

**THE GATHERING OF SOUTHEAST WISCONSIN, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(With Summarized Totals for the Year Ended June 30, 2016)**

THE GATHERING OF SOUTHEAST WISCONSIN, INC.

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Independent Auditor's Report

Board of Directors  
The Gathering of Southeast Wisconsin, Inc.

We have audited the accompanying financial statements of The Gathering of Southeast Wisconsin, Inc. which comprise the balance sheet as of June 30, 2017, and the related statements of activities 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 purposes 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 of Southeast Wisconsin, Inc. as of June 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.

*Ritz Holman LLP*  
*Serving businesses, nonprofits, individuals and trusts.*

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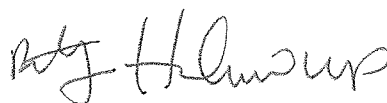
Board of Directors  
The Gathering of Southeast Wisconsin, Inc.

**Report on Summarized Comparative Information**

We have previously audited The Gathering of Southeast Wisconsin, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 1, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
November 2, 2017

**THE GATHERING OF SOUTHEAST WISCONSIN, INC.**  
**BALANCE SHEET**  
**JUNE 30, 2017**  
**(With Summarized Totals for June 30, 2016)**

| ASSETS   | 2017              | 2016              |
|--|-------------------|-------------------|
| <b>CURRENT ASSETS</b>                              |                   |                   |
| Cash and Cash Equivalents                          | \$ 115,536        | \$ 68,882         |
| Grants Receivable                                  | 15,075            | 21,115            |
| Prepaid Expenses                                   | 4,483             | 2,404             |
| Total Current Assets                               | \$ 135,094        | \$ 92,401         |
| <b>FIXED ASSETS</b>                                |                   |                   |
| Leasehold Improvements                             | \$ 13,825         | \$ 18,475         |
| Equipment  | 62,968            | 69,758            |
| Total Fixed Assets                                 | \$ 76,793         | \$ 88,233         |
| Less: Accumulated Depreciation                     | (56,774)          | (69,248)          |
| Net Fixed Assets                                   | \$ 20,019         | \$ 18,985         |
| <b>OTHER ASSETS</b>                                |                   |                   |
| Investments  | \$ 275,777        | \$ 278,074        |
| Mooney Scholarship Fund                            | 17,448            | 15,866            |
| Beneficial Interest - Greater Milwaukee Foundation | 127,362           | 117,684           |
| Total Other Assets                                 | \$ 420,587        | \$ 411,624        |
| <b>TOTAL ASSETS</b>                                | <b>\$ 575,700</b> | <b>\$ 523,010</b> |
| <b>LIABILITIES AND NET ASSETS</b>                  |                   |                   |
| <b>CURRENT LIABILITIES</b>                         |                   |                   |
| Accounts Payable                                   | \$ 1,193          | \$ 2,991          |
| Credit Card Payable                                | 3,959             | 3,350             |
| Accrued Payroll Liabilities                        | 4,665             | 15,542            |
| Current Portion of Capital Lease Obligations       | 1,453             | 1,134             |
| Total Current Liabilities                          | \$ 11,270         | \$ 23,017         |
| <b>LONG-TERM LIABILITIES</b>                       |                   |                   |
| Capital Lease Obligations                          | \$ 4,672          | \$ 5,806          |
| Less: Current Portion of Capital Lease Obligations | (1,453)           | (1,134)           |
| Total Long-Term Liabilities                        | \$ 3,219          | \$ 4,672          |
| Total Liabilities                                  | \$ 14,489         | \$ 27,689         |
| <b>NET ASSETS</b>                                  |                   |                   |
| Unrestricted                                       | \$ 414,401        | \$ 359,989        |
| Temporarily Restricted                             | 134,784           | 123,306           |
| Permanently Restricted                             | 12,026            | 12,026            |
| Total Net Assets                                   | \$ 561,211        | \$ 495,321        |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>            | <b>\$ 575,700</b> | <b>\$ 523,010</b> |

The accompanying notes are an integral part of these financial statements.

**THE GATHERING OF SOUTHEAST WISCONSIN, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(With Summarized Totals for the Year Ended June 30, 2016)**

|   | Unrestricted      | Temporarily<br>Restricted | Permanently<br>Restricted | 2017<br>Total     | 2016<br>Total     |
|---|-------------------|---------------------------|---------------------------|-------------------|-------------------|
| <b>REVENUE</b>                          |                   |                           |                           |                   |                   |
| Churches                                | \$ 44,067         | \$ ---                    | \$ ---                    | \$ 44,067         | \$ 33,161         |
| Individuals                             | 133,688           | ---                       | ---                       | 133,688           | 132,106           |
| Corporations                            | 23,037            | ---                       | ---                       | 23,037            | 28,652            |
| Capital Campaign                        | 68,525            | ---                       | ---                       | 68,525            | ---               |
| Memorials - Bequests                    | 14,585            | ---                       | ---                       | 14,585            | 22,120            |
| Foundations                             | 166,415           | ---                       | ---                       | 166,415           | 113,158           |
| Hunger Relief Fund of Wisconsin         | 14,059            | ---                       | ---                       | 14,059            | 14,740            |
| State and Federal Income                | 33,156            | ---                       | ---                       | 33,156            | 19,980            |
| United Way                              | 12,233            | ---                       | ---                       | 12,233            | 15,288            |
| In-Kind Donations                       | 323,363           | ---                       | ---                       | 323,363           | 276,445           |
| Special Event Income                    | 31,825            | ---                       | ---                       | 31,825            | 35,219            |
| Special Event Expenses                  | (11,144)          | ---                       | ---                       | (11,144)          | (12,562)          |
| Investment Income                       | 27,488            | 17,007                    | ---                       | 44,495            | 2,662             |
| Gain (Loss) on Disposal of Fixed Assets | (3,648)           | ---                       | ---                       | (3,648)           | ---               |
| Net Assets Released from Restrictions   | 5,529             | (5,529)                   | ---                       | ---               | ---               |
| Total Revenue                           | <u>\$ 883,178</u> | <u>\$ 11,478</u>          | <u>\$ ---</u>             | <u>\$ 894,656</u> | <u>\$ 680,969</u> |
| <b>EXPENSES</b>                         |                   |                           |                           |                   |                   |
| Community Meals Program                 | \$ 737,387        | \$ ---                    | \$ ---                    | \$ 737,387        | \$ 677,103        |
| Management and<br>Supporting Services   | 54,623            | ---                       | ---                       | 54,623            | 60,600            |
| Fundraising                             | 36,756            | ---                       | ---                       | 36,756            | 20,250            |
| Total Expenses                          | <u>\$ 828,766</u> | <u>\$ ---</u>             | <u>\$ ---</u>             | <u>\$ 828,766</u> | <u>\$ 757,953</u> |
| CHANGE IN NET ASSETS                    | \$ 54,412         | \$ 11,478                 | \$ ---                    | \$ 65,890         | \$ (76,984)       |
| Net Assets, Beginning of Year           | <u>359,989</u>    | <u>123,306</u>            | <u>12,026</u>             | <u>495,321</u>    | <u>572,305</u>    |
| NET ASSETS, END OF YEAR                 | <u>\$ 414,401</u> | <u>\$ 134,784</u>         | <u>\$ 12,026</u>          | <u>\$ 561,211</u> | <u>\$ 495,321</u> |

The accompanying notes are an integral part of these financial statements.

**THE GATHERING OF SOUTHEAST WISCONSIN, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(With Summarized Totals for the Year Ended June 30, 2016)**

|   | <u>2017</u>              | <u>2016</u>             |
|---|--------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES  |                          |                         |
| Change in Net Assets  | \$ 65,890                | \$ (76,984)             |
| Adjustments to Reconcile Change in Net Assets<br>to Net Cash Used by Operating Activities |                          |                         |
| Depreciation Expense  | 3,474                    | 3,372                   |
| Loss on Disposal of Fixed Assets  | 3,648                    | ---                     |
| Donated Fixed Assets  | (3,100)                  | ---                     |
| Unrealized and Realized (Gain) Loss on Investments  | (44,491)                 | (2,657)                 |
| (Increase) Decrease in Grants Receivable  | 6,040                    | 11,820                  |
| (Increase) Decrease in Prepaid Expenses   | (2,079)                  | 2,404                   |
| Increase (Decrease) in Accounts Payable   | (1,798)                  | 710                     |
| Increase (Decrease) in Credit Card Payable  | 609                      | (459)                   |
| Increase (Decrease) in Accrued Payroll and Liabilities                                    | (10,877)                 | 2,144                   |
| Net Cash Provided (Used) by Operating Activities  | <u>\$ 17,316</u>         | <u>\$ (59,650)</u>      |
| CASH FLOWS FROM INVESTING ACTIVITIES  |                          |                         |
| Proceeds from Sale of Investments   | \$ 35,528                | \$ 46,443               |
| Purchase of Fixed Assets  | <u>(5,056)</u>           | <u>---</u>              |
| Net Cash Provided by Investing Activities   | <u>\$ 30,472</u>         | <u>\$ 46,443</u>        |
| CASH FLOWS FROM FINANCING ACTIVITIES  |                          |                         |
| Payment on Capital Lease Obligation   | <u>\$ (1,134)</u>        | <u>\$ (884)</u>         |
| Net Cash Used by Financing Activities   | <u>\$ (1,134)</u>        | <u>\$ (884)</u>         |
| Net Increase (Decrease) in Cash and Cash Equivalents                                      | \$ 46,654                | \$ (14,091)             |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR  | <u>68,882</u>            | <u>82,973</u>           |
| CASH AND CASH EQUIVALENTS AT END OF YEAR  | <u><u>\$ 115,536</u></u> | <u><u>\$ 68,882</u></u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION  |                          |                         |
| Interest Paid   | \$ 1,332                 | \$ 1,581                |
| Donated Fixed Assets  | 3,100                    | ---                     |

The accompanying notes are an integral part of these financial statements.

**THE GATHERING OF SOUTHEAST WISCONSIN, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2017**



**THE GATHERING OF SOUTHEAST WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE A - Summary of Significant Accounting Policies**

**Organization**

The Gathering of Southeast Wisconsin, Inc. provides meals and associated services or programs to those who would otherwise go hungry or without.

**Accounting Method**

The financial statements of the Organization have been prepared on the accrual basis of accounting.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

**Fixed Assets**

Fixed assets in excess of \$1,000 are recorded at cost. Depreciation is provided over the useful life of the assets using the straight-line method.

**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.

Management believes all receivables will be collected in accordance with the terms of the agreements. Thus, no allowance for uncollectible accounts is necessary at year end.

**Basis of Presentation**

The Organization reports 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. Assets of the restricted classes are created only by donor-imposed restrictions.

At June 30, 2017, the Organization had \$127,362 of temporarily time-restricted net assets, \$7,422 of temporarily purpose-restricted net assets and \$12,026 of permanently restricted net assets.

**Contributions and Donations**

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

**THE GATHERING OF SOUTHEAST WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE B - Comparative Financial Information**

The financial information shown for 2016 in the accompanying financial statements is included to provide a basis for comparison with 2017 and presents summarized totals only. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

For comparability, certain 2016 amounts have been reclassified to conform with classifications adopted in 2017. The reclassifications have no effect on reported amounts of net assets or changes in net assets.

**NOTE C - Beneficial Interest - Greater Milwaukee Foundation**

The Organization has two accounts that are located at the Greater Milwaukee Foundation. The first account is a designated fund in which the Organization has a 100% beneficial interest. The balance of this account at June 30, 2017, was \$25,851. The principal from this account is inaccessible to the Organization; they only have access to the income earned. In accordance with generally accepted accounting principles, the principal amounts are not recorded on the Organization's statements of financial position.

The second account is the Gathering Memorial Fund, an Agency Endowment Fund, created by the Organization with the Greater Milwaukee Foundation. The balance of this account at June 30, 2017, was \$127,362. The principal from this account is inaccessible to the Organization; they only have access to the interest earned.

The Organization has adopted Financial Accounting Standards Transfers of Assets to Not-for-Profit or Charitable Trust That Raises or Holds Contributions for Others. The Organization has designated itself as the sole beneficiary of the income from the investment of these funds. The board of trustees of the Greater Milwaukee Foundation shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to a specified organization if, in the sole judgment of the board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

**NOTE D - Mooney Scholarship Fund**

A permanently restricted endowment fund has been set up by the Organization for the Michelle Mooney Scholarship Fund of The Gathering. This money is held by the Trustees of Funds and Endowments, Inc. When the principal balance of the fund reaches \$10,000, distributions can be made. Distributions will be granted upon the recommendation of the Board of Directors of the Organization. At June 30, 2017, the fair value of this account was \$17,448.

**THE GATHERING OF SOUTHEAST WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE E - Investments**

Investments are stated at fair market value.

Investment income consists of the following at June 30, 2017:

|                        |                 |
|------------------------|-----------------|
| Interest and Dividends | \$ 9,930        |
| Investment Fees        | (105)           |
| Realized Gain          | 2,078           |
| Unrealized Gain        | <u>32,592</u>   |
| Total                  | <u>\$44,495</u> |

**NOTE F - Endowment**

**Interpretation of Relevant Law**

The State of Wisconsin adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for All Endowment Funds. UPMIFA requires that the portion of a donor-restricted endowment fund that is classified as permanently restricted net assets is not reduced by losses on the investment of the fund, except to the extent required by the donor. Likewise, the amount of permanently restricted net assets is not reduced by an organization's appropriations from the fund. The portion of the fund that is not classified as permanently restricted net assets is reported as temporarily restricted net assets until appropriated for expenditure by the Organization.

The Organization has adopted the following investment objectives, goals and guidelines:

**Investment Objectives**

The Organization's investments are defined as a hybrid combination of endowment and savings account. When possible, investments will resemble an endowment with the principal remaining invested according to investment goals and guidelines below. However, should the Organization require additional dollars to fund operations (beyond what is available in cash and cash equivalents at the time), investments will serve as a reserve savings account, and a portion of the investments may be liquidated to fund operations as needed.

In accordance with the existing policy, investments are to remain within a target band of six (6) to twelve (12) months of the current fiscal year operating budget. Should investments drop below the six-month band or exceed the 12-month band, the Organization's financial position will be reassessed by the Board of Directors.

**THE GATHERING OF SOUTHEAST WISCONSIN, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE F - Endowment (continued)**

**Investment Goals**

Based on the investment objectives stated above, the goals pertaining to investments include:

- Capital preservation.
- Prudent growth over an investment cycle, defined as net returns exceeding inflation over a three- to five- year period in order to preserve purchasing power.
- Liquidity and accessibility to assets should they be needed to fund operations.
- Minimization of investment expenses, including mutual fund expense ratios and transaction costs.

While capital preservation is important, a strategy that is positioned too conservatively may, over time, lead to such low returns that inflation alone diminishes the relative value of the fund. Because The Gathering of Southeast Wisconsin, Inc. is an organization whose work will most likely be needed in perpetuity, investing for some growth over the long term is prudent even if it can be somewhat unsettling in the short term, particularly in the case of a market downturn. Investment according to the guidelines below should provide sufficient capital preservation in down markets while remaining invested in equities for long-term growth.

**Investment Guidelines**

Given the investment goals stated above, the following are allocation targets for investments:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Allowable Range</u> |
|--------------------|--------------------------|------------------------|
| Equity             | 60%                      | 45-70%                 |
| Fixed Income*      | 40%                      | 30-55%                 |

\*Fixed income includes cash and cash equivalents within assets designated as investments.

Direct investment in alternative investments (including, but not limited to, real estate and hedge funds) is not considered appropriate for the Organization's investments.

Fund distributions (dividends and capital gains) are to be reinvested.

Endowment net assets composition as of June 30, 2017, is as follows:

|                                  | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total Net<br/>Assets</u> |
|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------|
| Michelle Mooney Scholarship Fund | <u>\$5,422</u>                    | <u>\$12,026</u>                   | <u>\$17,448</u>             |
| Total                            | <u>\$5,422</u>                    | <u>\$12,026</u>                   | <u>\$17,448</u>             |

**THE GATHERING OF SOUTHEAST WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE F - Endowment (continued)**

Changes in endowment net assets as of June 30, 2017 are as follows:

|  | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total Net<br/>Assets</u> |
|--|-----------------------------------|-----------------------------------|-----------------------------|
| Endowment Net Assets,<br>Beginning of Year | \$3,622                           | \$12,026                          | \$15,648                    |
| Contributions                              | ---                               | ---                               | ---                         |
| Investment Income                          | 1,800                             | ---                               | 1,800                       |
| Net Appreciation                           | ---                               | ---                               | ---                         |
| Amounts Appropriated for Expenditure       | ---                               | ---                               | ---                         |
| <br>Endowment Net Assets, End of Year      | <br><u>\$5,422</u>                | <br><u>\$12,026</u>               | <br><u>\$17,448</u>         |

**NOTE G - Fair Value Measurements**

The Organization has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

The following table sets forth, by level within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2017:

| <u>Investment Category</u> | <u>Fair Value</u>    | <u>Quoted Prices<br/>In Active<br/>Markets for<br/>Identical<br/>Assets<br/>(Level 1)</u> | <u>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 2)</u> | <u>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</u> |
|----------------------------|----------------------|---|--|--|
| Mutual Funds               | \$275,777            | \$275,777   | \$ ---   | \$ ---   |
| Michelle Mooney Fund       | 17,448               | 17,448  | ---  | ---  |
| GMF Investments            | <u>127,362</u>       | ---   | ---  | <u>127,362</u>   |
| <br>Total                  | <br><u>\$420,587</u> | <br><u>\$293,225</u>  | <br><u>\$ ---</u>  | <br><u>\$127,362</u>   |

GMF Investments include equities securities, fixed income securities, absolute return hedge funds and long/short equity hedge funds. These funds are held by the Greater Milwaukee Foundation.

**THE GATHERING OF SOUTHEAST WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE G - Fair Value Measurements (continued)**

The Michelle Mooney Scholarship Fund of the Gathering includes cash and equities securities. The funds are held by the Trustees of Funds and Endowment, Inc.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

|  | Fair Value Measurements Using Significant<br>Unobservable Inputs (Level 3) |           |
|--|--|-----------|
|  | GMF<br>Investment  | Total     |
| Beginning Balance, July 01, 2016               | \$117,684  | \$117,684 |
| Total Gains or Losses<br>(Realized/Unrealized) | 12,854   | 12,854    |
| Purchases, Issuances, and<br>Settlements       | 2,458  | 2,458     |
| Grants Distributed                             | (4,335)  | (4,335)   |
| Investment Fees                                | (1,299)  | (1,299)   |
| Transfers in and/or out of Level 3             | ---  | ---       |
| Ending Balance, June 30, 2017                  | \$127,362  | \$127,362 |

**NOTE H - Capital Lease**

The Organization has a capital lease for a copy machine with a fair market value of \$6,999 at lease inception. The economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease and, accordingly, it is recorded in the Organization's assets and liabilities. The assets are included under Fixed Assets and are being depreciated over the lease terms and useful life of five years. Accumulated depreciation was \$3,383 as of June 30, 2017, and depreciation expense of \$1,400 is included in the year ended June 30, 2017.

The following is a schedule by years of the future minimum lease payments required as of June 30, 2017:

| Year Ending June 30, | Principal | Interest | Total   |
|----------------------|-----------|----------|---------|
| 2018                 | \$1,453   | \$1,013  | \$2,466 |
| 2019                 | 1,863     | 603      | 2,466   |
| 2020                 | 1,356     | 118      | 1,474   |
| Total                | \$4,672   | \$1,734  | \$6,406 |

**THE GATHERING OF SOUTHEAST WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE I - Operating Leases**

The Organization operates at four different locations. At one location, the Organization entered into a one-year occupancy lease agreement on February 1, 2014. The lease will automatically renew annually absent a termination notice 60 days prior to termination. Each year the monthly rent payment increases 4.0%. The monthly payments are \$1,193 as of June 30, 2017. The other locations are on month-to-month agreements.

**NOTE J - In-Kind Donations**

The Organization receives various in-kind donations. These in-kind donations are valued at fair market value on the date of donation and are included in both revenue and expenses.

In-kind donations consist of the following for the year ended June 30, 2017:

|                       | <u>Amount</u>    |
|-----------------------|------------------|
| Leadership Volunteers | \$ 78,797        |
| Donated Refrigerator  | 3,100            |
| Donated Food          | <u>241,466</u>   |
| Total                 | <u>\$323,363</u> |

The Organization also received group and individual volunteer meal serving, cleaning, decorating, cooking assistance and organizing services at all meal sites for the year ended June 30, 2017.

**NOTE K - Pension Plan**

The Organization maintains a 401(k) plan for all its employees. The Organization matches up to 5% of salaries for each employee. The Organization contributed \$7,460 to its pension plan as of June 30, 2017.

**THE GATHERING OF SOUTHEAST WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE L - Temporarily Restricted Net Assets**

At June 30, 2017, the Organization had \$134,784 of temporarily restricted net assets, which consisted of the following:

|                         |                  |
|-------------------------|------------------|
| GMF                     | \$127,362        |
| Fresh Produce Purchases | 2,000            |
| Mooney Scholarship Fund | <u>5,422</u>     |
| Total                   | <u>\$134,784</u> |

**NOTE M - Income Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of June 30, 2017, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

**NOTE N - Subsequent Event**

The Organization has evaluated events and transactions occurring after June 30, 2017, the date of the most recent balance sheet, through the date financial statements are available to be issued, November 2, 2017, for possible adjustment to the financial statements or disclosure and determined that no subsequent events need to be disclosed.



**THE GATHERING OF SOUTHEAST WISCONSIN, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(With Summarized Totals for the Year Ended June 30, 2016)**

|                                     | Community<br>Meals<br>Programs | Management<br>and<br>Supporting<br>Services | Fundraising      | 2017<br>Total     | 2016<br>Total     |
|-------------------------------------|--------------------------------|---|------------------|-------------------|-------------------|
| Salaries and Wages                  | \$ 220,539                     | \$ 24,205                                   | \$ 24,205        | \$ 268,949        | \$ 254,964        |
| Payroll Taxes                       | 18,858                         | 3,568                                       | 3,058            | 25,484            | 20,154            |
| Employee Benefits                   | 18,670                         | 3,532                                       | 3,028            | 25,230            | 29,562            |
| Retirement Benefits                 | 5,520                          | 1,045                                       | 895              | 7,460             | 12,748            |
| Professional Fees                   | 13,155                         | 2,067                                       | 3,571            | 18,793            | 12,788            |
| Accounting Fees                     | ---                            | 7,460                                       | ---              | 7,460             | 7,215             |
| Insurance                           | 7,211                          | 1,272                                       | ---              | 8,483             | 8,169             |
| Supplies                            | 9,782                          | ---   | ---              | 9,782             | 9,275             |
| Office Expenses                     | 1,389                          | 833   | 555              | 2,777             | 6,349             |
| Postage                             | 1,805                          | 360   | 1,444            | 3,609             | 4,300             |
| Program Expense                     | 101,961                        | ---   | ---              | 101,961           | 88,239            |
| Equipment Rental and<br>Maintenance | 11,542                         | ---   | ---              | 11,542            | 12,252            |
| Food                                | 267,133                        | ---   | ---              | 267,133           | 229,620           |
| Depreciation                        | 3,474                          | ---   | ---              | 3,474             | 3,372             |
| Travel Expense                      | 7,913                          | ---   | ---              | 7,913             | 10,086            |
| Occupancy                           | 40,058                         | 10,015                                      | ---              | 50,073            | 47,279            |
| Non-Capital Fixed Asset Purchases   | 7,311                          | ---   | ---              | 7,311             | ---               |
| Interest Expense                    | 1,066                          | 266   | ---              | 1,332             | 1,581             |
| <b>TOTALS</b>                       | <b>\$ 737,387</b>              | <b>\$ 54,623</b>                            | <b>\$ 36,756</b> | <b>\$ 828,766</b> | <b>\$ 757,953</b> |