

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022
(With Summarized Totals for the Year Ended June 30, 2021)

THE GATHERING OF SOUTHEAST WISCONSIN, INC.

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Independent Auditor's Report

Board of Directors
Gathering of Southeast Wisconsin, Inc.

Opinion

We have audited the accompanying financial statements of Gathering of Southeast Wisconsin, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gathering of Southeast Wisconsin, Inc. as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gathering of Southeast Wisconsin, Inc. and to meet other ethical responsibilities in accordance with the ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gathering of Southeast Wisconsin, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Gathering of Southeast Wisconsin, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gathering of Southeast Wisconsin, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Gathering of Southeast Wisconsin, Inc.'s June 30, 2021, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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
April 10, 2023

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(With Summarized Totals for June 30, 2021)

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 195,809	\$ 200,275
Grants Receivable	15,000	17,000
Prepaid Expenses	1,673	1,459
Total Current Assets	\$ 212,482	\$ 218,734
FIXED ASSETS		
Leasehold Improvements	\$ 55,243	\$ 26,644
Equipment	158,966	190,156
Total Fixed Assets	\$ 214,209	\$ 216,800
Less: Accumulated Depreciation	(65,527)	(57,638)
Net Fixed Assets	\$ 148,682	\$ 159,162
OTHER ASSETS		
Investments	\$ 261,134	\$ 302,704
Mooney Scholarship Fund	21,247	23,147
Beneficial Interest - Greater Milwaukee Foundation	133,881	162,690
Total Other Assets	\$ 416,262	\$ 488,541
TOTAL ASSETS	\$ 777,426	\$ 866,437
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 3,766	\$ 9,548
Credit Card Payable	3,915	6,105
Accrued Payroll Liabilities	9,538	6,847
Deferred Revenue	10,857	---
Total Current Liabilities	\$ 28,076	\$ 22,500
Total Liabilities	\$ 28,076	\$ 22,500
NET ASSETS		
Without Donor Restrictions	\$ 572,222	\$ 641,100
With Donor Restrictions	177,128	202,837
Total Net Assets	\$ 749,350	\$ 843,937
TOTAL LIABILITIES AND NET ASSETS	\$ 777,426	\$ 866,437

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, 2022
(With Summarized Totals for the Year Ended June 30, 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>	<u>2021 Total</u>
REVENUE				
Churches	\$ 29,204	\$ ---	\$ 29,204	\$ 44,236
Individuals	166,054	---	166,054	195,382
Corporations and Foundations	282,296	7,000	289,296	253,533
Memorials - Bequests	11,788	---	11,788	29,400
Hunger Relief Fund of Wisconsin	12,545	---	12,545	10,711
State and Federal Income	11,349	---	11,349	196,955
United Way	6,378	---	6,378	7,519
In-Kind Donations	433,643	---	433,643	364,555
Special Event Income	2,715	---	2,715	24,287
Special Event Expenses	(1,000)	---	(1,000)	(14,893)
Investment Income (Loss)	(67,457)	---	(67,457)	94,154
Net Assets Released from Restrictions	32,709	(32,709)	---	---
Total Revenue	<u>\$ 920,224</u>	<u>\$ (25,709)</u>	<u>\$ 894,515</u>	<u>\$ 1,205,839</u>
EXPENSES				
Community Meals Program	\$ 891,959	\$ ---	\$ 891,959	\$ 805,902
Management and Supporting Services	57,278	---	57,278	79,096
Fundraising	39,865	---	39,865	48,070
Total Expenses	<u>\$ 989,102</u>	<u>\$ ---</u>	<u>\$ 989,102</u>	<u>\$ 933,068</u>
CHANGE IN NET ASSETS	\$ (68,878)	\$ (25,709)	\$ (94,587)	\$ 272,771
Net Assets, Beginning of Year	<u>641,100</u>	<u>202,837</u>	<u>843,937</u>	<u>571,166</u>
NET ASSETS, END OF YEAR	<u>\$ 572,222</u>	<u>\$ 177,128</u>	<u>\$ 749,350</u>	<u>\$ 843,937</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, 2022
(With Summarized Totals for the Year Ended June 30, 2021)

	Community Meals Program	Management and Supporting Services	Fundraising	2022 Total	2021 Total
Salaries and Wages	\$ 227,967	\$ 25,021	\$ 25,020	\$ 278,008	\$ 315,374
Payroll Taxes	20,651	3,907	3,349	27,907	32,708
Employee Benefits	20,071	3,797	3,255	27,123	40,414
Retirement Benefits	5,358	1,014	868	7,240	8,494
Professional Fees	13,507	795	1,589	15,891	23,341
Accounting Fees	---	7,948	---	7,948	7,815
Contract Services	36,799	---	---	36,799	6,068
Insurance	7,797	1,376	---	9,173	10,384
Supplies	13,557	---	---	13,557	16,139
Office Expenses	12,161	2,432	1,622	16,215	10,035
Postage	12	2	10	24	1,697
Marketing	11,937	796	3,183	15,916	24,668
Program Expense	72,454	---	---	72,454	71,790
Equipment Rental and Maintenance	2,134	---	---	2,134	18,468
Food	374,723	---	---	374,723	253,745
Depreciation	15,760	---	---	15,760	26,174
Travel Expense	10,221	568	568	11,357	6,704
Membership Dues	1,302	72	73	1,447	2,729
Conferences and Meetings	1,185	---	209	1,394	1,994
Staff Development	2,131	118	119	2,368	2,293
Occupancy	37,728	9,432	---	47,160	46,045
Non-Capital Fixed Asset Purchases	---	---	---	---	5,565
Other Expenses	4,504	---	---	4,504	385
Interest Expense	---	---	---	---	39
Subtotal	<u>\$ 891,959</u>	<u>\$ 57,278</u>	<u>\$ 39,865</u>	<u>\$ 989,102</u>	<u>\$ 933,068</u>
Special Event Expenses					
Venue	\$ ---	\$ ---	\$ 1,000	\$ 1,000	\$ 3,968
Audiovisual Services	---	---	---	---	8,080
Marketing	---	---	---	---	2,687
Supplies	---	---	---	---	158
Total Special Events	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 14,893</u>
TOTAL EXPENSES	<u><u>\$ 891,959</u></u>	<u><u>\$ 57,278</u></u>	<u><u>\$ 40,865</u></u>	<u><u>\$ 990,102</u></u>	<u><u>\$ 947,961</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, 2022
(With Summarized Totals for the Year Ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (94,587)	\$ 272,771
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities		
Depreciation Expense	15,760	26,174
Donated Equipment Received	(2,500)	(56,660)
Equipment Donated to Other Organization	---	7,918
Unrealized and Realized (Gain) Loss on Investments	76,355	(87,094)
(Increase) Decrease in Grants Receivable	2,000	---
(Increase) Decrease in Prepaid Expenses	(214)	1,321
Increase (Decrease) in Accounts Payable	(5,782)	9,548
Increase (Decrease) in Credit Card Payable	(2,190)	2,239
Increase (Decrease) in Accrued Payroll and Liabilities	2,691	907
Increase (Decrease) in Deferred Revenue	10,857	---
Forgiveness of Paycheck Protection Program Loan	---	(68,300)
	<u> </u>	<u> </u>
Net Cash Provided by Operating Activities	\$ 2,390	\$ 108,824
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	\$ 4,821	\$ 4,661
Purchases of Investments	(8,897)	(7,060)
Purchase of Fixed Assets	(2,780)	(35,992)
	<u> </u>	<u> </u>
Net Cash Used by Investing Activities	\$ (6,856)	\$ (38,391)
Net (Decrease) Increase in Cash and Cash Equivalents	\$ (4,466)	\$ 70,433
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>200,275</u>	<u>129,842</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 195,809</u>	<u>\$ 200,275</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ ---	\$ 40
Donated Fixed Assets	2,500	56,660

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

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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 2021 in the accompanying financial statements is included to provide a basis for comparison with 2022 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, 2021, from which the summarized information was derived.

NOTE C - Accounting Change and Future Pronouncements

Accounting Change

The Organization's financial statements have changed to adopt the *Accounting Standards Update 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*, and all subsequently issued accounting updates issued to clarify the standards. The updates are effective for the year ended June 30, 2022. The amendments in this update are required and provide new presentation and disclosure requirements about contributed nonfinancial assets to nonprofits, including additional disclosure requirements for recognized contributed services. Contributed nonfinancial assets are required to be reported as a separate line in the statement of activities. A financial statement note is required to provide disaggregated contributed nonfinancial assets by category including: the type of contributed nonfinancial asset; qualitative information about the monetization or utilization of the nonfinancial assets; the policy about the monetization or utilization of nonfinancial assets; a description of restrictions, valuation, and the market used to determine the fair value. The amendments, required to be presented retrospectively to all periods presented, do not change the recognition and measurement requirements for those assets.

The adoption of the new standard did not result in a material impact to the Organization's financial statements.

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE C - Accounting Change and Future Pronouncements (continued)

Future Pronouncements

Accounting Standards Update 2016-02, Leases (Topic 842) will be effective 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 2020-08, Receivables – Nonrefundable Fees and Other Costs (Topic 310-20) will be effective for fiscal years beginning after December 15, 2021. The amendments in this update represent changes to clarify the codification. An organization shall apply the amendment prospectively. This amendment impacts the effective yield of an existing individual callable debt security.

Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326) will be effective for fiscal years beginning after December 15, 2022. 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	\$195,809
Grants Receivable	<u>15,000</u>
Total Financial Assets	<u>\$210,809</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 become due.

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, was \$27,218. 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, 2022, was \$133,881. The principal from this account is inaccessible to the Organization; they only have access to the income 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, 2022, the fair value of this account was \$21,247.

NOTE G - 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 GATHERING OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE G - Endowment (continued)

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.

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.

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE G - Endowment (continued)

Endowment net assets composition as of June 30, 2022, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Michelle Mooney Scholarship Fund	\$ ---	\$ 9,221	\$ 9,221
Scholarship Fund – Held in Perpetuity	<u>---</u>	<u>12,026</u>	<u>12,026</u>
Total	<u>\$ ---</u>	<u>\$21,247</u>	<u>\$21,247</u>

Changes in endowment net assets as of June 30, 2022, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Endowment Net Assets, Beginning of Year	\$ ---	\$23,147	\$23,147
Investment Income (Loss)	<u>---</u>	<u>(1,900)</u>	<u>(1,900)</u>
Endowment Net Assets, End of Year	<u>\$ ---</u>	<u>\$21,247</u>	<u>\$21,247</u>

NOTE H - 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, 2022:

<u>Investment Category</u>	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual Funds	\$261,134	\$261,134	\$ ---	\$ ---
Michelle Mooney Fund	21,247	21,247	---	---
GMF Investments	<u>133,881</u>	<u>---</u>	<u>---</u>	<u>133,881</u>
Total	<u>\$416,262</u>	<u>\$282,381</u>	<u>\$ ---</u>	<u>\$133,881</u>

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE H - Fair Value Measurements (continued)

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):

	<u>Fair Value Measurements Using Significant Unobservable Inputs (Level 3)</u>	
	<u>GMF Investment</u>	<u>Total</u>
Beginning Balance, July 01, 2021	\$162,690	\$162,690
Total Gains or Losses (Realized/Unrealized)	(22,283)	(22,283)
Grants Distributed	(4,821)	(4,821)
Investment Fees	<u>(1,705)</u>	<u>(1,705)</u>
Ending Balance, June 30, 2022	<u>\$133,881</u>	<u>\$133,881</u>

NOTE I - Operating Leases

The Organization operates at three different locations. At one location, the Organization entered into a three-year occupancy lease agreement on October 1, 2020 ending September 30, 2023. The monthly payments are \$1,600 as of June 30, 2022. At a second location, the Organization entered into a five-year occupancy lease agreement on September 1, 2019 ending August 31, 2024. The monthly payments are \$1,500 as of June 30, 2022. The other location is on a rolling year-to-year agreement. The monthly payments are \$1,500 as of June 30, 2022. Total occupancy expense for the year ended June 30, 2022 was \$47,160.

Future minimum payments required under the note are as follows:

<u>For the Year Ending June 30,</u>	<u>Amount</u>
2023	\$38,218
2024	23,091
2025	<u>3,000</u>
Total	<u>\$64,309</u>

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022:

	<u>Amount</u>
Leadership Volunteers	\$ 71,415
Donated Fixed Assets	2,500
Donated Food	<u>359,728</u>
Total	<u>\$433,643</u>

Donated food is used in Community Meals Program. Volunteer time is used in the food program and is accounted for as it occurs. Fixed asset donations are capitalized and depreciated over useful lives and are used in the Community Meals Program. 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, 2022.

NOTE K - Employment Contract

The Organization had a contract with a professional employer organization during 2022 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 L - 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 \$7,240 to its retirement plan during the year ended June 30, 2022.

NOTE M - Net Assets With Donor Restrictions

At June 30, 2022, the Organization had \$177,128 of net assets with donor restrictions, which consisted of the following:

GMF	\$133,881
Mooney Investment - Held In Perpetuity	12,026
Mooney Scholarship Fund	9,221
Restricted for event November 2022	7,000
Grants Receivable	<u>15,000</u>
Total	<u>\$177,128</u>

THE GATHERING OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
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NOTE N - Revenue from Contracts with Customers

The Organization holds fundraising events throughout the year. Registration fees for these events are billed to participants at the time of registration. The event revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the registrants' access to the events and event activities. Revenue from these events are recognized at the point in time the event is held and the Organization's performance obligation to hold the event is completed. The Organization also provides the opportunity to sponsor events. Registration and sponsorships for the Organization's events opens months before the events are scheduled to be held. Cash receipts and sponsorships collected in advance of the special events are deferred as contract liabilities until earned when the event is held at which point the revenue is recognized.

For the year ended June 30, 2022, special event revenue was \$2,715.

Beginning Deferred Revenue	\$ ---
New Special Event Collections	13,572
Revenue Recognized	<u>(2,715)</u>
Ending Deferred Revenue	<u>\$10,857</u>

NOTE O - Related Party Donations

The Organization received donations from related parties in the year ending June 30, 2022. Those donations were from individual board members, board emeritus, or current staff. Donations from related parties totaled \$16,081.

NOTE P - 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, 2022, 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 Q - Subsequent Event

The Organization has evaluated events and transactions occurring after June 30, 2022, the date of the most recent statement of financial position, through the date financial statements are available to be issued, April 10, 2023, for possible adjustment to the financial statements or disclosure and determined that no subsequent events need to be disclosed.