

GATHERING FOR WOMEN - MONTEREY
(A Nonprofit Organization)

FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORTS

DECEMBER 31, 2022 and 2021

McGILLOWAY, RAY, BROWN & KAUFMAN
ACCOUNTANTS & CONSULTANTS

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2511 Garden Road
Suite A180
Monterey, CA 93940
831-373-3337
Fax 831-373-3437

379 West Market Street
Salinas, CA 93901
831-424-2737
Fax 831-424-7936

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Gathering for Women – Monterey (a nonprofit organization) which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 for Women – Monterey as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years 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 and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. 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 for Women – Monterey to meet our other ethical responsibilities, in accordance with the relevant 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 aggregate, that raise substantial doubt about Gathering for Women - Monterey's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Gerald Ray, CPA | Patricia Kaufman, CPA, CGMA | Smriti Shrestha, CPA

Daniel McGilloway Jr, CPA | Sarita Shannon, CPA | Whitney Ernest, CPA |
Laura Armbruster, CPA | Rose Maxwell, CPA | Eleonora Garra, CPA | Lisette Craft, CPA

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 and *Government 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 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 and *Governmental 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 for Women - Monterey'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 for Women - Monterey'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2023, on our consideration of Gathering for Women – Monterey's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Gathering for Women – Monterey's 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.



McGilloway, Ray, Brown & Kaufman
Salinas, California
May 11, 2023

GATHERING FOR WOMEN - MONTEREY
(A Nonprofit Organization)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 773,288	\$ 985,342
Investments	584,815	223,935
Grant and contribution receivables	295,330	215,467
Pledge receivables	3,455	18,082
Prepaid expenses	3,878	2,975
Total current assets	1,660,766	1,445,801
Pledges receivable, less current portion	-	2,599
Property and equipment, net	2,362,806	2,512,446
Total assets	\$ 4,023,572	\$ 3,960,846
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 3,108	\$ 37,872
Accrued liabilities	27,904	24,747
Deferred revenue	45,000	40,000
Current portion of long-term debt	37,057	30,773
Total current liabilities	113,069	133,392
Long-term debt, less current portion, net	310,199	443,910
Total liabilities	423,268	577,302
Net Assets		
Without donor restrictions	3,352,599	3,205,684
With donor restrictions	247,705	177,860
Total net assets	3,600,304	3,383,544
Total liabilities and net assets	\$ 4,023,572	\$ 3,960,846

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

GATHERING FOR WOMEN - MONTEREY
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor <u>Restrictions</u>	With Donor Restrictions	<u>Total</u>
Revenues and support			
Contributions	\$ 676,043	\$ 83,500	\$ 759,543
Grants	253,363	125,000	378,363
Contributions in-kind	10,477	-	10,477
Earned revenue	94,946	-	94,946
Special events, net	16,813	-	16,813
Investment earnings, net	(1,932)	-	(1,932)
	<u>1,049,710</u>	<u>208,500</u>	<u>1,258,210</u>
Net assets released from restrictions - time and purpose	<u>138,655</u>	<u>(138,655)</u>	<u>-</u>
Total revenues and support	<u>1,188,365</u>	<u>69,845</u>	<u>1,258,210</u>
Expenses			
Program services	766,649	-	766,649
Support services			
Management and general	151,892	-	151,892
Fundraising and development	122,909	-	122,909
Total expenses	<u>1,041,450</u>	<u>-</u>	<u>1,041,450</u>
Change in net assets	146,915	69,845	216,760
Net assets at beginning of year	<u>3,205,684</u>	<u>177,860</u>	<u>3,383,544</u>
Net assets at end of year	<u>\$ 3,352,599</u>	<u>\$ 247,705</u>	<u>\$ 3,600,304</u>

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

GATHERING FOR WOMEN - MONTEREY
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Contributions	\$ 734,704	\$ 156,771	\$ 891,475
Grants	262,274	65,000	327,274
Contributions in-kind	14,151	-	14,151
Earned revenue	67,099	-	67,099
Special events, net	54,315	-	54,315
Investment earnings, net	76	-	76
	<u>1,132,619</u>	<u>221,771</u>	<u>1,354,390</u>
Net assets released from restrictions - time and purpose	<u>161,688</u>	<u>(161,688)</u>	<u>-</u>
Total revenues and support	<u>1,294,307</u>	<u>60,083</u>	<u>1,354,390</u>
Expenses			
Program services	798,294	-	798,294
Support services			
Management and general	156,831	-	156,831
Fundraising and development	102,642	-	102,642
Total expenses	<u>1,057,767</u>	<u>-</u>	<u>1,057,767</u>
Change in net assets	236,540	60,083	296,623
Net assets at beginning of year	<u>2,969,144</u>	<u>117,777</u>	<u>3,086,921</u>
Net assets at end of year	<u>\$ 3,205,684</u>	<u>\$ 177,860</u>	<u>\$ 3,383,544</u>

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

GATHERING FOR WOMEN - MONTEREY
(A Nonprofit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fundraising and Development	Total Expenses
Salaries	\$ 286,361	\$ 74,900	\$ 81,534	\$ 442,795
Employee benefits and payroll taxes	34,129	8,927	9,717	52,773
Total salaries and related expenses	320,490	83,827	91,251	495,568
Bank and credit card charges	-	2,738	-	2,738
Case management software	14,503	-	-	14,503
Depreciation	160,410	8,829	4,682	173,921
Development and fundraising	-	-	18,609	18,609
Emergency assistance	39,587	-	-	39,587
Food service	73,387	-	-	73,387
Guest services	5,415	-	-	5,415
Insurance	14,372	781	414	15,567
Interest	21,526	1,052	558	23,136
IT software and services	10,835	589	312	11,736
Dues and subscriptions	6,593	-	430	7,023
Outside services	23,480	1,275	676	25,431
Postage and printing	2,625	6,563	3,938	13,126
Professional fees	750	40,762	-	41,512
Storage	2,910	-	-	2,910
Repairs and maintenance	9,079	262	493	9,834
Supplies	14,698	798	423	15,919
Taxes and licenses	1,590	86	46	1,722
Training and staff development	431	23	13	467
Transportation	2,602	-	-	2,602
Utilities	36,961	2,007	1,064	40,032
Volunteer development	1,763	-	-	1,763
Workforce Pathways	2,642	-	-	2,642
Bad debt	-	2,300	-	2,300
Total expenses	<u>\$ 766,649</u>	<u>\$ 151,892</u>	<u>\$ 122,909</u>	<u>\$ 1,041,450</u>

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

GATHERING FOR WOMEN - MONTEREY
(A Nonprofit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Fundraising and Development	Total Expenses
Salaries	\$ 313,117	\$ 55,019	\$ 58,025	\$ 426,161
Employee benefits and payroll taxes	34,878	11,799	7,726	54,403
Total salaries and related expenses	347,995	66,818	65,751	480,564
Bank and credit card charges	-	329	2,538	2,867
Case management software	12,752	-	-	12,752
Depreciation	159,703	8,781	4,656	173,140
Development and fundraising	-	-	15,709	15,709
Emergency assistance	49,777	-	-	49,777
Food service	65,483	696	-	66,179
Guest services	500	-	-	500
Insurance	10,405	3,087	750	14,242
Interest	26,258	1,310	694	28,262
IT software and services	6,780	3,446	2,565	12,791
Dues and subscriptions	5,591	-	310	5,901
Outside services	51,864	644	341	52,849
Postage and printing	2,304	3,455	5,759	11,518
Professional fees	-	64,418	-	64,418
Storage	2,960	-	-	2,960
Repairs and maintenance	11,243	723	383	12,349
Supplies	10,082	1,209	1,661	12,952
Taxes and licenses	496	82	14	592
Training and staff development	296	88	66	450
Utilities	32,133	1,745	925	34,803
Volunteer development	1,276	-	-	1,276
Workforce Pathways	396	-	-	396
Bad debt	-	-	520	520
Total expenses	<u>\$ 798,294</u>	<u>\$ 156,831</u>	<u>\$ 102,642</u>	<u>\$ 1,057,767</u>

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

GATHERING FOR WOMEN - MONTEREY
(A Nonprofit Organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 216,760	\$ 296,623
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	173,921	173,140
Amortization of debt issuance cost	2,148	2,149
Net realized/unrealized (gain) loss on investments	(373)	21
Stock donations included in contributions, in-kind	(10,507)	(8,151)
(Increase) decrease in operating assets		
Grant and contribution receivable	(79,863)	(184,140)
Pledges receivable	17,226	(2,997)
Prepaid expenses	(903)	13,645
Increase (decrease) in operating liabilities		
Accounts payable	(34,764)	31,799
Accrued liabilities	3,157	3,898
Deferred revenue	5,000	40,000
Net cash provided by operating activities	<u>291,802</u>	<u>365,987</u>
Cash Flows from Investing Activities		
Purchase of investments	(350,000)	-
Proceeds from sale of equipment	2,441	5
Purchases of land, building and equipment	<u>(26,722)</u>	<u>(25,433)</u>
Net cash used by investing activities	<u>(374,281)</u>	<u>(25,428)</u>
Cash Flows from Financing Activities		
Payments on long-term debt	<u>(129,575)</u>	<u>(155,107)</u>
Net cash used by financing activities	<u>(129,575)</u>	<u>(155,107)</u>
Change in cash and cash equivalents	(212,054)	185,452
Cash and cash equivalents at beginning of year	<u>985,342</u>	<u>799,890</u>
Cash and cash equivalents at end of year	<u>\$ 773,288</u>	<u>\$ 985,342</u>
Supplemental Disclosure of Cash Flows Information		
Cash paid for interest	<u>\$ 22,980</u>	<u>\$ 26,113</u>

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

GATHERING FOR WOMEN – MONTEREY
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. Summary of Significant Accounting Policies

Nature of Activities

Gathering for Women – Monterey (the 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, and a caring community. Services are provided in a centralized safe place that links other service providers with the women who need their help.

The Organization operates a day center for homeless and housing insecure women on the Monterey Peninsula. Women receive supportive services, including hot meals, take away food, hot showers, clothing, and personal hygiene items, and are offered personal enrichment classes. Women also receive assistance with laundry, gas, bus vouchers and access to mental and physical health services, and legal services through community partners.

All services are centered around Next Step case management that encourages women to identify their strengths and potential and move forward on their pathway out of homelessness.

Gathering for Women also partners with another local agency, Community Human Services, to provide services through Casa de Noche Buena, a low barrier 90-day emergency shelter for single women and families with children, which opened in January 2021. Guests are assigned a room for the duration of their stay. Services offered to guests include case management, meals, laundry and mail service, as well as computer and internet access.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities.

Financial Statement Presentation

The classification of a not-for-profit organization’s net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. Therefore, it requires that the amounts for each of the classes of net assets with donor restrictions and without donor restrictions be displayed in the statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the statement of activities.

These classes of net assets are defined as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions over which the Board of Directors have discretionary control in carrying out the operations of the Organization.

The Organization’s Board of Directors has designated a portion of net assets without donor restrictions as a liquidity reserve, see Note 2.

Net Assets With Donor Restrictions – Net assets subject to donor or grantor imposed restrictions and for which the applicable restriction was not met as of the year end of the current reporting period. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

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Income from investment gains and losses, including unrealized gains and losses, dividends and interest should be reported as increases (or decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held to meet restrictions of a capital nature. The Organization maintains cash balances at several financial institutions. Deposit accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account. As of December 31, 2022 the uninsured balance is \$435,438.

Investments

The Organization invests cash in excess of its immediate cash needs in money market funds. Investments are initially recorded at cost of purchase or at fair value at date of donation if contributed. Subsequent to acquisition, investments are reported at fair value based upon market quotations. Investment income and realized and unrealized gains and losses are recognized as net assets without donor restrictions, unless their use by donors is designated with donor restriction to a specific purpose or future project. At December 31, 2022 and 2021, investments consist primarily of money market funds and U.S. treasury bills.

Pledge Receivables

Pledge receivables are unconditional promises to give that are recognized as contributions when the promise is received. Management has determined that all pledges receivables are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Grant and Contribution Receivables

The amounts are recorded when the grant or contribution is awarded. Management believes that all outstanding receivables are collectible in full, therefore no allowance for uncollectible receivables has been provided. Receivables include \$221,870 due from Monterey County Gives! which comprises 87% of receivables at December 31, 2022 and 17% of total revenue for the year then ended. Receivables at December 31, 2022 and 2021 are all deemed collectible in less than one year.

Contributed Nonfinancial Assets

In September 2020, the FASB issued Accounting Standards Updates (ASU) No. 2020-07 (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gift-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The guidance is effective for periods beginning after June 15, 2021. The amendments in this Update are required to be applied on a retrospective basis. Management concluded that no significant changes were necessary to conform with the new standard in 2022.

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Contributed nonfinancial assets consist of donated stock and are reported at fair value at the date of donation. In addition, donated services are received from a variety of unpaid volunteers assisting in the operations of the Organization. No amounts have been recognized in the accompanying financial statements for these services because the criteria for recognition of such volunteer efforts have not been satisfied. GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if they were not provided by contribution, require specialized skills, and are provided by individuals possessing these skills.

The Organization estimates that over 80 volunteers providing 5,098 hours of service during the fiscal year. The Organization looks forward to the continuance of such services in the future and appreciates all such contributions.

Property and Equipment, net

Land, buildings, and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at date of donation, if donated. All land and buildings are capitalized.

Equipment is capitalized if it has a cost of \$1,000 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed when incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Building and improvements	15 - 39 years
Land improvements	15 - 39 years
Kitchen equipment	7 - 10 years
Furniture and fixtures	5 - 10 years
Office equipment	5 - 7 years
Computer equipment	3 - 5 years
Vehicles	5 years

Accrued Vacation

Full-time employees who regularly work 30 or more hours per week accrue vacation pay from the date of hire. Employees are eligible to use accrued vacation after they complete at least 3 months of continuous service. Vacation accrual and maximum cap are varied based on years of continuous service.

Revenue Recognition

The Organization recognizes revenue on the accrual basis of accounting.

The Organization has case management service revenue that is accounted for as exchange transactions.

Contributions and Grants

Contributions and grants are recognized as revenue at fair value when awarded or unconditionally promised to the Organization.

A portion of the Organization's revenue is derived from cost-reimbursement federal and state contracts and grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Conditional promises to give are not recognized until the conditions on which they depend have been met, in compliance with specific contract or grant

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provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Consequently, at December 31, 2022, grant funds of \$45,000 have not been recognized in the accompanying statement of activities because the conditions on which they depend have not been met.

Contributions are considered to be without donor restrictions, unless specifically restricted by the donor. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions, depending on the nature of the 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.

Earned Revenue

Gathering for Women provides case management services on a reimbursement-basis for the guests at the Casa de Noche Buena shelter, in cooperation with Community Human Services (CHS). In accordance with Financial Accounting Standards Board Topic 606: *Revenue from Contracts with Customers*, case management service revenues are recognized over time using the output method as performance obligations are met. Contract revenues consist of one performance obligation to provide a single service at specified rates and are recognized as services are simultaneously received and consumed by the customer.

Special Events

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place (Note 10).

Expense Recognition and Allocation

The cost of providing the Organization's program and other activities is summarized on a function basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits and payroll taxes are allocated based on direct expense and management's estimates.
- Occupancy, depreciation, amortization, and interest are allocated on a square footage basis dependent on the programs and supporting services occupying the space.
- Telephone and internet services, insurance, supplies, and miscellaneous expenses that cannot be directly identified are allocated based on ratios determined by management.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization does not generally conduct its fundraising activities in conjunction with its other activities. Additionally, advertising costs are expensed as incurred.

Tax Status

The Organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), and a similar provision in the California tax codes, though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise

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excluded). Contributions to the Organization are tax deductible to donors under Section 170 of the IRC. The Organization is not classified as a private foundation.

Reclassifications

Certain accounts in the prior-year comparative financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. There was no impact on the previously reported change in net assets.

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor restrictions or other restrictions limiting their use, within one year of December 31, 2022 and 2021 are as follows:

	2022	2021
Financial Assets		
Cash and cash equivalents	\$ 773,288	\$ 985,342
Investments	584,815	223,935
Pledge receivables	3,455	20,681
Grant and contribution receivables	295,330	215,467
Total financial assets	1,656,888	1,445,425
Less financial assets held to meet donor-imposed restrictions		
Purpose restricted net assets	247,705	177,860
Less financial assets not available within one year		
Pledges receivable	-	2,599
Less board-designated operating reserve	250,000	250,000
Amount available for general expenditures within one year	\$ 1,159,183	\$ 1,014,966

As part of the Organization’s liquidity management, it has a policy to structure financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to the amount available for general expenditures within one year, the Organization has a board-designated reserve net assets without donor restrictions of \$250,000 that, while the Organization does not intend to use for purposes other than those identified, the amount could be made available for current operations, with Board approval.

3. Fair Value Measurements

The Organization measures its investments at fair value in accordance with FASB Accounting Standards Codification (ASC) Topic 820, Fair Value Measurement. This guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value.

The guidance establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The guidance expands disclosures about instruments measured at fair value. The guidance applies to other accounting pronouncements that require or permit fair value measurements and, accordingly, the guidance does not require any new fair value measurements. The guidance establishes a three-level valuation hierarchy for disclosure of fair value measurements. The three levels are defined as follows:

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- **Level 1** – inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. Level 1 securities include highly liquid U.S. Treasury securities, certain common stocks and mutual funds.
- **Level 2** – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instruments. Most debt securities, preferred stocks, certain equity securities, short-term investments, and derivatives are valued using model pricing using observable inputs and are classified as Level 2.
- **Level 3** – inputs to the valuation methodology are unobservable and significant to the fair value measurements. These inputs reflect assumptions of management about pricing the assets or liabilities, including assumptions about risk such as bid/ask spreads and liquidity discounts. Example of Level 3 assets include investment in limited partnership.

A financial instrument’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

4. Investments

Investments measured at fair value on a recurring basis have been categorized into the following fair value hierarchy as follows at December 31:

	2022		
	Total	Level 1	Level 2
Money Market Funds	\$ 534,908	\$ 534,908	\$ -
US Treasury Bill	49,907	-	49,907
Total	\$ 584,815	\$ 534,908	\$ 49,907
	2021		
	Total	Level 1	Level 2
Money Market Funds	\$ 223,935	\$ 223,935	\$ -
US Treasury Bill	-	-	-
Total	\$ 223,935	\$ 223,935	\$ -

Money market funds’ value is determined by the published NAV per unit at the end of the last trading day of fiscal year, December 31, 2022. U.S. Department of Treasury obligations’ value is determined using contractual cash flows and the interest rate determined by the closing bid price on the last business day of the fiscal year, if the same, or an obligation with a similar maturity is actively traded.

5. Nonfinancial Assets

Nonfinancial assets in the statement of activities for the year ended December 31, are as follows:

	2022	2021
Stock donations	\$ 10,477	\$ 8,151
Travel trailer	-	6,000
Total contributions in-kind	\$ 10,477	\$ 14,151

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6. Property and Equipment, net

Property and equipment at December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 530,033	\$ 530,033
Land improvements	131,487	111,917
Building and improvements	2,101,453	2,098,380
Kitchen equipment	151,390	148,506
Furniture and fixtures	38,085	43,963
Artwork	14,750	14,750
Office equipment	43,986	43,986
Computer equipment	32,261	34,447
Vehicles	34,171	34,171
	<u>3,077,616</u>	<u>3,060,153</u>
Accumulated depreciation	<u>(714,810)</u>	<u>(547,707)</u>
Total property and equipment, net	<u>\$ 2,362,806</u>	<u>\$ 2,512,446</u>

Depreciation expense for the years ended December 31, 2022 and 2021 totaled, \$173,921 and \$173,140, respectively.

7. Long-Term Debt, net

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

	<u>2022</u>	<u>2021</u>
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 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.	\$ 351,159	\$ 480,734
Unamortized debt issuance cost	<u>(3,903)</u>	<u>(6,051)</u>
Long-term debt, less unamortized debt issuance cost	347,256	474,683
Current portion	<u>(37,057)</u>	<u>(30,773)</u>
Total long-term debt, less current portion	<u>\$ 310,199</u>	<u>\$ 443,910</u>

Total interest incurred and amortized debt issuance cost for the years ended December 31, 2022 and 2021 were \$23,136 and \$28,262, respectively. Scheduled principal payments on the note payable are as follows:

<u>For the Year Ending</u> <u>December 31,</u>	
2023	\$ 37,057
2024	<u>310,199</u>
Total	<u>\$ 347,256</u>

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8. Cooperative Service Agreement with Community Human Services

In January 2021, the Organization formed a cooperative service agreement with Community Human Services (CHS) to open a new shelter facility for women and families with children, referred to as Casa de Noche Buena (the shelter). Funding under the State of California’s Homeless Emergency Aid Program (HEAP) was awarded through CHS for the capital development of a Monterey County-owned building in Seaside, California for use as a shelter. CHS currently leases the shelter and Gathering for Women incurred an expense of \$30,546 in November 2021 for landscaping improvements, reimbursed to CHS after year end. This amount has been included in accounts payable as of December 31, 2021 and accounts for 81% of the balance of accounts payable at December 31, 2021. Earned revenues for services provided by the Organization in partnership with CHS during the year total \$94,946 and \$67,099 and are included in the Statement of Activities for the years ended December 31, 2022 and 2021, respectively.

The Organization and CHS jointly fund the operation of the shelter through both public and private sources. The shelter provides women and families with children a place to live and supportive services for up to 90-days. The shelter also provides women and families with necessary linkages to income, education, employment, and housing, as well as assessment and referrals to mental health, substance abuse, and other services depending on individual needs, with a goal of providing residents with a bridge to long-term housing and economic stability.

The Organization prepares and transports meals to the shelter and provides case management services for guests. These services are provided under the cooperative agreement with CHS, which provides for reimbursement of direct costs and a 10% indirect cost provision.

9. Net Assets

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

	2022	2021
Undesignated	\$ 3,102,599	\$ 2,955,684
Board-designated operating reserve	250,000	250,000
	\$ 3,352,599	\$ 3,205,684

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

	2022	2021
Funds reserved for capital campaign improvements	\$ -	\$ 12,583
Grants restricted for:		
Casa De Noche Buena Shelter	79,199	54,026
Make a Difference fund	39,841	41,843
General Program restriction	53,907	44,408
Building and Equipment	24,758	25,000
Wellness Center	50,000	-
	\$ 247,705	\$ 177,860

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Releases from net assets with donor restrictions consist of the following for the years ended December 31:

	2022	2021
Released for satisfaction of specific purpose:		
Capital campaign	\$ 12,583	\$ 26,113
Case management	-	34,592
Emergency services	12,002	9,128
Casa De Noche Buena Shelter	2,328	35,720
Food service	86,501	-
Building and Equipment	20,241	1,829
Wellness Center	5,000	-
Released for use due to time	-	54,306
	\$ 138,655	\$ 161,688

10. Special Events

The Organization held various special fundraising events during the years ended December 31, 2022 and 2021. The following represents the results of those events:

	2022				Total
	Community Breakfast	Art/Craft Fair	Movie Music Magic	Other Events	
Revenue					
Donations	\$ 5,640	\$ 499	\$ 15,626	\$ -	\$ 21,765
Ticket Sales	2,385	-	-	-	2,385
Sponsorships	3,750	-	-	-	3,750
Total revenue	11,775	499	15,626	-	27,900
Expenses	(4,835)	(188)	(5,984)	(80)	(11,087)
Net	\$ 6,940	\$ 311	\$ 9,642	\$ (80)	\$ 16,813
	2021				Total
	Community Breakfast	Art/Craft Fair	Movie Music Magic	Other Events	
Revenue					
Donations	\$ 21,729	\$ 3,290	\$ 15,526	\$ 3,890	\$ 44,435
Ticket Sales	2,035	-	-	-	2,035
Sponsorships	19,500	-	-	-	19,500
Total revenue	43,264	3,290	15,526	3,890	65,970
Expenses	(6,559)	(529)	(2,658)	(1,909)	(11,655)
Net	\$ 36,705	\$ 2,761	\$ 12,868	\$ 1,981	\$ 54,315

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11. Grants

The Organization has been awarded government assistance grants through local government agencies as listed below. Funds were distributed to the various programs according to the scope of the grant awards. Claimed expenses include expenses that are allocated to management and general in the accompanying statement of functional expenses.

Financial awards from such government entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for liabilities that may arise from such audits and the Organization's management is monitoring grant expenses to verify compliance requirements are met.

A summary of grants are as follows:

Funding Source	Contract Period	Total Contract
City of Monterey - Community Development Block Grant	7/1/2022 - 6/30/2023	\$ 20,000
City of Monterey - Community Development Block Grant	7/1/2021 - 6/30/2022	20,000
Monterey County - Community Action Partnership	1/1/2022 - 12/31/2023	90,000
United Way Monterey County - Emergency Housing	11/15/2021 - 6/30/2022	40,000
United Way Monterey County - EFSP Phase 39 Grant	5/1/2022 - 4/30/2023	35,000
City of Seaside - Community Development Block Grant	7/1/2022 - 6/30/2023	10,000
Total		<u>\$ 215,000</u>

12. Subsequent Events

Date of Management Review

In connection with the preparation of financial statements, management of the Organization has performed an analysis of the activities and transactions subsequent to December 31, 2022 to determine the need for adjustments to or disclosures within the audited financial statements for the year ended December 31, 2022 through May 11, 2023, the date the financial statements were available to be issued.



McGilloway | Ray
Brown | Kaufman
ACCOUNTANTS AND CONSULTANTS

2511 Garden Road
Suite A180
Monterey, CA 93940
831-373-3337
Fax 831-373-3437

379 West Market Street
Salinas, CA 93901
831-424-2737
Fax 831-424-7936

INDEPENDENT AUDITOR'S 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 of
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 the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gathering for Women – Monterey, California, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Gathering for Women - Monterey's basic financial statements, and have issued our report thereon dated May 11, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gathering for Women - Monterey's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gathering for Women - Monterey's internal control. Accordingly, we do not express an opinion on the effectiveness of Gathering for Women - Monterey'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Gerald Ray, CPA | Patricia Kaufman, CPA, CGMA | Smriti Shrestha, CPA

Daniel McGilloway Jr, CPA | Sarita Shannon, CPA | Whitney Ernest, CPA |
Laura Armbruster, CPA | Rose Maxwell, CPA | Eleonora Garra, CPA | Lisette Craft, CPA

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gathering for Women - Monterey'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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



McGilloway, Ray, Brown & Kaufman
Salinas, California
May 11, 2023