

**GATHERING FOR WOMEN - MONTEREY  
(A Nonprofit Corporation)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**GATHERING FOR WOMEN - MONTEREY  
(A Nonprofit Corporation)**

**TABLE OF CONTENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b><u>PAGE</u></b>
<b>INDEPENDENT ACCOUNTANTS' REVIEW REPORT</b> .....	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position .....	4
Statement of Activities and Changes in Net Assets .....	5
Statement of Functional Expenses .....	6
Statement of Cash Flows.....	7
<b>NOTES TO FINANCIAL STATEMENTS</b> .....	8



SALINAS OFFICE  
450 LINCOLN AVENUE  
SUITE 200  
SALINAS, CA 93901

PHONE 831-757-5311  
FAX 831-757-9529

BKPCPA.COM

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
Gathering for Women - Monterey  
(A Nonprofit Corporation)  
Salinas, California

We have reviewed the accompanying financial statements of Gathering for Women - Monterey, a nonprofit corporation, which comprise the statement of financial position as of December 31, 2017, and the related statement of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express an opinion.

### ***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.

### ***Accountants' Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

***Accountants' Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States.

*Bianchi, Kasavan & Pope, LLP*  
Salinas, California  
September 26, 2018

## **FINANCIAL STATEMENTS**

**GATHERING FOR WOMEN - MONTEREY**  
**(A Nonprofit Corporation)**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2017**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 394,672
Investments - Note 3	752,220
Interest receivable	1,169
Prepaid expenses	7,236
Pledges receivable	8,654
Other receivable	12,250

**TOTAL CURRENT ASSETS** 1,176,201

**PROPERTY AND EQUIPMENT** - net - Note 4 1,236,359

**OTHER ASSETS**

Deposits	6,950
----------	-------

**TOTAL ASSETS** \$ 2,419,510

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 14,093
Payroll liabilities	6,394
Current portion of long-term debt - Note 5	3,414

**TOTAL CURRENT LIABILITIES** 23,901

**LONG-TERM DEBT** - Note 5 664,442

**TOTAL LIABILITIES** 688,343

**NET ASSETS**

Unrestricted	653,471
Temporarily restricted - Note 6	1,077,696

**TOTAL NET ASSETS** 1,731,167

**TOTAL LIABILITIES AND NET ASSETS** \$ 2,419,510

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

**GATHERING FOR WOMEN - MONTEREY**  
**(A Nonprofit Corporation)**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>			
Capital campaign contributions	\$ -	\$ 1,573,848	\$ 1,573,848
Contributions	150,361	-	150,361
Grants	-	66,000	66,000
Pledges	-	8,654	8,654
Contributions - in-kind	12,250	-	12,250
Interest and dividends	4,142	-	4,142
	166,753	1,648,502	1,815,255
<b>TOTAL REVENUE AND SUPPORT</b>			
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	570,806	(570,806)	-
	737,559	1,077,696	1,815,255
<b>TOTAL REVENUE AND SUPPORT AND NET ASSETS RELEASED FROM RESTRICTIONS</b>			
<b>EXPENSES</b>			
<b>Program Services</b>	209,651	-	209,651
<b>Support Services</b>			
Management and general	47,911	-	47,911
Fundraising and development	35,974	-	35,974
	83,885	-	83,885
<b>Total Support Services</b>			
<b>TOTAL EXPENSES</b>	293,536	-	293,536
<b>CHANGE IN NET ASSETS</b>	444,023	1,077,696	1,521,719
<b>NET ASSETS, BEGINNING OF YEAR</b>	209,448	-	209,448
<b>NET ASSETS, END OF YEAR</b>	\$ 653,471	\$ 1,077,696	\$ 1,731,167

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

**GATHERING FOR WOMEN - MONTEREY**  
(A Nonprofit Corporation)

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Services		Support Services		Total
	Total Program Services	Management and General	Fundraising and Development	Total Support Services	
<b>SALARIES AND RELATED EXPENSES</b>	\$ 85,782	\$ 15,941	\$ 12,340	\$ 28,281	\$ 114,063
<b>OTHER EXPENSES</b>					
Bank and credit card charges	-	1,496	-	1,496	1,496
Bus	10,698	-	-	-	10,698
Computer maintenance	4,368	763	616	1,379	5,747
Depreciation and amortization	2,662	532	355	887	3,549
Food	8,657	-	-	-	8,657
Gas vouchers	22,492	-	-	-	22,492
Holiday gift bags	6,765	-	-	-	6,765
Insurance	5,066	991	682	1,673	6,739
Interest	3,727	745	497	1,242	4,969
Laundry fees	1,296	-	-	-	1,296
Laundry vouchers	5,218	-	-	-	5,218
Marketing	-	6,250	13,982	20,232	20,232
Mileage and auto	794	128	102	230	1,024
Office supplies	2,932	-	-	-	2,932
Outside services	130	-	100	100	230
Personal care	2,024	-	-	-	2,024
Postage and printing	442	582	930	1,512	1,954
Professional fees	-	5,456	650	6,106	6,106
Program supplies	2,348	5,198	-	5,198	7,546
Property taxes	-	651	-	651	651
Rent	30,528	3,805	2,537	6,342	36,870
Repairs and maintenance	5,624	1,124	750	1,874	7,498
Taxes and licenses	-	76	-	76	76
Utilities	4,933	986	658	1,644	6,577
Volunteer development	2,098	-	-	-	2,098
Website services	1,067	3,187	1,775	4,962	6,029
<b>TOTAL EXPENSES</b>	<b>\$ 209,651</b>	<b>\$ 47,911</b>	<b>\$ 35,974</b>	<b>\$ 83,885</b>	<b>\$ 293,536</b>

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

**GATHERING FOR WOMEN - MONTEREY**  
**(A Nonprofit Corporation)**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 1,521,719
<b>Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:</b>	
Depreciation and amortization	3,549
<b>(Increase) decrease in:</b>	
Interest receivable	(1,169)
Prepaid expenses	(4,161)
Pledges receivable	(8,654)
Other receivable	(12,250)
Deposits	(2,750)
<b>Increase (decrease) in:</b>	
Accounts payable	10,719
Payroll liabilities	6,394

**NET CASH PROVIDED BY OPERATING ACTIVITIES** 1,513,397

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of investments	(1,752,220)
Sales of investments	1,000,000
Purchases of property and equipment	(1,047,612)
Construction in progress	(196,502)

**NET CASH USED IN INVESTING ACTIVITIES** (1,996,334)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Borrowing on long-term debt	682,500
-----------------------------	---------

**NET CASH PROVIDED BY FINANCING ACTIVITIES** 682,500

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 199,563

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** 195,109

**CASH AND CASH EQUIVALENTS, END OF YEAR** \$ 394,672

**SUPPLEMENTARY CASH FLOW INFORMATION**

Cash paid for interest	\$ <u><u>4,969</u></u>
------------------------	------------------------

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

**GATHERING FOR WOMEN - MONTEREY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**1. ORGANIZATION**

Gathering for Women - Monterey (Organization) was incorporated as a nonprofit public benefit corporation in the state of California. The Organization's mission is to provide homeless women on the Monterey Peninsula with supportive resources, a caring community and a centralized safe place that links service providers with the women who need their help.

The Organization provides hot, nutritious meals, needed clothing, personal care and sanitary items, showers and emergency assistance such as vouchers for gas, bus and laundry facilities. Gathering for Women also offers education to promote health and safety, access to free basic health care, and connection to other community service providers.

A key element of the program is Next Step case management and navigator services that encourages women to identify their strengths and potential and move forward on a pathway out of homelessness.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting and Presentation**

The financial statements have been prepared on the accrual basis of accounting, under which revenues are recognized when they are earned and expenses are recognized when the related liabilities are incurred. The Organization reports information regarding its financial position and activities according to the following three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

- Unrestricted net assets: These are not subject to donor-imposed stipulations. The Organization classifies all contributions, except as noted below, as unrestricted for financial statement presentation.
- Temporarily restricted net assets: These are subject to donor-imposed restrictions which will be met with the passage of time or actions of the Organization. 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.

**GATHERING FOR WOMEN - MONTEREY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Accounting and Presentation** (Continued)

- Permanently restricted net assets: These are subject to donor-imposed restrictions which will be maintained in perpetuity. The Organization does not have any permanently restricted net assets as of December 31, 2017.

Revenues are reported as increases in unrestricted net assets unless uses of the related assets are limited by donor-imposed restrictions or the passage of time. Amounts received that are restricted for future periods (time restrictions) or are restricted by the donor for specific purposes (purpose restriction) are reported as temporarily restricted support. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets are reported as increases or decreases in unrestricted net assets unless their uses are restricted by explicit donor restriction or by law.

**Use of Estimates**

Preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses and to disclose any material contingent amounts. Accordingly, actual results could differ from such estimates.

**Concentration of Revenue**

During the year ended December 31, 2017, the Organization received contributions from 2 donors, which accounted for approximately 55% of the Organization's total revenue for 2017.

**Cash and Cash Equivalents**

Cash and cash equivalents includes demand deposit accounts, money market accounts and cash on hand which are not managed as part of long-term investment strategies. At times, these accounts may exceed federally insured limits. As of December 31, 2017, the balances exceeded federally insured limits by \$66,365. The Organization has not experienced any losses in these accounts and believes they are not exposed to any significant credit risk with respect to cash.

**GATHERING FOR WOMEN - MONTEREY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fair Value Measurements**

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value, the Organization considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability.

The three-level hierarchy for fair value measurements is defined as follows.

**Level 1** – Valuation is based on observable inputs using quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

**Level 2** – Valuation is based on inputs from sources other than quoted prices in active markets that are either directly or indirectly observable as of the reporting date. This may include quoted prices for similar assets in an active market, quoted prices for similar assets in a market that is not active or valuation methods using models, interest rates and yield curves as observable inputs.

**Level 3** – Valuation is based on unobservable inputs for the assets, reflecting the Organization's consideration about the assumptions that a market participant would use in pricing the asset or liability, to the extent that observable inputs (Levels 1 and 2) are not available.

While the Organization believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such assets and liabilities existed, or had such assets and liabilities been liquidated, and these differences could be material to the consolidated financial statements.

**GATHERING FOR WOMEN - MONTEREY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments**

Investments include money market mutual funds and certificates of deposit held for short term purposes and are reported at fair value based on quoted market prices in active markets (all level 1 assets). Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses resulting from sales or maturities are calculated on a cost basis. Dividend and interest income are accrued when earned.

**Pledges Receivable**

Pledges receivable are expected to be collected within one year from December 31, 2017. Management has determined that the pledges receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary as of December 31, 2017.

**Property and Equipment**

Property and equipment are stated at cost if purchased. Donated property and equipment are stated at the estimated fair value on the date of donation and are reported as unrestricted support unless the donor has restricted the asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property or equipment are reported as restricted support. Absent donor stipulations regarding how long donated assets are to be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in their specified service, at which time the temporarily restricted net assets are reclassified to unrestricted.

**GATHERING FOR WOMEN - MONTEREY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment** (Continued)

All acquisitions and major improvements of property and equipment in excess of \$1,000 are capitalized; maintenance and repairs which do not extend the useful lives of the respective assets are expensed. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>Years</u>
Computer equipment	3 - 5
Office equipment	3 - 7
Furniture and fixtures	5 - 7
Kitchen equipment	7 - 15
Building and improvements	15 - 39

**Donated Services, Materials and Volunteer Time**

The Organization receives various types of donated materials and services. Donated services for media, accounting and web design services are recognized at fair value if the services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind donations that meet the above criteria are recorded as contributions at the approximate fair market value at the time of donation. For the year ended December 31, 2017, the Organization recorded in-kind contributions totaling \$12,250.

**Investment Income**

The Organization reports investment income and gains and losses on investments as increases or decreases in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

**GATHERING FOR WOMEN - MONTEREY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Expense Allocation**

The costs of providing the program and support services have been summarized on a functional basis in the statements of activities and changes in net assets and in the schedules of functional expenses. Accordingly, certain costs have been allocated among the program and support services based on ratios determined by management.

**Income Tax**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code and is classified as other than a private foundation.

The Organization's management has considered its tax positions and believes that all of the positions taken by the organization in its federal and state tax returns are more likely than not to be sustained upon examination. The Organization's returns for the years ended December 31, 2016 and 2015, are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

**Subsequent Events**

Subsequent events were evaluated through September 26, 2018, the date the financial statements were available to be issued.

**3. INVESTMENTS**

Investments consisted of the following, as of December 31, 2017:

Money market mutual funds	\$ 552,220
Certificates of deposit	<u>200,000</u>
	<u>\$ 752,220</u>

There were no investment fees for the year ended December 31, 2017.

**GATHERING FOR WOMEN - MONTEREY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**4. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of December 31, 2017:

Computer equipment	\$ 3,964
Office equipment	9,215
Furniture and fixtures	2,038
Kitchen equipment	1,138
Building and improvements	497,440
Land	<u>530,033</u>
	1,043,828
Accumulated depreciation	<u>(3,971)</u>
	1,039,857
Construction in progress	<u>196,502</u>
	<u>\$ 1,236,359</u>

Depreciation expense for the year ending December 31, 2017, totaled \$3,156.

**5. LONG-TERM DEBT**

Long term debt consisted of the following as of December 31, 2017:

The Organization entered into a note payable with a bank in October 2017. The note is secured by the Organization's real property. Payments of \$4,410 are due monthly beginning November 25, 2018 through October 25, 2024, with an effective interest rate of 4.745%. A final balloon payment to pay off the outstanding balance is due on October 25, 2024. As of December 31, 2017, the Organization is in compliance with all covenants.

	\$ 682,500
Unamortized debt issuance cost	<u>(14,644)</u>

**GATHERING FOR WOMEN - MONTEREY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**5. LONG-TERM DEBT (Continued)**

Long-term debt, less unamortized debt issuance cost	\$ 667,856
Current portion	<u>(3,414)</u>
Total long-term debt, less current portion	<u>\$ 664,442</u>

Total interest incurred and expensed for the year ended December 31, 2017, was \$4,969.

Scheduled principal payments on the note payable are as follows:

<u>For the Year Ended December 31,</u>	<u>Amount</u>
2018	\$ 3,414
2019	21,154
2020	22,091
2021	23,251
2022	24,378
Thereafter	<u>573,568</u>
	<u>\$ 667,856</u>

**6. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets represent amounts received that are restricted for specific purposes or the passage of time. Unconditional promises to give with payments due in future periods are also reported as temporarily restricted support. When receivables are collected, the restrictions will have been met and temporarily restricted net assets are released from restrictions and reclassified to unrestricted net assets.

**GATHERING FOR WOMEN - MONTEREY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**6. TEMPORARILY RESTRICTED NET ASSETS (Continued)**

Temporarily restricted net assets are restricted for the following purposes as of December 31, 2017:

Funds restricted for capital campaign improvements	\$ 1,032,372
General operating support for future years	36,670
Pledges receivable in future periods	<u>8,654</u>
	<u>\$ 1,077,696</u>

**7. OPERATING LEASES**

During September 2016, the Organization entered into a non-cancelable agreement to lease office space. The term of the lease is for two years, commencing on October 1, 2016, requiring monthly payments of \$2,100 for the first 12 months and commencing with the 13<sup>th</sup>, increased to \$2,157 according to the increase in the U.S. Consumer Price Index. The lease expires on September 30, 2018.

Total rent expense incurred under the operating lease described for the year ended December 31, 2017, totaled \$25,370.

The future minimum rental payments required under this lease as of December 31, 2017, are as follows:

<b>Year Ending December 31,</b>	<b>Amount</b>
2018	\$ 19,410
2019	-
2020	-
2021	-
2022	<u>-</u>
	<u>\$ 19,410</u>

**GATHERING FOR WOMEN - MONTEREY  
(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**8. CAPITAL CAMPAIGN AND SUBSEQUENT EVENT**

In May of 2016, Gathering for Women initiated a capital campaign to raise funds for the purchase of a building site to create a Day Center where services such as meals, case management, showers, clothing and health services could be provided in a central location.

In October of 2017, a building was purchased at 147 El Dorado Street in downtown Monterey for \$1,027,000, financed with capital campaign proceeds of \$344,500 and debt proceeds of \$682,500. Construction began in December of 2017 to renovate the building, and in June of 2018, Gathering for Women began operations at the new Day Center.

The Day Center will provide the necessary infrastructure to serve vulnerable women in the community who need these services to keep safe and healthy, while providing a place where the organization can work together with collaborative partners to serve those most in need.

As of December 31, 2017, Gathering for Women raised \$1,582,500 in conjunction with the capital campaign and as budgeted, substantially all the capital campaign proceeds received through December 31, 2017, have been utilized for renovations and improvements for the new Day Center in 2018.