
Property and equipment, net	6,452,458	6,633,576
Total assets	\$ 7,410,424	\$ 7,461,360
Liabilities and Net Assets		
Liabilities		
Line-of-credit	\$ 110,000	\$ -
Accounts payable	91,028	56,409
Accrued expenses	81,312	85,972
Notes payable	2,802,131	2,857,652
Total liabilities	3,084,471	3,000,033
Commitments		
Net assets		
Unrestricted		
Designated for operating reserves	12,138	2,102
Other unrestricted net assets	3,387,193	3,673,293
Total unrestricted net assets	3,399,331	3,675,395
Temporarily restricted	598,621	457,931
Permanently restricted	328,001	328,001
Total net assets	4,325,953	4,461,327
Total liabilities and net assets	\$ 7,410,424	\$ 7,461,360

See notes to financial statements.

THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES

Statement of Activities

	For the Year Ended September 30, 2015			Summarized Financial Information for the Year Ended September 30, 2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				Total
Contributions	\$ 646,210	\$ 1,300,791	\$ -	\$ 1,947,001
Special events				
Special events revenue	240,547	-	-	240,547
Less costs of direct benefits to donors	(43,927)	-	-	(43,927)
Net special events revenue	196,620	-	-	196,620
Art Restart	48,028	-	-	48,028
Contributed supplies	235,953	-	-	235,953
Donated professional services	141,989	-	-	141,989
Program service income	210,555	-	-	210,555
Other income	51,150	-	-	51,150
Net assets released from restrictions	1,146,775	(1,146,775)	-	-
Total support and revenue	<u>2,677,280</u>	<u>154,016</u>	<u>-</u>	<u>2,831,296</u>
Expenses				
Program services	1,848,890	-	-	1,848,890
Supporting services				
General and administrative	360,169	-	-	360,169
Fundraising and development	362,815	-	-	362,815
Total supporting services	722,984	-	-	722,984
Total expenses	<u>2,571,874</u>	<u>-</u>	<u>-</u>	<u>2,571,874</u>
Change in net assets before depreciation, interest expense, and investment return	105,406	154,016	-	259,422
Depreciation	(210,026)	-	-	(210,026)
Interest expense	(171,479)	-	-	(171,479)
Change in beneficial interest in assets held by The Denver Foundation	-	(13,326)	-	(13,326)
Net investment return	35	-	-	35
Change in net assets	(276,064)	140,690	-	(135,374)
Net assets at beginning of year	<u>3,675,395</u>	<u>457,931</u>	<u>328,001</u>	<u>4,461,327</u>
Net assets at end of year	<u>\$ 3,399,331</u>	<u>\$ 598,621</u>	<u>\$ 328,001</u>	<u>\$ 4,461,327</u>

See notes to financial statements.

THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES

Statement of Functional Expenses

	For the Year Ended September 30, 2015				Total Expenses 2014
	Supporting Services			Total	
	Program Services	General and Administrative	Fundraising and Development		
Salaries	\$ 745,166	\$ 242,982	\$ 177,841	\$ 1,165,989	\$ 1,160,470
Specific assistance to individuals	251,304	38	21	251,363	204,899
Contributed supplies	235,942	10	1	235,953	308,563
Occupancy costs	187,894	10,934	8,102	206,930	190,786
Donated professional services	140,845	734	410	141,989	160,015
Employee benefits	67,955	21,687	15,796	105,438	123,659
Payroll taxes	53,914	18,203	13,282	85,399	83,160
Professional services	1,604	24,264	57,599	83,467	42,516
Art Restart expenses	62,358	4,769	2,385	69,512	197
Printing and publications	11,013	11,716	27,409	50,138	37,910
Special events	-	-	43,927	43,927	39,061
Computer/information technology	22,536	5,499	5,649	33,684	24,061
Insurance	21,614	2,221	471	24,306	22,496
Marketing	4,737	7,794	17,175	29,706	25,303
Bank fees	4,403	143	11,771	16,317	13,780
Telephone and Internet	12,285	1,389	2,222	15,896	15,653
Postage and shipping	4,337	3,726	7,280	15,343	14,191
Dues and subscriptions	5,803	2,885	4,880	13,568	17,401
Equipment	3,196	297	7,843	11,336	10,518
Supplies	3,386	777	1,074	5,237	4,744
Miscellaneous	5,034	-	-	5,034	5,235
Sales tax	1,990	-	1,535	3,525	5,168
Bad debt expense	1,201	47	26	1,274	1,995
Travel	373	54	43	470	298
	<u>1,848,890</u>	<u>360,169</u>	<u>406,742</u>	<u>2,615,801</u>	<u>2,512,079</u>
Expense netted against revenue					
Special events expense	-	-	(43,927)	(43,927)	(39,061)
	<u>1,848,890</u>	<u>360,169</u>	<u>362,815</u>	<u>2,571,874</u>	<u>2,473,018</u>
Depreciation	197,863	7,803	4,360	210,026	239,350
Interest expense	161,548	6,371	3,560	171,479	174,465
Net expenses	<u>\$ 2,208,301</u>	<u>\$ 374,343</u>	<u>\$ 370,735</u>	<u>\$ 2,953,379</u>	<u>\$ 2,886,833</u>
Percentage of expense type to total expenses	<u>74.77 %</u>	<u>12.68 %</u>	<u>12.55 %</u>	<u>100 %</u>	<u>100 %</u>

See notes to financial statements.

THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES

Statement of Cash Flows

	For the Year Ended September 30, 2015	Summarized Financial Information for the Year Ended September 30, 2014
	<u> </u>	<u> </u>
Cash flows from operating activities		
Change in net assets	\$ (135,374)	\$ (218,550)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation expense	210,026	239,350
Realized and unrealized gain on investments	-	(18,360)
Change in beneficial interest in assets held by The Denver Foundation	13,326	(9,463)
Permanently restricted contributions	-	(200)
Change in operating assets and liabilities		
Contributions receivable	(253,852)	118,018
Grants receivable	3,630	(30,869)
Prepaid expenses and other assets	57,594	(36,846)
Accounts payable and accrued expenses	<u>29,959</u>	<u>(4,290)</u>
Net cash (used in) provided by operating activities	<u>(74,691)</u>	<u>38,790</u>
Cash flows from investing activities		
Purchase of investments	-	(2,978)
Distribution from endowment	17,700	-
Purchase of property and equipment	<u>(28,908)</u>	<u>-</u>
Net cash used in investing activities	<u>(11,208)</u>	<u>(2,978)</u>
Cash flows from financing activities		
Permanently restricted contributions	-	200
Payments on notes payable	(55,521)	(52,336)
Proceeds from line-of-credit	<u>110,000</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>54,479</u>	<u>(52,136)</u>
Net decrease in cash and cash equivalents	(31,420)	(16,324)
Cash and cash equivalents at beginning of year	<u>101,178</u>	<u>117,502</u>
Cash and cash equivalents at end of year	<u>\$ 69,758</u>	<u>\$ 101,178</u>

(Continued on the following page)

See notes to financial statements.

THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES

Statement of Cash Flows

(Continued from the previous page)

Cash and cash equivalents are reported on the statement of financial position as follows:

Cash and cash equivalents	\$	57,620
Cash and cash equivalents - operating reserve		<u>12,138</u>
Total	\$	<u>69,758</u>

Supplemental disclosure of non-cash activity:

Cash paid for interest for the year ended September 30, 2015 was \$171,479.

See notes to financial statements.

THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

The Gathering Place: A Refuge for Rebuilding Lives ("The Gathering Place") is a community of safety and hope where positive relationships, choice, and essential resources transform lives. The non-profit was founded in 1986 and operates as a daytime, drop-in center in metropolitan Denver that serves women, children, and transgender individuals ("members") who are experiencing homelessness or poverty. At this time, it is the only organization with this sole focus.

In addition to offering a safe haven and meeting basic needs, The Gathering Place provides resources for building self-sufficiency and opportunities to acquire new skills. During The Gathering Place's 29 years, services have evolved to meet the constantly changing needs of those who come seeking assistance. All of The Gathering Place's services are free for members and are designed to be welcoming and beneficial to all members. Though the range of services is vast, they typically fall into one of these three categories:

Safety and Emergency Services: Provide a safe environment and intervention services so those in crisis can meet their immediate needs and find stability.

- *Specific Services:* safe refuge, five days per week; access to resources and referrals; Family Area program; nutritious and fresh meals; food pantry, also known as Betsy's Cupboard.
- *Outcomes:* more safety; more stability; more access to resources; less hunger; less vulnerability; better parenting skills.

Self-Sufficiency and New Possibilities: Provide services and programs that facilitate overall well-being and self-sufficiency.

- *Specific Services:* GED program; The Card Project; physical and mental health support; housing classes; computer lab; clothing bank, also known as Bridget's Boutique.
- *Outcomes:* more hope; more self-sufficiency; more self-worth and confidence; more skills and education; more access to health care.

Community Building, Advocacy, and Education: Provide a community of acceptance and support that encourages each person to realize their individual and collective potential.

- *Specific Services:* volunteer opportunities; community presentations; website; social media; voter engagement.
- *Outcomes:* more awareness of homelessness and poverty; positive policy changes affecting the people The Gathering Place serves; less isolation.

THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Organization (continued)

The Gathering Place relies heavily on in-kind donations, especially food, toiletries, and clothing that are distributed to members and clients through Betsy's Cupboard, the Family Area, and Bridget's Boutique. Unique among the programs, The Card Project provides members and clients with an opportunity to earn money by creating handmade note cards.

In September 2014, The Gathering Place launched a social enterprise, Art Restart. Building on the success of The Card Project, Art Restart involves mass production of member artwork for bulk orders of greeting cards, primarily targeted to corporations. As a social enterprise, Art Restart is designed to meet both programmatic and financial goals for the organization.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with The Gathering Place's audited financial statements for the year ended September 30, 2014, from which the summarized information was derived.

Financial Statement Presentation

The Gathering Place is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted amounts are those currently available at the discretion of the Board of Directors for use in The Gathering Place's operations and those resources invested in property and equipment.

Temporarily restricted amounts are monies restricted by donors specifically for certain time periods, purposes, or programs. The Gathering Place reports gifts of cash and other assets as restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 on the statement of activities as net assets released from restrictions.

Permanently restricted amounts are assets that must be maintained permanently by The Gathering Place as required by the donor, but The Gathering Place is permitted to use or expend part or all of any income derived from those assets.

Cash and Cash Equivalents

The Gathering Place considers all unrestricted highly liquid investments, which are available for current operations and that have a maturity of three months or less when purchased, to be cash equivalents, unless held for reinvestment as part of the investment portfolio.

THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Investments

Investment purchases are initially recorded at cost or, when contributed to The Gathering Place, at the fair values of the investment assets received at the date of contribution. The Gathering Place is required to report investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values with unrealized gains and losses included on the statement of activities.

Net investment return consists of The Gathering Place's distributive share of interest and dividends and realized and unrealized capital gains and losses generated from The Gathering Place's investments less investment management and custodial fees.

Contributions and Contributions Receivable

Contributions, which include unconditional promises to give, are recognized as revenue in the period received. Contributions receivable consist of unconditional promises to give that are expected to be received within one year and are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

Management considers all contributions to be fully collectible; therefore, no allowance for doubtful accounts is considered necessary.

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, 2015. Management considers all grants to be fully collectible; therefore, no allowance for doubtful accounts is considered necessary.

Property and Equipment

Property and equipment purchased by The Gathering Place are recorded at cost. Donated fixed assets are also capitalized at fair value at the date of donation. The Gathering Place capitalizes all expenditures for property and equipment over \$3,000. Depreciation and amortization is provided on the straight-line method based upon the estimated useful lives of the assets, which range from 5 to 40 years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets

The Gathering Place reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, by a charge to the statement of activities, to its current fair value. There have been no such impairments at September 30, 2015.

Revenue Recognition

Revenue is recognized when earned. Contributions are reported when an unconditional promise to give is received.

Donated Services and Materials

A number of volunteers donate time to The Gathering Place's program services, administration, and development activities. Although the value of these services is significant, The Gathering Place does not record such value in its financial statements because it does not meet the recognition criteria established.

Donated materials are recorded at fair value at the date of donation.

The Gathering Place records donated professional services at the respective fair values of the services received.

Functional Expenses

The costs of conducting the various program activities, functions, and related supporting services have been summarized on a functional basis on the statement of activities. Accordingly, certain costs have been allocated among the various activities and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Concentrations of Credit Risk

Financial instruments that potentially subject The Gathering Place to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Gathering Place manages deposit concentration risk by placing its temporary cash and money market accounts with creditworthy, high-quality financial institutions.

THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk (continued)

Credit risk associated with contributions and grants receivable is limited because a substantial portion of amounts outstanding are due from government organizations and from financially strong individuals.

Subsequent Events

The Gathering Place has evaluated all subsequent events through the auditors' report date, which is the date the financial statements were available for issuance, and has determined that there are no events requiring disclosure.

Note 2 - Income Tax Status

The Gathering Place is tax exempt under Section 501(c)(3) of the Internal Revenue Code. The Gathering Place qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). However, income not directly related to The Gathering Place's tax-exempt purposes is subject to taxation as unrelated business income. The Gathering Place is required to report unrelated business income to the IRS and the state of Colorado. The Gathering Place did not have any unrelated business income for the year ended September 30, 2015, nor were any taxes paid.

The Gathering Place applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of September 30, 2015.

If incurred, interest and penalties associated with tax positions are recorded in the period assessed as interest expense. No interest or penalties have been assessed as of September 30, 2015.

Note 3 - Beneficial Interest in Assets Held by The Denver Foundation

In November 2013, The Gathering Place entered into an agreement with The Denver Foundation to establish a permanent endowment fund, known as The Gathering Place Endowment Fund (the "TGP Endowment"), to be held and invested by The Denver Foundation for the benefit of The Gathering Place. The agreement grants variance power to The Denver Foundation by permitting The Denver Foundation to substitute another beneficiary if The Gathering Place ceases to operate, exist, or be qualified as a tax-exempt organization. The Gathering Place is eligible to receive annual distributions up to 5% of the average of the previous 12 quarters' fair value of the assets of the TGP Endowment, less administrative fees and expenses. Excess earnings, if any, are reinvested in the TGP Endowment. The TGP Endowment is reported as beneficial interest in assets held by The Denver Foundation on the statement of financial position.

THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES

Notes to Financial Statements

Note 3 - Beneficial Interest in Assets Held by The Denver Foundation (continued)

As of September 30, 2015, the fair value of the assets of the TGP Endowment was \$360,994. Distributions from the TGP Endowment are available for The Gathering Place for its unrestricted use. During the year ended September 30, 2015, a total of \$17,700 distributions were received from the TGP Endowment.

The assets held by The Denver Foundation are subject to a management fee percentage of 1% of the asset balances, to be charged annually. Total management fees paid to The Denver Foundation for the year ended September 30, 2015 totaled \$5,424.

Note 4 - Fair Value Measurement

The Gathering Place has adopted the methods of fair value as defined by accounting principles generally accepted in the United States of America to value its financial assets and liabilities. Fair value, as defined, is based on 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. In order to increase consistency and comparability in fair value measurements, the following fair value hierarchy prioritizes observable inputs used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities;
- Level 2: Observable prices that are based on inputs not quoted on active markets but are corroborated by market data; or
- Level 3: Unobservable inputs are used when little or no market data is available.

Financial assets carried at fair value as of September 30, 2015 are classified in the table below in one of the three categories described above.

These classifications (Levels 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.

The following is a description of the valuation methodology used for assets measured at fair value:

Beneficial interest in assets held by The Denver Foundation: Recorded at The Gathering Place's proportional share of the net asset value of The Denver Foundation's investment pool. This amount is provided by The Denver Foundation and is based on the fair value of the securities underlying the fund.

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in assets held by The Denver Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 360,994</u>	<u>\$ 360,994</u>

THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES

Notes to Financial Statements

Note 4 - Fair Value Measurement (continued)

There were no changes to the valuation technique used during the period.

Level 3 Changes

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended September 30, 2015:

Beginning balance	\$ 392,020
Distributions	(17,700)
Change in beneficial interest	<u>(13,326)</u>
Ending balance	<u>\$ 360,994</u>

Note 5 - Promises to Give

The Gathering Place has received multi-year promises to give. The remaining amounts of the promises to give are to be received as follows at September 30, 2015:

Amounts due in	
Less than one year	\$ 254,139
One to five years	<u>190,900</u>
Total	<u>\$ 445,039</u>

Promises to give are reported on the statement of financial position as of September 30, 2015 as follows:

Contributions receivable	\$ 438,439
Contributions receivable - related party	<u>6,600</u>
Total	<u>\$ 445,039</u>

Management believes the present value discount is not significant to these financial statements and the promises to give are fully collectible. Therefore, no allowance for doubtful accounts is considered necessary.

THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES

Notes to Financial Statements

Note 6 - Property and Equipment

The Gathering Place's property and equipment are comprised of the following at September 30, 2015:

Building and improvements	\$ 7,980,636
Furniture and equipment	313,758
Land and land improvements	<u>50,000</u>
	8,344,394
Less accumulated depreciation	<u>(1,891,936)</u>
	<u>\$ 6,452,458</u>

Note 7 - Line-of-Credit

The Gathering Place has a \$150,000 line-of-credit with a bank, which bears interest at the lender's prime rate plus 1.00% (4.25% at September 30, 2015) and matures in June 2016. As of September 30, 2015, The Gathering Place had \$110,000 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.

Note 8 - Notes Payable

Notes payable are as follows at September 30, 2015:

The Gathering Place has a \$2,500,000 note payable with interest at 6.38%, secured by substantially all the assets of The Gathering Place. Payable in monthly principal and interest installments of \$13,430, maturing August 1, 2038. Effective October 1, 2015, the interest rate is 4.73%. \$ 2,252,239

The Gathering Place has a \$621,000 note payable with interest at 4.50%, secured by substantially all the assets of The Gathering Place. Payable in monthly principal and interest installments of \$2,238, maturing August 1, 2038. Effective October 1, 2015, the interest rate is 1.00%. 549,892

\$ 2,802,131

THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES

Notes to Financial Statements

Note 8 - Notes Payable (continued)

Future minimum payments under these notes are as follows:

For the Year Ending September 30.

2016	\$	77,229
2017		80,144
2018		83,194
2019		86,374
2020		89,382
Thereafter		<u>2,385,808</u>
	\$	<u>2,802,131</u>

Note 9 - Retirement Plan

The Gathering Place maintains a tax-deferred annuity plan (the "Plan") qualified under Internal Revenue Code Section 403(b). The Plan covers all employees of The Gathering Place. The Gathering Place provides employees the opportunity to contribute a portion of their gross salaries to the Plan, up to the maximum amount established by the Plan. The Gathering Place did not contribute to the Plan during the year ended September 30, 2015.

Note 10 - Donated Services and Contributed Supplies

Donated services and contributed supplies consist of professional assistance, food services, personal care, gift cards, and other general supplies donated to The Gathering Place. Donated services and contributed supplies consist of the following at September 30, 2015:

Professional services - substantially provided to members	\$	141,989
Supplies - food, personal care, and general		<u>235,953</u>
Total in-kind revenue and expenses	\$	<u>377,942</u>

Note 11 - Temporarily and Permanently Restricted Net Assets

The temporarily restricted net assets represent the net proceeds of donations that have been restricted by the donors to be used only for the following purposes at September 30, 2015:

Personal growth and learning	\$	484,122
Emergency services		81,506
Unappropriated endowment funds		<u>32,993</u>
	\$	<u>598,621</u>

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Note 11 - Temporarily and Permanently Restricted Net Assets (continued)

At September 30, 2015, net assets were released from restrictions as follows:

Personal growth and learning	\$ 651,696
Emergency services	477,379
Endowment	<u>17,700</u>
Total net assets released from restrictions	<u>\$ 1,146,775</u>

The permanently restricted net assets of \$328,001 at September 30, 2015 consist of endowment assets to be held indefinitely, the income from which is available for general operating purposes.

Note 12 - Investment in Endowment

The Gathering Place's endowment consists of the TGP Endowment described in Note 3. As required by generally accepted accounting principles, net assets associated with the TGP Endowment are classified based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Gathering Place has interpreted the Uniform Prudent Management of Institutional Funds Act ("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, The Gathering Place's permanently restricted endowment funds consist of (a) the original value of gifts donated to the permanent endowment and (b) accumulations to the permanent endowment made in accordance with the direction of the donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by The Gathering Place in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, The Gathering Place considers 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 purposes of The Gathering Place 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 resources used by The Gathering Place.
- 7) The investment policies of The Gathering Place.

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Note 12 - Investment in Endowment (continued)

Return Objectives, Risk Parameters, and Strategies Employed for Achieving Objectives

As described in Note 3, the TGP Endowment is held by The Denver Foundation. The terms of the The Gathering Place's agreement with The Denver Foundation provides The Denver Foundation full discretion over the investment of the the TGP Endowment, but it must act in accordance with the standard of conduct set forth in Colorado law with respect to the management of institutional funds.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Gathering Place is eligible to receive annual distributions of 5% of the previous 12 quarters' average market value of the TGP Endowment.

The TGP Endowment is comprised of permanently donor-restricted amounts, net investment appreciation, and investment income net of distributions.

Invested endowment net asset composition by type of fund as of September 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted	\$ -	\$ 32,993	\$ 328,001	\$ 360,994

Changes in invested endowment net assets for the fiscal year ended September 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 64,019	\$ 328,001	\$ 392,020
Distributions	-	(17,700)	-	(17,700)
Change in beneficial interest in assets held by The Denver Foundation	-	(13,326)	-	(13,326)
Endowment net assets, end of year	\$ -	\$ 32,993	\$ 328,001	\$ 360,994

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Note 13 - Leases

The Gathering Place leases certain office equipment under non-cancelable operating leases expiring through March 2018. Future minimum lease payments are as follows:

For the Year Ending September 30,

2016	\$	25,435
2017		18,283
2018		<u>7,487</u>
	\$	<u>51,205</u>

Total lease expense for the year ended September 30, 2015 was \$26,052.

Note 14 - Helen McLoraine Endowment Fund

The Gathering Place was named the beneficiary of The Helen McLoraine Endowment 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 The Gathering Place. The endowment was created to fund the personal growth and learning program. The Gathering Place is entitled to a 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, 2015, The Gathering Place received \$47,201 in distributions, which is recognized as contribution revenue.