

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

**Financial Statements**

**September 30, 2019 and 2018**

**(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**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Gathering Place: A Refuge for Rebuilding Lives (The Gathering Place), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Board of Directors  
The Gathering Place**

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Gathering Place as of September 30, 2019 and 2018, 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.

**Emphasis of Matter**

As discussed in note 1, The Gathering Place adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended September 30, 2019. The effects of the ASU have been applied retrospectively to all years presented. Our opinion is not modified with respect to this matter.

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

February 6, 2020

**The Gathering Place: A Refuge for Rebuilding Lives**  
**Statements of Financial Position**  
**September 30, 2019 and 2018**

	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 48,112	136,166
Contributions receivable (note 3)	456,265	166,219
Grants receivable	7,660	12,612
Prepaid expenses and other assets	44,658	47,888
Investments (notes 4, 5 and 10)	52	103,062
Beneficial interest in assets held by others (notes 4, 5 and 10)	378,005	325,985
Property and equipment, net (note 6)	5,705,189	5,832,381
Total assets	\$ 6,639,941	6,624,313
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 141,265	128,438
Notes and loan payable (note 8)	2,549,956	2,561,547
Total liabilities	2,691,221	2,689,985
<b>Net assets</b>		
Net assets without donor restrictions (note 9)		
Board designated	121,081	235,562
Undesignated	3,025,351	3,057,449
	3,146,432	3,293,011
Net assets with donor restrictions (notes 9 and 10)	802,288	641,317
Total net assets	3,948,720	3,934,328
Commitments (note 11)		
Total liabilities and net assets	\$ 6,639,941	6,624,313

See the accompanying notes to the financial statements.

**The Gathering Place: A Refuge for Rebuilding Lives**  
**Statement of Activities**  
**Year Ended September 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
Contributions	\$ 1,470,772	1,012,435	2,483,207
Government grants and contracts	102,999	–	102,999
Contributed goods and services (note 1(l))	544,581	–	544,581
Art Restart program income	52,729	–	52,729
Rental and other income	6,146	–	6,146
Net assets released from restrictions (note 9)	853,484	(853,484)	–
Total support and revenue	<u>3,030,711</u>	<u>158,951</u>	<u>3,189,662</u>
<b>Expenses</b>			
Program services	2,169,498	–	2,169,498
Supporting services			
General and administrative	361,153	–	361,153
Fundraising and development	331,093	–	331,093
Total supporting services	<u>692,246</u>	<u>–</u>	<u>692,246</u>
Total expenses before depreciation and interest	<u>2,861,744</u>	<u>–</u>	<u>2,861,744</u>
Change in net assets before depreciation, interest, and change in beneficial interest in assets held by others	168,967	158,951	327,918
Depreciation	(211,897)	–	(211,897)
Interest expense	(103,649)	–	(103,649)
Change in beneficial interest in assets held by others (note 5)	–	2,020	2,020
<b>Change in net assets</b>	<u>(146,579)</u>	<u>160,971</u>	<u>14,392</u>
<b>Net assets at beginning of year</b>	<u>3,293,011</u>	<u>641,317</u>	<u>3,934,328</u>
<b>Net assets at end of year</b>	<u>\$ 3,146,432</u>	<u>802,288</u>	<u>3,948,720</u>

See the accompanying notes to the financial statements.

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

	Without Donor Restrictions	With Donor Restrictions	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(l))	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)	–
Total support and revenue	<u>2,623,439</u>	<u>149,958</u>	<u>2,773,397</u>
<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
Total supporting services	<u>636,038</u>	<u>–</u>	<u>636,038</u>
Total expenses before depreciation and interest	<u>2,480,141</u>	<u>–</u>	<u>2,480,141</u>
Change in net assets before depreciation, interest, and change in beneficial interest in assets held by others	143,298	149,958	293,256
Depreciation	(211,410)	–	(211,410)
Interest expense	(106,418)	–	(106,418)
Change in beneficial interest in assets held by others (note 5)	–	24,565	24,565
<b>Change in net assets</b>	<u>(174,530)</u>	<u>174,523</u>	<u>(7)</u>
<b>Net assets at beginning of year</b>	3,267,541	666,794	3,934,335
Reclassification of net assets (note 10)	200,000	(200,000)	–
<b>Net assets at end of year</b>	<u>\$ 3,293,011</u>	<u>641,317</u>	<u>3,934,328</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, 2019**

	Meet Basic Needs	Foster Personal Growth	Social Enterprise	Total Program Activities	General and Admin- istrative	Fundraising and Dev- elopment	Total Supporting Activities	Total
Salaries	\$ 557,221	231,461	140,382	929,064	230,289	224,779	455,068	1,384,132
Assistance to individuals	170,217	45,366	4,971	220,554	57	59	116	220,670
Occupancy costs	113,942	43,896	13,005	170,843	7,445	3,117	10,562	181,405
Contributed supplies	290,193	120,540	35,716	446,449	-	-	-	446,449
Employee benefits	36,717	15,250	4,967	56,934	12,222	18,676	30,898	87,832
Donated professional services	62,917	26,135	7,744	96,796	942	394	1,336	98,132
Payroll taxes	42,155	17,510	10,707	70,372	17,639	16,938	34,577	104,949
Information technology	30,522	12,679	5,453	48,654	5,614	15,638	21,252	69,906
Printing and publications	1,559	725	181	2,465	587	15,632	16,219	18,684
Professional services	3,129	1,300	385	4,814	73,714	1,702	75,416	80,230
Marketing	23,197	9,636	27,924	60,757	5,291	5,430	10,721	71,478
Insurance	14,952	6,211	1,841	23,004	2,751	433	3,184	26,188
Postage and shipping	1,247	518	442	2,207	284	7,323	7,607	9,814
Telephone and internet	5,881	2,443	724	9,048	1,341	1,377	2,718	11,766
Dues and subscriptions	3,125	1,298	385	4,808	692	7,575	8,267	13,075
Equipment	6,903	2,868	849	10,620	1,205	1,166	2,371	12,991
Supplies	1,148	707	127	1,982	237	344	581	2,563
Miscellaneous	3,686	2,492	1,736	7,914	456	9,951	10,407	18,321
Bank fees	-	-	2,118	2,118	314	322	636	2,754
Travel	60	26	9	95	73	237	310	405
Total functional expenses before depreciation and interest	<u>1,368,771</u>	<u>541,061</u>	<u>259,666</u>	<u>2,169,498</u>	<u>361,153</u>	<u>331,093</u>	<u>692,246</u>	<u>2,861,744</u>
Depreciation	126,923	52,722	19,568	199,213	8,941	3,743	12,684	211,897
Interest expense	62,619	26,011	8,551	97,181	4,501	1,967	6,468	103,649
Total expenses	<u>\$ 1,558,313</u>	<u>619,794</u>	<u>287,785</u>	<u>2,465,892</u>	<u>374,595</u>	<u>336,803</u>	<u>711,398</u>	<u>3,177,290</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**  
**Statements of Cash Flows**  
**Years Ended September 30, 2019 and 2018**

	2019	2018
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 14,392	(7)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	211,897	211,410
Loss on disposal of equipment	3,009	–
(Increase) decrease in operating assets		
Contributions receivable	(290,046)	70,867
Grants receivable	4,952	(6,618)
Prepaid and other assets	3,230	(8,239)
Increase in operating liabilities		
Accounts payable and accrued liabilities	12,827	719
Net cash provided by (used in) operating activities	<u>(39,739)</u>	<u>268,132</u>
<b>Cash flows from investing activities</b>		
(Net purchases) sales of investments	103,010	(103,062)
(Increase) decrease in beneficial interest in assets held by others	(52,020)	61,227
Purchases of property and equipment	(87,715)	–
Net cash used in investing activities	<u>(36,725)</u>	<u>(41,835)</u>
<b>Cash flows from financing activities</b>		
Borrowings on line of credit	227,750	413,000
Proceeds from program-related loan	75,000	–
Payments on notes payable	(86,590)	(83,195)
Payments on line of credit	(227,750)	(493,000)
Net cash used in financing activities	<u>(11,590)</u>	<u>(163,195)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	(88,054)	63,102
<b>Cash and cash equivalents, beginning of year</b>	<u>136,166</u>	<u>73,064</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 48,112</u>	<u>136,166</u>
Additional cash flow information:		
Interest paid	<u>\$ 103,649</u>	<u>106,418</u>

See the accompanying notes to the financial statements.

# The Gathering Place: A Refuge for Rebuilding Lives

## Notes to Financial Statements

September 30, 2019 and 2018

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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 serving on the Advocacy Committee, volunteering in our kitchen, and assisting with sorting and restocking goods to be distributed through our food pantry and clothing bank. 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 technology, including internet access, which is increasingly vital for social connection and opportunity in modern society. Volunteers run the lab and are available to help members learn computer software and programs, supporting increased computer literacy.

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

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 sale made. Art Restart has won numerous awards, including winning the Denver Metro Small Business Development Center's 2019 Trout Tank Audience Favorite award and being selected 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

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

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

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

#### (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 or restricted by donors for long-term purposes, to be cash equivalents.

#### (d) 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 Gathering Place: A Refuge for Rebuilding Lives**  
**Notes to Financial Statements, Continued**

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

**(d) Concentrations of Credit Risk, Continued**

The assets held by others 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.

**(e) 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. TGP uses the allowance method to determine uncollectible unconditional contributions receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made. There was no allowance for uncollectible amounts at September 30, 2019 because management believes all contributions receivable are fully collectible.

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, 2019 or 2018.

**(f) 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, 2019. Management considers all grants to be fully collectible; therefore, no allowance for doubtful accounts is considered necessary.

**(g) Investments**

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

# The Gathering Place: A Refuge for Rebuilding Lives

## Notes to Financial Statements, Continued

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

#### **(g) Investments, Continued**

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

#### **(h) Fair Value Measurements**

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

- Level 1     Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2     Inputs other than quoted market prices that are observable for the asset/liability, either directly or indirectly.
- Level 3     Unobservable inputs that cannot be corroborated by observable market data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

#### **(i) Property and Equipment**

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

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

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

**(j) Contributions**

Contributions are recognized when cash, securities or other assets, and unconditional promises to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. All donor restricted support, including pledges, is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**(k) 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.

**(l) 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, 2019 and 2018, TGP received and recognized as revenue in-kind goods and services totaling \$544,581 and \$485,293, respectively.

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

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

**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) Donated Goods and Services, Continued**

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

	<u>Program</u>	<u>Management &amp; General</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>

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

**(m) 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.

**(n) Functional Allocation of Expenses**

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

**(o) 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, 2019 and 2018, respectively.



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

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

**(o) 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, 2016.

**(p) Subsequent Events**

TGP's financial statements were available to be issued on February 6, 2020 and this is the date through which subsequent events were evaluated.

**(q) Not-for-Profit Financial Statement Presentation**

During 2019, TGP adopted ASU No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets previously presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions.

**(2) Liquidity and Availability of Financial Assets**

The following table reflects TGP's available financial assets as of September 30, 2019. Financial assets are considered unavailable when illiquid, not convertible to cash within one year, or when restricted by donors for purposes more limited than general expenditures, or expenditures not to be incurred within one year.

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

TGP anticipates collecting sufficient support and revenue to cover operating costs not covered by the above available financial assets. TGP also has a \$150,000 line of credit available to cover short-term cash flow needs when necessary, board designated operating, capital and strategic reserves which can be expended as needed by a majority vote of approval by TGP Board of Directors, and an undesignated liquidity reserve. See note 5 for additional information on the reserve funds.

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

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**(2) Liquidity and Availability of Financial Assets, Continued**

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

**(3) Contributions Receivable**

Contributions receivable at September 30, 2019 are expected to be collected as follows:

Due in fiscal year 2020	\$ 186,265
Due in fiscal year 2021	135,000
Due in fiscal year 2022	<u>135,000</u>
Total contributions receivable	\$ <u>456,265</u>

Amounts due in more than one year have not been discounted to net present value because the amount is not significant to the financial statements. Management believes the pledges are fully collectible; therefore, there is no allowance for doubtful accounts.

**(4) Investments**

TGP's investments consist of the following at September 30:

	<u>2019</u>	<u>2018</u>
Level 1:		
Money market funds	\$ <u>52</u>	<u>103,062</u>
Net asset value per share:		
Beneficial interest in assets held by others	\$ <u>378,005</u>	<u>325,985</u>

There were no changes to valuation techniques during the year.

**(5) Beneficial Interest in Assets Held by Others**

TGP established an endowment fund (The Gathering Place Endowment Fund – “TGP Endowment”) with The Denver Foundation (the Foundation) on November 27, 2013 and named itself as the beneficiary. TGP granted variance power to the Foundation which allows the Foundation to substitute a successor organization if TGP ceases to operate or exist, or be qualified as a tax exempt organization in section 501(c)(3) of the Internal Revenue Code. The TGP Endowment consists of donor-restricted funds. In addition to the donor-restricted endowment, TGP's beneficial interest in assets held by the Foundation at September 30, 2019 and 2018 includes board designated and undesignated funds.

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

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

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

Endowment distributions are based on the terms of the agreement as discussed in note 10. Earnings in excess of distributions, if any, are reinvested in the endowment fund. The agreement can be amended by a vote of three-fourths of all directors of TGP then in office and by a vote of three-fourths of all members of the Board of Trustees of the Foundation then in office. Distributions of earnings from the endowment fund are unrestricted to TGP and can be used for any needs, including general operating support. There were distributions of earnings from the endowment fund of \$0 and \$18,292 during the years ended September 30, 2019 and 2018, respectively.

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

The fair value of the beneficial interest in assets held by the Foundation at September 30, 2019 and 2018 was \$378,005 and \$325,985, respectively, and consisted of the following:

	<u>2019</u>	<u>2018</u>
TGP Endowment (notes 9 and 10)	\$ 195,505	325,985
Board designated reserves (note 9)	121,029	—
Undesignated liquidity reserve	<u>61,471</u>	<u>—</u>
Beneficial interest in assets held by others	\$ <u>378,005</u>	<u>325,985</u>

The assets held by the Foundation are in a co-mingled investment pool consisting of both marketable and alternative investments. TGP reports its interest in the pool at fair value using information provided by the Foundation. Investment return consists of TGP's distributive share of any interest, dividends, capital gains and losses generated from the investments, as well as the change in fair value of the investments. Investment return is reported as the change in beneficial interest in assets held by others and for the years ended September 30, 2019 and 2018 was \$2,020 and \$24,565, respectively.

**(6) Property and Equipment**

Property and equipment consisted of the following at September 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 50,000	50,000
Building and improvements	7,975,945	7,975,945
Furniture, fixtures and equipment	<u>406,663</u>	<u>335,940</u>
	8,432,608	8,361,885
Less accumulated depreciation	<u>(2,727,419)</u>	<u>(2,529,504)</u>
Property and equipment, net	\$ <u>5,705,189</u>	<u>5,832,381</u>

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

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**(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, 2019, 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 2019 and 2018 was \$1,180 and \$1,596, respectively.

**(8) Notes and Loan Payable**

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

Interest on the First Note is 4.73% per annum; interest on the Second Note is 1% per annum. Interest expense on the two notes during the years ended September 30, 2019 and 2018 was \$101,629 and \$104,826, respectively. Combined principal and interest payments totaling \$15,668 are due on the notes each month through August 1, 2038.

On December 17, 2018, TGP received an unsecured program-related loan in the amount of \$75,000 from The Dakota Foundation to provide funding for the Art Restart program. The note matures on December 23, 2025 and bears interest at the rate of 1.5% per annum. Principal and interest payments of \$13,167 are due on the twenty-third day of each December from December 23, 2020 to December 23, 2025. There were no principal or interest payments due in 2019.

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

	<u>Notes</u>	<u>Loan</u>	<u>Total</u>
2020	\$ 86,697	12,038	98,735
2021	93,143	12,219	105,362
2022	96,782	12,403	109,185
2023	100,590	12,590	113,180
2024	104,573	12,779	117,352
Thereafter	<u>1,993,171</u>	<u>12,971</u>	<u>2,006,142</u>
	\$ <u>2,474,956</u>	<u>75,000</u>	<u>2,549,956</u>

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

**(9) Net Assets**

Board Designated Net Assets

Included in net assets without donor restrictions are board designated net assets totaling \$121,081 and \$235,562 at September 30, 2019 and 2018, respectively. The board has designated these net assets for the following purposes at September 30:

	<u>2019</u>	<u>2018</u>
Endowment	\$ —	132,500
Strategic reserve	53,312	50,000
Capital reserve	36,565	53,062
Operating reserve	<u>31,204</u>	<u>—</u>
Total board designated net assets	\$ <u>121,081</u>	<u>235,562</u>

Net Assets with Donor Restrictions

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

	<u>2019</u>	<u>2018</u>
Specific time or purpose		
Personal growth and learning	\$ 439,359	327,862
Future operations	142,500	107,500
Member and other services	<u>24,924</u>	<u>12,470</u>
Net assets restricted for specific purpose	606,783	447,832
Endowment		
Unappropriated earnings on endowment	76,124	74,104
Donor-restricted endowment	<u>119,381</u>	<u>119,381</u>
Net assets restricted for endowment	<u>195,505</u>	<u>193,485</u>
Total net assets with donor restrictions	\$ <u>802,288</u>	<u>641,317</u>

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

	<u>2019</u>	<u>2018</u>
Personal growth and learning	\$ 383,064	429,768
Emergency services	320,374	153,173
General operating support	140,000	70,792
Member and other services	8,546	11,554
Social enterprise	<u>1,500</u>	<u>—</u>
Total net assets released	\$ <u>853,484</u>	<u>665,287</u>

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

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

- (1) The duration and preservation of the fund
- (2) The purpose of TGP and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other available resources
- (7) The investment policies of TGP.

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

Endowment funds consisted of the following at September 30:

	<u>2019</u>	<u>2018</u>
Board designated endowment	\$ -	132,500
Unappropriated earnings on donor restricted endowment	76,124	74,104
Donor-restricted endowment	<u>119,381</u>	<u>119,381</u>
Total TGP endowment	<u>\$ 195,505</u>	<u>325,985</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, 2019 and 2018:

	<u>Board Designated</u>	<u>Donor Restricted</u>	<u>Total</u>
Endowment net assets at September 30, 2017	\$ —	387,212	387,212
Investment return	—	24,565	24,565
Contributions	32,500	—	32,500
Appropriated for expenditure	(100,000)	(18,292)	(118,292)
Reclassification (a)	<u>200,000</u>	<u>(200,000)</u>	<u>—</u>
Endowment net assets at September 30, 2018	132,500	193,485	325,985
Investment return	—	2,020	2,020
Contributions	—	—	—
Appropriated for expenditure	—	—	—
Re-designation (b)	<u>(132,500)</u>	<u>—</u>	<u>(132,500)</u>
Endowment net assets at September 30, 2019	\$ <u>—</u>	<u>195,505</u>	<u>195,505</u>

(a) During 2018, management performed an in-depth review of Endowment fund activity since inception. In 2018, net assets restricted in perpetuity totaling \$200,000 were reclassified to net assets without donor restrictions when it was determined that these were not donor restricted contributions when received. The reclassifications had no effect on total Endowment net assets.

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

Return Objectives and Risk Parameters and Strategies Employed for Achieving Objectives

As discussed in note 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.

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.

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

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**(11) Leases**

TGP has non-cancelable operating leases for certain office equipment that expire at various times through 2023. Total rent for operating leases was \$9,546 in 2019.

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

2020	\$ 8,463
2021	6,370
2022	6,180
2023	<u>3,090</u>
	<u>\$ 24,103</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, 2019 and 2018, TGP recognized contribution revenue from the Fund of \$46,061 and \$44,197, respectively.