

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

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED**  
**DECEMBER 31, 2018 (AUDITED) AND 2017 (REVIEWED)**

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

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Gathering for Women - Monterey, a nonprofit corporation, which comprise the statement of financial position as of December 31, 2018, 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.

### ***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.

### ***Auditors' 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 purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the 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 Gathering for Women – Monterey as of December 31, 2018, and the results of its operation and its cash flows for the year then ended.

### ***Prior Period Financial Statements***

The 2017 financial statements were reviewed by us, and our report thereon, dated September 26, 2018, stated we were not aware of any material modifications that should be made to those accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion of the financial statements.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated May 23, 2019, on our consideration of Gathering for Women – Monterey's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Gathering for Women – Monterey's internal control over financial reporting and compliance.

*Bianchi, Kavavan & Pope, LLP*

Salinas, California

May 23, 2019

## **FINANCIAL STATEMENTS**

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

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2018 AND 2017**

	<b>ASSETS</b>	
	<b>2018</b>	<b>2017</b>
	<b>(Audited)</b>	<b>(Reviewed)</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 459,858	\$ 394,672
Investments - Note 3	210,895	752,220
Interest receivable	-	1,169
Prepaid expenses	18,651	7,236
Pledges receivable - Note 4	41,055	8,654
Other receivable	53,121	12,250
<b>TOTAL CURRENT ASSETS</b>	<u>783,580</u>	<u>1,176,201</u>
<b>PROPERTY AND EQUIPMENT</b> - net - Note 5	<u>2,892,501</u>	<u>1,236,359</u>
<b>OTHER ASSETS</b>		
Long-term pledges receivable - Note 4	12,459	-
Deposits	250	6,950
<b>TOTAL OTHER ASSETS</b>	<u>12,709</u>	<u>6,950</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,688,790</u>	<u>\$ 2,419,510</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 16,555	\$ 14,093
Payroll liabilities	15,394	6,394
Current portion of long-term debt - Note 6	21,154	3,414
<b>TOTAL CURRENT LIABILITIES</b>	<u>53,103</u>	<u>23,901</u>
<b>LONG-TERM DEBT</b> - Note 6	<u>645,436</u>	<u>664,442</u>
<b>TOTAL LIABILITIES</b>	<u>698,539</u>	<u>688,343</u>
<b>NET ASSETS</b>		
Without donor restrictions	2,702,521	653,471
With donor restrictions - Note 7	287,730	1,077,696
<b>TOTAL NET ASSETS</b>	<u>2,990,251</u>	<u>1,731,167</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,688,790</u>	<u>\$ 2,419,510</u>

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, 2018 (Audited)**

	Program Services		Support Services		Total
	Total Program Services	Management and General	Fundraising and Development	Total Support Services	
<b>SALARIES AND RELATED EXPENSES</b>	\$ 244,631	\$ 69,712	\$ 30,125	\$ 99,837	344,468
<b>OTHER EXPENSES</b>	-	-	840	840	840
Advertising and promotion	-	-	-	2,102	2,102
Bank and credit card charges	-	2,102	-	-	-
Case Management	-	-	-	-	-
subscription and training	34,444	-	-	-	34,444
Depreciation and amortization	46,945	2,569	1,045	3,614	50,559
Development fundraising	-	-	32,038	32,038	32,038
Emergency assistance	54,201	-	-	-	54,201
Events	-	-	26,291	26,291	26,291
Food service	45,960	-	-	-	45,960
Insurance	6,042	2,292	307	2,599	8,641
Interest	30,064	1,645	669	2,314	32,378
IT software and services	15,337	5,762	2,272	8,034	23,371
Outside services	8,957	1,085	845	1,930	10,887
Postage and printing	1,575	2,364	3,940	6,304	7,879
Professional fees	-	25,644	550	26,194	26,194
Rent	22,411	2,588	1,725	4,313	26,724
Repairs and maintenance	12,558	687	280	967	13,525
Small Equipment	9,198	3,062	-	3,062	12,260
Supplies	14,804	5,843	94	5,937	20,741
Survey and data collection	19,181	-	-	-	19,181
Taxes and licenses	283	166	6	172	455
Training and staff development	1,470	490	218	708	2,178
Utilities	25,196	1,379	561	1,940	27,136
Volunteer development	7,037	-	-	-	7,037
Workforce Pathways	2,182	-	-	-	2,182
<b>TOTAL EXPENSES</b>	<b>\$ 602,476</b>	<b>\$ 127,390</b>	<b>\$ 101,806</b>	<b>\$ 229,196</b>	<b>\$ 831,672</b>

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 (Reviewed)**

	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
Capital campaign building expense	4,368	763	616	1,379	5,747
Computer maintenance	2,662	532	355	887	3,549
Depreciation and amortization	8,657	-	-	-	8,657
Food	22,492	-	-	-	22,492
Gas vouchers	6,765	-	-	-	6,765
Holiday gift bags	5,066	991	682	1,673	6,739
Insurance	3,727	745	497	1,242	4,969
Interest	1,296	-	-	-	1,296
Laundry fees	5,218	-	-	-	5,218
Laundry vouchers	-	6,250	13,982	20,232	20,232
Marketing	794	128	102	230	1,024
Mileage and auto	2,932	-	-	-	2,932
Office supplies	130	-	100	100	230
Outside services	2,024	-	-	-	2,024
Personal care	442	582	930	1,512	1,954
Postage and printing	-	5,456	650	6,106	6,106
Professional fees	2,348	5,198	-	5,198	7,546
Program supplies	-	651	-	651	651
Property taxes	30,528	3,805	2,537	6,342	36,870
Rent	5,624	1,124	750	1,874	7,498
Repairs and maintenance	-	76	-	76	76
Taxes and licenses	4,933	986	658	1,644	6,577
Utilities	2,098	-	-	-	2,098
Volunteer development	1,067	3,187	1,775	4,962	6,029
Website services	-	-	-	-	-
<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)**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
	<b>(Audited)</b>	<b>(Reviewed)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,259,084	\$ 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	50,559	3,549
Donation of securities	(53,654)	-
Change in value of investments	(102)	-
Donation of equipment	(35,560)	-
<b>(Increase) decrease in:</b>		
Interest receivable	1,169	(1,169)
Prepaid expenses	(11,415)	(4,161)
Pledges receivable	(44,860)	(8,654)
Other receivable	(40,871)	(12,250)
Deposits	6,700	(2,750)
<b>Increase (decrease) in:</b>		
Accounts payable	2,462	10,719
Payroll liabilities	9,000	6,394
	<hr/>	<hr/>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,142,512</b>	<b>1,513,397</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(554,881)	(1,752,220)
Sales of investments	1,149,962	1,000,000
Purchases of property and equipment	(1,668,993)	(1,047,612)
Construction in progress	-	(196,502)
	<hr/>	<hr/>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,073,912)</b>	<b>(1,996,334)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on long-term debt	(3,414)	-
Borrowing on long-term debt	-	682,500
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<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>(3,414)</b>	<b>682,500</b>
	<hr/>	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>65,186</b>	<b>199,563</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>394,672</b>	<b>195,109</b>
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 459,858</b>	<b>\$ 394,672</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 32,378	\$ 4,969
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The accompanying notes are an integral part of these financial statements.

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 (Audited) AND 2017 (Reviewed)**

**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 a Next Step case management and navigator service 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 two classes of net assets: net assets without donor restriction and net assets with donor restriction.

- Net Assets Without Donor Restriction: Net assets that are not subject to or are no longer subject to donor-imposed stipulations.
- Net Assets With Donor Restriction: Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 (Audited) AND 2017 (Reviewed)**

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

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

Revenues are reported as increases in net assets without donor restriction 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 net assets with donor restriction. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on assets are reported as increases or decreases in net assets without donor restriction unless their use is 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, 2018, contributions from three donors accounted for approximately 57% of the Organization's total revenue for 2018. During the year ended December 31, 2017, contributions from two donors 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, 2018 and 2017, the balances exceeded federally insured limits by \$18,802, and \$66,365, respectively. 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, 2018 (Audited) AND 2017 (Reviewed)**

**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, 2018 (Audited) AND 2017 (Reviewed)**

**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**

Management has determined that the pledges receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary as of December 31, 2018 or 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 net assets without donor restriction 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 net assets with donor restriction. 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 restricted net assets are reclassified to net assets without donor restriction.

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 (Audited) AND 2017 (Reviewed)**

**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
Land 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, 2018 and 2017, the Organization recorded in-kind contributions totaling \$52,734 and \$12,250, respectively.

**Investment Income**

The Organization reports investment income and gains and losses on investments as increases or decreases in net assets without donor restrictions unless a donor or law restricts their use.

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 (Audited) AND 2017 (Reviewed)**

**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.

**Tax - Exempt Status**

The Organization has been granted tax-exempt status by the Internal Revenue Service under Code Sections 501(c)(3). Certain types of income are considered unrelated business taxable income which is taxed at regular corporate income tax rates. The Organization had no unrelated business taxable income during the years ended December 31, 2018 and 2017. The Organization believes that its tax positions will, more likely than not, be sustained based on their technical merits, should there be an examination by a taxing authority.

Currently, the 2015, 2016 and 2017, tax years are open and subject to examination by the taxing authorities. However, the Organization is not currently under audit nor has the Organization been contacted by one of the taxing authorities.

Management evaluated the Organization's tax positions and concluded they took no uncertain tax positions requiring adjustment to the financial statements to comply with the provisions issued by the Financial Accounting Standards Board.

**New Accounting Pronouncement**

During the year ended December 31, 2018, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14- *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented.

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 (Audited) AND 2017 (Reviewed)**

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

**New Accounting Pronouncement** (Continued)

The new standard changes the following aspects of the Organization's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single asset class called *net assets with donor restrictions*.
- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 9).

The accompanying information from the 2017 financial statements has been restated to conform to the 2018 presentation and disclosure requirements of ASU 2016-14.

**Reclassifications**

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the current-year financial statements.

**Subsequent Events**

Subsequent events were evaluated through May 23, 2019, the date the financial statements were available to be issued.

**3. INVESTMENTS**

Investments consisted of the following, as of December 31:

	<u>2018</u>	<u>2017</u>
Mutual funds	\$ 210,895	\$ 552,220
Certificates of deposit	<u>-</u>	<u>200,000</u>
	<u>\$ 210,895</u>	<u>\$ 752,220</u>

There were no investment fees for the year ended December 31, 2018 or 2017.

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 (Audited) AND 2017 (Reviewed)**

**4. PLEDGES RECEIVABLE**

Pledges receivable are expected to be collected as follows as of December 31:

	<u>2018</u>	<u>2017</u>
Amounts due in:		
Less than one year	\$ 41,055	\$ 8,654
One to five years	<u>12,459</u>	<u>-</u>
	<u>\$ 53,514</u>	<u>\$ 8,654</u>

For the years ended December 31, 2018 and 2017, pledges receivable include amounts with donor restrictions of \$10,875 and \$8,654, respectively.

**5. PROPERTY AND EQUIPMENT**

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

	<u>2018</u>	<u>2017</u>
Land	\$ 530,033	\$ 530,033
Land improvements	111,917	-
Building and improvements	2,067,298	497,440
Kitchen equipment	127,796	1,138
Furniture and fixtures	46,463	2,038
Office equipment	44,775	9,215
Computer equipment	<u>14,983</u>	<u>3,964</u>
	2,943,265	1,043,828
Accumulated depreciation	<u>(52,086)</u>	<u>(3,971)</u>
	2,891,179	1,039,857
Construction in progress	<u>1,322</u>	<u>196,502</u>
	<u>\$ 2,892,501</u>	<u>\$ 1,236,359</u>

Depreciation expense for the year ending December 31, 2018 and 2017, totaled \$48,411 and \$3,156, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 (Audited) AND 2017 (Reviewed)**

**6. LONG-TERM DEBT**

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

	<b>2018</b>	<b>2017</b>
The Organization entered into a note payable with a bank in October 2017. The note is secured by the Organization's land and building. 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, 2018, the Organization is in compliance with all covenants.	\$ 679,086	\$ 682,500
Unamortized debt issuance cost	(12,496)	(14,644)
Long-term debt, less unamortized debt issuance cost	666,590	667,856
Current portion	(21,154)	(3,414)
Total long-term debt, less current portion	\$ 645,436	\$ 664,442

Total interest incurred and expensed for the years ended December 31, 2018 and 2017, were \$32,378 and \$4,969, respectively.

Scheduled principal payments on the note payable are as follows:

<b>For the Year Ended December 31,</b>	<b>Amount</b>
2019	\$ 21,154
2020	22,091
2021	23,251
2022	24,378
2023	25,561
Thereafter	550,155
	\$ 666,590

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 (Audited) AND 2017 (Reviewed)**

**7. NET ASSETS**

Net assets without donor restrictions consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Undesignated	\$ <u>2,702,521</u>	\$ <u>653,471</u>

Net assets with donor restrictions consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Funds reserved for capital campaign improvements	\$ 214,548	\$ 1,041,026
General operating support for future periods	45,364	36,670
Workforce pathways programs	<u>27,818</u>	<u>-</u>
	\$ <u>287,730</u>	\$ <u>1,077,696</u>

**8. OPERATING LEASES**

During September 2016, the Organization entered into a non-cancelable agreement to lease office space. The term of the lease was 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 expired on September 30, 2018.

Total rent expense incurred under the operating lease described for the years ended December 31, 2018 and 2017, totaled \$17,254 and \$25,370, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 (Audited) AND 2017 (Reviewed)**

**9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Organizations financial assets as of December 31, 2018 and 2017, reduced by amounts not available for general expenditure within one year.

	<u>2018</u>	<u>2017</u>
Financial assets:		
Cash and cash equivalents	\$ 459,858	\$ 394,672
Investments	210,895	752,220
Interest receivable	-	1,169
Pledges receivable	53,514	8,654
Other receivables	<u>53,121</u>	<u>-</u>
Total financial assets, as year-end	<u>777,388</u>	<u>1,156,715</u>
Less those unavailable for general expenditure within one year, due to:		
Cash and pledges restricted by donors to specific uses	287,730	1,077,696
Pledges receivable collectible beyond one year	12,459	-
Cash and investments restricted to operating Reserve by board designation	<u>250,000</u>	<u>-</u>
Financial assets available to meet cash needs for expenditures within one year	<u>\$ 227,199</u>	<u>\$ 79,019</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 (Audited) AND 2017 (Reviewed)**

**10. GOVERNMENTAL CONTRACT FUNDING**

The Organization received state and federal financial assistance via the Monterey County Community Action Partnership (CAP) contract agreement with the County of Monterey.

The following summarizes the funding received through this contract as of December 31, 2018:

<u>Funding Source</u>	<u>Contract Period</u>	<u>Current Year Total Contract</u>
State and Federal Financial Assistance:		
CAP	01/01/18 - 12/31/18	\$ 30,000

The Organization received no state or federal financial assistance for the year ended December 31, 2017.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Gathering for Women - Monterey  
Monterey, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Gathering for Women - Monterey (Organization), which comprise the statements of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 23, 2019.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items that we consider to be material weaknesses.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bianchi, Kasavan & Pope, LLP*

Salinas, California

May 23, 2019