

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
(With Summarized Totals for the Year Ended June 30, 2019)

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 statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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, 2020, 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.

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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 June 30, 2019, financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



RITZ-HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
February 25, 2021

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(With Summarized Totals for June 30, 2019)

ASSETS	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 129,842	\$ 76,710
Grants Receivable	17,000	22,200
Prepaid Expenses	2,780	4,161
Total Current Assets	\$ 149,622	\$ 103,071
FIXED ASSETS		
Leasehold Improvements	\$ 13,825	\$ 13,825
Equipment	151,853	65,714
Total Fixed Assets	\$ 165,678	\$ 79,539
Less: Accumulated Depreciation	(65,076)	(52,525)
Net Fixed Assets	\$ 100,602	\$ 27,014
OTHER ASSETS		
Investments	\$ 245,822	\$ 274,207
Mooney Scholarship Fund	19,306	19,074
Beneficial Interest - Greater Milwaukee Foundation	133,920	131,410
Total Other Assets	\$ 399,048	\$ 424,691
TOTAL ASSETS	\$ 649,272	\$ 554,776
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ ---	\$ 1,300
Credit Card Payable	3,866	2,960
Accrued Payroll Liabilities	5,940	5,759
Current Portion of Capital Lease Obligations	---	1,356
Current Portion of Paycheck Protection Loan Program	15,272	---
Total Current Liabilities	\$ 25,078	\$ 11,375
LONG-TERM LIABILITIES		
Paycheck Protection Program Loan	\$ 68,300	\$ ---
Capital Lease Obligations	---	1,356
Less: Current Portion of Capital Lease Obligations	---	(1,356)
Less: Current Portion of Paycheck Protection Loan Program	(15,272)	---
Total Long-Term Liabilities	\$ 53,028	\$ ---
Total Liabilities	\$ 78,106	\$ 11,375
NET ASSETS		
Without Donor Restrictions	\$ 400,940	\$ 359,807
With Donor Restrictions	170,226	183,594
Total Net Assets	\$ 571,166	\$ 543,401
TOTAL LIABILITIES AND NET ASSETS	\$ 649,272	\$ 554,776

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, 2020
(With Summarized Totals for the Year Ended June 30, 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
REVENUE				
Churches	\$ 42,612	\$ ---	\$ 42,612	\$ 50,097
Individuals	219,037	---	219,037	145,223
Corporations and Foundations	187,520	17,000	204,520	155,595
Memorials - Bequests	19,245	---	19,245	25,605
Hunger Relief Fund of Wisconsin	11,822	---	11,822	11,703
State and Federal Income	26,683	---	26,683	28,365
United Way	6,724	---	6,724	13,254
In-Kind Donations	400,359	---	400,359	369,894
Special Event Income	19,994	---	19,994	16,830
Special Event Expenses	(20,819)	---	(20,819)	(6,050)
Investment Income	15,242	2,742	17,984	24,808
Net Assets Released from Restrictions	33,110	(33,110)	---	---
Total Revenue	<u>\$ 961,529</u>	<u>\$ (13,368)</u>	<u>\$ 948,161</u>	<u>\$ 835,324</u>
EXPENSES				
Community Meals Program	\$ 819,870	\$ ---	\$ 819,870	\$ 805,307
Management and Supporting Services	59,425	---	59,425	59,359
Fundraising	41,101	---	41,101	41,236
Total Expenses	<u>\$ 920,396</u>	<u>\$ ---</u>	<u>\$ 920,396</u>	<u>\$ 905,902</u>
CHANGE IN NET ASSETS	\$ 41,133	\$ (13,368)	\$ 27,765	\$ (70,578)
Net Assets, Beginning of Year	<u>359,807</u>	<u>183,594</u>	<u>543,401</u>	<u>613,979</u>
NET ASSETS, END OF YEAR	<u>\$ 400,940</u>	<u>\$ 170,226</u>	<u>\$ 571,166</u>	<u>\$ 543,401</u>

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

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With Summarized Totals for the Year Ended June 30, 2019)

	Community Meals Program	Management and Supporting Services	Fundraising	2020 Total	2019 Total
Salaries and Wages	\$ 257,929	\$ 28,309	\$ 28,309	\$ 314,547	\$ 305,218
Payroll Taxes	20,691	3,915	3,355	27,961	28,770
Employee Benefits	30,214	5,715	4,901	40,830	29,682
Retirement Benefits	4,063	769	659	5,491	8,986
Professional Fees	14,063	1,875	2,813	18,751	20,772
Accounting Fees	---	7,665	---	7,665	7,610
Insurance	7,874	1,390	---	9,264	10,176
Supplies	10,838	---	---	10,838	8,571
Office Expenses	1,458	336	449	2,243	5,614
Postage	769	154	615	1,538	3,588
Program Expense	91,320	---	---	91,320	102,957
Equipment Rental and Maintenance	2,541	---	---	2,541	3,770
Food	307,494	---	---	307,494	302,219
Depreciation	12,551	---	---	12,551	7,565
Travel Expense	8,899	---	---	8,899	9,010
Membership Dues	1,080	---	---	1,080	---
Conferences and Meetings	1,161	---	---	1,161	---
Staff Development	1,283	---	---	1,283	---
Occupancy	37,092	9,273	---	46,365	49,569
Non-Capital Fixed Asset Purchases	4,832	---	---	4,832	1,222
Other Expenses	3,622	---	---	3,622	---
Interest Expense	96	24	---	120	603
Subtotal	<u>\$ 819,870</u>	<u>\$ 59,425</u>	<u>\$ 41,101</u>	<u>\$ 920,396</u>	<u>\$ 905,902</u>
Special Event Expenses					
Venue	\$ ---	\$ ---	\$ 10,629	\$ 10,629	\$ ---
Supplies	---	---	542	542	263
Postage	---	---	---	---	39
Printing	---	---	3,332	3,332	3,721
Fees	---	---	6,316	6,316	2,027
Total Special Events	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 20,819</u>	<u>\$ 20,819</u>	<u>\$ 6,050</u>
TOTAL EXPENSES	<u><u>\$ 819,870</u></u>	<u><u>\$ 59,425</u></u>	<u><u>\$ 61,920</u></u>	<u><u>\$ 941,215</u></u>	<u><u>\$ 911,952</u></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, 2020
(With Summarized Totals for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 27,765	\$ (70,578)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities		
Depreciation Expense	12,551	7,565
Donated Equipment	(15,663)	---
Unrealized and Realized (Gain) Loss on Investments	(9,468)	(12,115)
(Increase) Decrease in Grants Receivable	5,200	12,521
(Increase) Decrease in Prepaid Expenses	1,381	2,170
Increase (Decrease) in Accounts Payable	(1,300)	(156)
Increase (Decrease) in Credit Card Payable	906	(182)
Increase (Decrease) in Accrued Payroll and Liabilities	181	209
	<u>21,553</u>	<u>(60,566)</u>
Net Cash Provided (Used) by Operating Activities	\$	\$
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	\$ 43,700	\$ 48,349
Purchases of Investments	(8,589)	(14,171)
Purchase of Fixed Assets	(70,476)	---
	<u>(35,365)</u>	<u>34,178</u>
Net Cash (Used) Provided by Investing Activities	\$	\$
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on Capital Lease Obligation	\$ (1,356)	\$ (1,862)
Proceeds from Paycheck Protection Program Loan	68,300	---
	<u>66,944</u>	<u>(1,862)</u>
Net Cash Provided (Used) by Financing Activities	\$	\$
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 53,132	\$ (28,250)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>76,710</u>	<u>104,960</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 129,842</u>	<u>\$ 76,710</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 120	\$ 603
Donated Fixed Assets	15,663	---

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

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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 net assets with donor restrictions and increase net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increase net assets without donor restrictions. When a restriction expires, 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. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions 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, 2020

NOTE A - Summary of Significant Accounting Policies (continued)

Functional Expenses

The Organization allocates costs based on their functional and natural classification in the statement of functional expenses. Program costs are those associated with carrying out the mission of the Organization. Whenever possible, the Organization allocates costs directly to program, management or fundraising. The cost of individuals that participate in more than one function are allocated to each function based on that individual's time in each function. Other costs that relate to more than one function are allocated based on their estimated share in each function.

NOTE B - Comparative Financial Information

The financial information shown for 2019 in the accompanying financial statements is included to provide a basis for comparison with 2020 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, 2019, from which the summarized information was derived.

NOTE C - Accounting Change

The Organization's financial statements have changed to adopt the *Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued accounting updates issued to clarify the standard. These updates replaced most preexisting generally accepted accounting principles. The updates are effective for the year ended June 30, 2020. The updates are required and establish principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The core principle of the guidance is that an organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled.

The Organization's financial statements have changed to adopt the *Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* effective for the year ended June 30, 2020. This update is required. The goal of this update is to help organizations determine reciprocal and nonreciprocal transactions and clarify areas within the codification. The guidance clarifies that an exchange transaction is when the resource provider receives equal value in return for what the resource provider pays. When the general public is the recipient of the service or goods, the transaction is not considered a reciprocal transaction, it is considered a contribution. The guidance also clarifies that a conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated when the barrier is not overcome.

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE C - Accounting Change (continued)

The Organization applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of July 1, 2019. Results for reporting periods beginning after July 1, 2019 are presented under Topic 606 while prior periods amounts are not adjusted and continue to be reported in accordance with legacy generally accepted accounting principles.

Future Accounting Pronouncements

The Organization will be required to implement *Accounting Standards Update 2016-02, Leases (Topic 842)*. The effective date for ASU 2016-02 is for fiscal years beginning after December 15, 2021. This update requires the recognition of lease assets and lease liabilities on the statement of financial position measured at the present value of lease payments and requires disclosure of key information about the leasing arrangements.

Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326) will be effective for fiscal years beginning after December 15, 2023. The main objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including exploring more forward-looking alternatives.

NOTE D - Liquidity

The Organization has financial assets available to meet cash needs for general expenditure consisting of the following:

Cash	\$129,842
Grants Receivable	<u>17,000</u>
Total Financial Assets	<u>\$146,842</u>

The grants receivable are subject to implied time restrictions but are expected to be collected within one year. The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**THE GATHERING OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE E - 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, 2020, was \$27,162. 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, 2020, was \$133,920. 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 F - Mooney Scholarship Fund

A donor-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, 2020, the fair value of this account was \$19,306.

NOTE G - CARES Act Paycheck Protection Program

The Organization received a Paycheck Protection Loan on May 6, 2020, in the amount of \$68,300 as a result of the COVID-19 pandemic. The loan has an interest rate of 1% and is payable on May 6, 2022. The principal and interest on the loan may be forgiven in accordance with the Paycheck Protection Program in accordance with the guidelines of the Small Business Administration. The amount of forgiveness, if any, is not known at this time.

Future minimum payments required under the note are as follows:

<u>For the Year Ending June 30,</u>	<u>Amount</u>
2021	\$15,272
2022	<u>53,028</u>
Total	<u>\$68,300</u>

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE H - 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 to be held in perpetuity is not reduced by losses on the investment of the fund, except to the extent required by the donor. Likewise, the amount of net assets held in perpetuity is not reduced by an organization's appropriations from the fund. The portion of the fund that is not classified as net assets held in perpetuity is reported as net assets with donor restrictions 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.

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

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE H - Endowment (continued)

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, 2020, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Michelle Mooney Scholarship Fund	\$ ---	\$ 7,048	\$ 7,048
Scholarship Fund – Held in Perpetuity	---	<u>12,026</u>	<u>12,026</u>
Total	<u>\$ ---</u>	<u>\$19,306</u>	<u>\$19,306</u>

Changes in endowment net assets as of June 30, 2020 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Endowment Net Assets, Beginning of Year	\$ ---	\$19,074	\$19,074
Investment Income	---	<u>232</u>	<u>232</u>
Endowment Net Assets, End of Year	<u>\$ ---</u>	<u>\$19,306</u>	<u>\$19,306</u>

NOTE I - 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 GATHERING OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE I - Fair Value Measurements (continued)

The following table sets forth, by level within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2020:

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	\$245,822	\$245,822	\$ ---	\$ ---
Michelle Mooney Fund	19,306	19,306	---	---
GMF Investments	<u>133,920</u>	<u>---</u>	<u>---</u>	<u>133,920</u>
Total	<u>\$399,048</u>	<u>\$265,128</u>	<u>\$ ---</u>	<u>\$133,920</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 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
Unobservable Inputs (Level 3)

	<u>GMF Investment</u>	<u>Total</u>
Beginning Balance, July 01, 2019	\$131,410	\$131,410
Total Gains or Losses (Realized/Unrealized)	6,210	6,210
Grants Distributed	(3,625)	(3,625)
Investment Fees	<u>(75)</u>	<u>(75)</u>
Ending Balance, June 30, 2020	<u>\$133,920</u>	<u>\$133,920</u>

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE J - Operating Leases

The Organization operates at four different locations. At one location, the Organization entered into a one-year occupancy lease agreement on October 1, 2017. The lease will automatically renew annually absent a termination notice 60 days prior to termination. The monthly payments are \$1,381 as of June 30, 2020. The Organization has another one-year occupancy lease that will increase 3% upon renewal. The monthly payments are \$1,545 as of June 30, 2020. The other locations are on month-to-month agreements. Total occupancy expense for the year ended June 30, 2020 was \$46,365.

NOTE K - 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, 2020:

	<u>Amount</u>
Leadership Volunteers	\$ 86,856
Donated Fixed Assets	15,663
Donated Food	<u>297,840</u>
Total	<u>\$400,359</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, 2020.

NOTE L - Employment Contract

The Organization had a contract with a professional employer organization during 2020 to lease employees. The salaries, payroll taxes, and employee benefits have been allocated on the schedule of functional expenses for the Organization's leased employees.

NOTE M - Retirement 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 \$5,491 to its retirement plan during the year ended June 30, 2020.

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE N - Net Assets With Donor Restrictions

At June 30, 2020, the Organization had \$170,226 of net assets with donor restrictions, which consisted of the following:

GMF	\$133,920
Mooney Investment - Held In Perpetuity	12,026
Mooney Scholarship Fund	7,280
Pledges Receivable	<u>17,000</u>
Total	<u>\$170,226</u>

NOTE O - 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, 2020, 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 P - Subsequent Event

The Organization has evaluated events and transactions occurring after June 30, 2020, the date of the most recent statement of financial position, through the date financial statements are available to be issued, February 25, 2021, for possible adjustment to the financial statements or disclosure and determined that no subsequent events need to be disclosed.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of many businesses and nonprofit organizations. While the disruption is expected to be temporary, there is considerable uncertainty around the duration of the closings. The Organization may be affected by reduced funding or donations as well as postponement or cancellation of fundraising events. It is unknown at this time what, if any, negative impact on the Organization's financial position may be.