

THE GATHERING PLACE
FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

THE GATHERING PLACE

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Gathering Place
Beachwood, Ohio

We have audited the accompanying statements of financial position of **The Gathering Place** (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **The Gathering Place** at June 30, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Zinner & Co. LLP

October 5, 2011

THE GATHERING PLACE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and cash equivalents	\$ 741,137	\$ 592,289
Unconditional promises to give		
Unrestricted	45,050	34,066
Temporarily restricted	153,500	147,115
Inventory	32,535	43,817
Prepaid expenses and deposits	16,065	23,327
Investments	3,128,615	2,602,317
Land	235,000	235,000
Fixed assets, net	2,123,013	2,201,076
Investment - Charitable gift annuity	15,398	14,792
Beneficial interest in perpetual trust	108,019	93,509
	<u>\$ 6,598,332</u>	<u>\$ 5,987,308</u>
Total Assets		
Liabilities		
Accounts payable	\$ 33,297	\$ 16,642
Accrued wages and taxes	3,922	33,205
Annuity payment liability	10,054	10,405
Accrued expenses	1,741	1,942
	<u>49,014</u>	<u>62,194</u>
Total Liabilities		
Net Assets		
Unrestricted		
Available for programs and services	599,395	77,399
Allocated to land and fixed assets	2,358,013	2,436,076
Board designated for endowment	2,307,034	2,299,176
	<u>5,264,442</u>	<u>4,812,651</u>
Temporarily restricted	1,176,857	1,018,954
Permanently restricted	108,019	93,509
	<u>6,549,318</u>	<u>5,925,114</u>
Total Net Assets		
Total Liabilities and Net Assets	<u>\$ 6,598,332</u>	<u>\$ 5,987,308</u>

See accompanying notes and accountants' report.

THE GATHERING PLACE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Contributions	\$ 968,963	\$ 0	\$ 0	\$ 968,963
Grants	397,796	133,927	0	531,723
Board-designated and term endowments	7,858	86,885	0	94,743
Donated goods and services	33,390	0	0	33,390
Special events				
Gross revenue	636,485	0	0	636,485
Less: Direct expenses	(119,026)	0	0	(119,026)
Warehouse				
Gross sales	182,994	0	0	182,994
Donated inventory	171,882	0	0	171,882
Less: Cost of sales	(182,923)	0	0	(182,923)
Direct expenses	(64,062)	0	0	(64,062)
Change in value of split-interest agreement	0	(1,026)	0	(1,026)
Change in value of perpetual trust	0	0	14,510	14,510
Investment income, net of fees	70,404	0	0	70,404
Realized gain on sale of investments	86,205	0	0	86,205
Unrealized gain on investments	222,360	0	0	222,360
	<u>2,412,326</u>	<u>219,786</u>	<u>14,510</u>	<u>2,646,622</u>
Net assets released from restrictions:				
Satisfaction of program restrictions	61,883	(61,883)	0	0
Total Reclassifications	<u>61,883</u>	<u>(61,883)</u>	<u>0</u>	<u>0</u>
	<u>2,474,209</u>	<u>157,903</u>	<u>14,510</u>	<u>2,646,622</u>
Expenses				
Program services:				
Adult and child centers	1,580,972	0	0	1,580,972
Total Program Services	<u>1,580,972</u>	<u>0</u>	<u>0</u>	<u>1,580,972</u>
Supporting services:				
Administration	174,963	0	0	174,963
Development	266,483	0	0	266,483
Total Supporting Services	<u>441,446</u>	<u>0</u>	<u>0</u>	<u>441,446</u>
	<u>2,022,418</u>	<u>0</u>	<u>0</u>	<u>2,022,418</u>
Changes in Net Assets	451,791	157,903	14,510	624,204
Total Net Assets at Beginning of Year	<u>4,812,651</u>	<u>1,018,954</u>	<u>93,509</u>	<u>5,925,114</u>
Total Net Assets at End of Year	5,264,442	1,176,857	108,019	6,549,318
Board Designated and Restricted Net Assets	(2,307,034)	(1,176,857)	(108,019)	(3,591,910)
Unrestricted Net Assets Allocated to Land and Fixed Assets	<u>(2,358,013)</u>	<u>0</u>	<u>0</u>	<u>(2,358,013)</u>
Unrestricted Net Assets Available for Programs & Services	<u>\$ 599,395</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 599,395</u>

See accompanying notes and accountants' report.

THE GATHERING PLACE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Contributions	\$ 905,580	\$ 24,858	\$ 0	\$ 930,438
Grants	117,979	40,725	0	158,704
Term Endowments	0	99,658	0	99,658
Donated services	12,947	0	0	12,947
Special events				
Gross revenue	530,114	0	0	530,114
Less: Direct expenses	(59,684)	0	0	(59,684)
Consignment shop				
Gross sales	167,624	0	0	167,624
Donated inventory	154,556	0	0	154,556
Less: Cost of sales	(129,340)	0	0	(129,340)
Direct costs	(108,162)	0	0	(108,162)
Change in value of split interest agreement	0	(670)	0	(670)
Change in value of perpetual trust	0	0	4,221	4,221
Investment income, net of fees	40,389	0	0	40,389
Realized loss on sale of investments	(124,539)	0	0	(124,539)
Unrealized loss on investments	179,362	0	0	179,362
	<u>1,686,826</u>	<u>164,571</u>	<u>4,221</u>	<u>1,855,618</u>
Net assets released from restrictions:				
Satisfaction of program restrictions	99,318	(99,318)	0	0
Total Reclassifications	<u>99,318</u>	<u>(99,318)</u>	<u>0</u>	<u>0</u>
	<u>1,786,144</u>	<u>65,253</u>	<u>4,221</u>	<u>1,855,618</u>
Expenses				
Program services:				
Adult and child centers	1,493,506	0	0	1,493,506
Total Program Services	<u>1,493,506</u>	<u>0</u>	<u>0</u>	<u>1,493,506</u>
Supporting services:				
Administration	190,955	0	0	190,955
Development	256,799	0	0	256,799
Total Supporting Services	<u>447,754</u>	<u>0</u>	<u>0</u>	<u>447,754</u>
	<u>1,941,260</u>	<u>0</u>	<u>0</u>	<u>1,941,260</u>
Changes in Net Assets	(155,116)	65,253	4,221	(85,642)
Total Net Assets at Beginning of Year	<u>4,967,767</u>	<u>953,701</u>	<u>89,288</u>	<u>6,010,756</u>
Total Net Assets at End of Year	4,812,651	1,018,954	93,509	5,925,114
Board Designated and Restricted Net Assets	(2,299,176)	(1,018,954)	(93,509)	(3,411,639)
Unrestricted Net Assets Allocated to Land and Fixed Assets	<u>(2,436,076)</u>	<u>0</u>	<u>0</u>	<u>(2,436,076)</u>
Unrestricted Net Assets Available for Programs & Services	<u>\$ 77,399</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 77,399</u>

See accompanying notes and accountants' report.

THE GATHERING PLACE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Program Services</u>		<u>Supporting Services</u>		
	<u>Adult and Child Centers</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 745,592	\$ 101,020	\$ 173,022	\$ 274,042	\$ 1,019,634
Benefits and taxes	182,946	27,167	46,107	73,274	256,220
Program costs	205,801	0	0	0	205,801
Board-related costs	0	5,930	0	5,930	5,930
Fundraising costs	0	0	23,337	23,337	23,337
Operations	185,871	5,547	10,988	16,535	202,406
Professional fees	21,620	22,488	218	22,706	44,326
Utilities	28,247	1,146	1,146	2,292	30,539
Miscellaneous	918	0	0	0	918
Depreciation and amortization	209,977	11,665	11,665	23,330	233,307
Total	\$ 1,580,972	\$ 174,963	\$ 266,483	\$ 441,446	\$ 2,022,418
	78%	9%	13%	22%	100%

See accompanying notes and accountants' report.

THE GATHERING PLACE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Program Services</u>		<u>Supporting Services</u>		
	Adult and Child				
	<u>Centers</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 679,304	\$ 96,935	\$ 166,613	\$ 263,548	\$ 942,852
Benefits and taxes	158,375	26,181	42,281	68,462	226,837
Program costs	218,862	0	0	0	218,862
Board-related costs	0	9,194	0	9,194	9,194
Fundraising costs	0	0	24,783	24,783	24,783
Operations	169,737	8,919	9,141	18,060	187,797
Professional fees	21,171	36,487	921	37,408	58,579
Utilities	28,061	1,394	1,215	2,609	30,670
Miscellaneous	4,788	0	0	0	4,788
Depreciation and amortization	213,208	11,845	11,845	23,690	236,898
Total	<u>\$ 1,493,506</u>	<u>\$ 190,955</u>	<u>\$ 256,799</u>	<u>\$ 447,754</u>	<u>\$ 1,941,260</u>
	77%	10%	13%	23%	100%

See accompanying notes and accountants' report.

THE GATHERING PLACE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Cash Flows from Operating Activities		
Changes in net assets	\$ 624,204	\$ (85,642)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	233,307	236,898
Non-cash contribution of donated inventory, net of non-cash cost of sales	11,041	(25,215)
Realized and unrealized gain on investment activity	(308,565)	(54,823)
Dividends and interest reinvested, net of fees	(59,371)	(33,497)
Change in value of trust held by others	(14,510)	(4,221)
Amortization of discount on promises to give	(2,693)	(5,658)
(Increase) decrease in:		
Unconditional promises to give		
Unrestricted	(10,984)	22,003
Temporarily restricted	(6,385)	101,208
Prepaid expenses and deposits	7,262	(6,264)
Increase (decrease) in:		
Accounts payable	16,655	8,264
Accrued wages and taxes	(29,283)	2,327
Annuity payment liability	(351)	(688)
Accrued expenses	(201)	(2,581)
Net Cash Provided by Operating Activities	460,126	152,111
Cash Flows from Investing Activities		
Increase in investments, net	(185,425)	(299,258)
(Increase) / decrease in investment in charitable gift annuities	(606)	2,818
Acquisition of property and equipment	(125,247)	(1,651)
Net Cash Used for Investing Activities	(311,278)	(298,091)
Net Increase (Decrease) in Cash and Cash Equivalents	148,848	(145,980)
Cash and Cash Equivalents at Beginning of Year	592,289	738,269
Cash and Cash Equivalents at End of Year	<u>\$ 741,137</u>	<u>\$ 592,289</u>

Supplemental Disclosure of Non-cash Transactions

Non-cash contributions of inventory were received with a fair market value totaling \$171,882 and \$154,556 for the years ended June 30, 2011 and 2010, respectively. Non-cash cost of sales have been recognized in the amount of \$182,923 and \$129,340 for the years ended June 30, 2011 and 2010, respectively. Leasehold improvements in the amount of \$30,000 were donated by a landlord during the year ended June 30, 2011.

See accompanying notes and accountants' report.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Gathering Place (the Organization) was formed in 1999 as a nonprofit community based wellness center that focuses on the support, education, and encouragement of people working to overcome the effects of cancer in their lives. The Organization began to offer programs and services to the community on January 3, 2000. In October, 2008 the Organization began offering programs in a second location on the west side of Cleveland, Ohio.

The primary purpose of the Organization is to improve the quality of life, regardless of prognosis, with the concept of “wellness” as a guiding principle, through various support programs. The support programs are designed to complete the circle of care by integrating conventional medical treatment with psychosocial support. The Organization is creating a community in which cancer survivors, their friends and family can share experiences and gain strength and hope in a safe, homelike environment with the guidance of professionals.

All programs and services are provided free of charge. The Organization is supported primarily through donor contributions and grants from corporations, foundations, and individuals.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

ASC 958-205 requires board-designated funds to be reported as part of unrestricted net assets, accordingly, the Organization reports designations of voluntary board-approved segregations of unrestricted net assets for specific purposes as a classification of unrestricted net assets.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

For purposes of the financial statements, the Organization considers all unrestricted highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

See accountants' report.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give are recognized as revenues or gains in the period the promises are received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. No allowance is deemed necessary as of June 30, 2011 and 2010.

Investments

Investments are valued at fair value.

Donated investments are reflected as contributions at their fair values at date of receipt. Dividend and interest income and gains and losses on investments are reflected in current unrestricted activities unless temporarily or permanently restricted, either by law or explicit donor stipulation, in which case they would be reported in either temporarily or permanently restricted activities.

Valuation of Long-Lived Assets

The Organization reviews for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the estimated future cash flows are less than the carrying amount of the asset. No impairment losses were recognized in 2011 or 2010.

Donated Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. It is the Organization's policy to imply a time restriction, based on the assets' estimated useful lives, on donations of property and equipment that are not restricted as to their use by the donor. Accordingly, those donations are recorded as support increasing temporarily restricted net assets. The Organization reclassifies temporarily restricted net assets to unrestricted net assets each year for the amount of the donated property and equipment's depreciation expense.

See accountants' report.

THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory consists of thrift store items held for resale and is stated at fair value.

Fixed Assets

Fixed assets are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$600.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Funds received related to conditional grants are classified as refundable advances until the conditions on which they depend are substantially met.

Functional Expense Allocation

Costs of providing various programs and supporting services are allocated based on specific identification, if practical, or management's estimation of the respective functions benefited.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and equivalents and promises to give. The Organization maintains its cash and equivalents with financial institutions and although they have invested amounts in excess of any federal insurance limits, management does not feel that it is exposed to any substantial credit risk. Concentrations with respect to promises to give are limited due to the large number of donors comprising the Organization's donor base and the variety of the Organization's funding sources. As of June 30, 2011 and 2010, the Organization had no other significant concentrations of credit risk.

See accountants' report.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs are expensed when incurred.

Recently Issued Accounting Pronouncements

Fair Value Measurements:

In January 2010, the Financial Accounting Standards Board issued an accounting standards update whose guidance improves financial statement disclosures related to fair value measurements. The disclosures include transfers between Levels 1 and 2, including reasons for the transfers, new requirements surrounding the Level 3 reconciliation, and the presentation of assets and liabilities by class. The amendments clarify a fund's process for applying valuation techniques to its fair-valued securities.

More specifically, the fair value measurement disclosures are amended as follows:

- Entities must disclose the amounts of, and reasons for, significant transfers between Level 1 and Level 2, as well as those into and out of Level 3, of the fair value hierarchy.
- Entities must separately present gross information about purchases, sales, issuances, and settlements in the reconciliation disclosure of Level 3 measurements, which are measurements requiring the use of significant unobservable inputs.
- For Level 2 and Level 3 measurements, an entity must disclose information about inputs and valuation techniques used in both recurring and nonrecurring fair value measurements. If a valuation technique changes, an entity must disclose the change and the reason for it.
- Fair value measurement disclosures must be presented by class of assets and liabilities. An entity must determine the appropriate classes requiring disclosure based on the nature and risks of the assets and liabilities.

The amended guidance is effective for annual reporting periods beginning after December 15, 2009, except for the disaggregation requirement for the reconciliation disclosure of Level 3 measurements, which is effective for fiscal years beginning after December 15, 2010.

See accountants' report.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

NOTE B - PROMISES TO GIVE

Unconditional promises to give at June 30, 2011 and 2010 consist of:

	<u>2011</u>	<u>2010</u>
Unrestricted promises	\$ 45,242	34,066
Restricted for term endowments	75,000	150,000
Restricted for programming	<u>78,500</u>	<u>0</u>
Gross unconditional promises to give	198,742	184,066
Less: Unamortized discount	<u>(192)</u>	<u>(2,885)</u>
Net Unconditional Promises to Give	<u>\$ 198,550</u>	<u>\$ 181,181</u>
Amounts due in:		
Less than one year	\$ 193,742	\$ 109,066
One to five years	<u>5,000</u>	<u>75,000</u>
Total Amounts Due	<u>\$ 198,742</u>	<u>\$ 184,066</u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows.

NOTE C - INVESTMENTS

The following is a summary of costs and fair values of assets held in the Organization's investment portfolio as of June 30, 2011 and 2010:

	<u>2011</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Equities	\$ 88,073	\$ 87,705	\$ (368)
Equity index funds	1,287,027	1,399,057	112,030
Fixed income	947,637	976,668	29,031
Mutual funds	494,574	496,248	1,674
Cash and equivalents	<u>168,937</u>	<u>168,937</u>	<u>0</u>
	<u>\$2,986,248</u>	<u>\$ 3,128,615</u>	<u>\$ 142,367</u>
	<u>2010</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Equities	\$1,336,519	\$ 1,225,072	\$ (111,447)
Fixed income	795,178	817,460	22,282
Cash and equivalents	<u>559,785</u>	<u>559,785</u>	<u>0</u>
	<u>\$2,691,482</u>	<u>\$ 2,602,317</u>	<u>\$ (89,165)</u>

See accountants' report.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

NOTE D - FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with ASC 820-10, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access. These include investments that are recorded at fair value on a recurring basis and fair value measurement is based upon quoted prices, if available. Securities valued using Level 1 inputs include those traded on an active exchange and other exchange trade securities.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for subsequently the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The following table presents the Organization’s fair value hierarchy by level for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2011 and 2010.

	Fair Value Measurements at June 30, 2011 Using			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Exchange traded funds	\$ 1,399,057	\$ 1,399,057	\$ 0	\$ 0
Mutual funds	496,248	496,248	0	0
Corporate bonds	527,568	527,568	0	0
Government bonds	355,305	355,305	0	0
Other	181,500	181,500	0	0
Cash and cash equivalents	168,937	168,937	0	0
Total investments at fair vaue	3,128,615	3,128,615	0	0
Donated inventory at fair value	32,535	0	0	32,535
Beneficial interest in perpetual trust	108,019	0	0	108,019
Total assets at fair value	\$ 3,269,169	\$ 3,128,615	\$ 0	\$ 140,554

See accountants' report.

THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)

	Fair Value Measurements at June 30, 2010 Using			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Equities				
Industrials	\$ 86,404	\$ 86,404	\$ 0	\$ 0
Consumer goods	165,473	165,473	0	0
Technology	146,247	146,247	0	0
Health care	79,118	79,118	0	0
Financial	77,675	77,675	0	0
Energy and utilities	101,298	101,298	0	0
Equity index funds	568,857	568,857	0	0
	<u>1,225,072</u>	<u>1,225,072</u>	<u>0</u>	<u>0</u>
Fixed income				
Corporate	580,396	580,396	0	0
U.S. Government and Agency	237,064	237,064	0	0
	<u>817,460</u>	<u>817,460</u>	<u>0</u>	<u>0</u>
Cash and cash equivalents	<u>559,785</u>	<u>559,785</u>	<u>0</u>	<u>0</u>
Total investments at fair value	<u>2,602,317</u>	<u>2,602,317</u>	<u>0</u>	<u>0</u>
Donated inventory at fair value	43,817	0	0	43,817
Beneficial interest in perpetual trust	<u>93,509</u>	<u>0</u>	<u>0</u>	<u>93,509</u>
Total assets at fair value	<u>\$ 2,739,643</u>	<u>\$ 2,602,317</u>	<u>\$ 0</u>	<u>\$ 137,326</u>

The following table presents a reconciliation of all Level 3 assets measured at fair value for the years ended June 30, 2011 and 2010:

	2011	2010
Balance at beginning of year	\$ 137,326	\$ 107,890
Inventory donations and sales, net	(11,282)	25,215
Change in value of perpetual trust	<u>14,510</u>	<u>4,221</u>
Balance at end of year	<u>\$ 140,554</u>	<u>\$ 137,326</u>

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Fair value for the beneficial interest in a perpetual trust (level 3) is determined at the fair value of the assets in the trust which can be likened to the present value of the estimated future distributions from the trust assets. The Organization receives donated goods which are recorded at fair value (level 3) which is determined by a calculation which values donated materials using a method which estimates inventory based on factors such as net sales and inventory turnover. There have been no changes in valuation techniques and related inputs during the current fiscal year.

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THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

NOTE E - FIXED ASSETS

Fixed assets consist of the following as of June 30, 2011 and 2010:

	2011	2010
Land improvements	\$ 855,916	\$ 846,116
Building and improvements	1,737,253	1,737,253
Computer hardware	25,826	24,661
Computer software	101,093	79,093
Office equipment	91,289	66,498
Furniture and fixtures	336,357	285,393
Leasehold improvements	275,526	228,999
	<u>3,423,260</u>	<u>3,268,013</u>
Less: Accumulated depreciation	<u>(1,300,247)</u>	<u>(1,066,937)</u>
	<u>\$ 2,123,013</u>	<u>\$ 2,201,076</u>

NOTE F - PERPETUAL TRUST

The Organization is the beneficiary of a perpetual trust held by a Foundation from which trust income is received annually for the Organization's use. The assets are held by a third-party trustee. Under the terms of the trust, the Organization has the irrevocable right to receive income earned from the trust's assets in perpetuity, for the purpose of maintaining the Organization's resource center. As of June 30, 2011 and 2010, assets with a value of \$108,019 and \$93,509 were held in trust funds, and are permanently restricted net assets. The assets are recorded at fair value, which is estimated to approximate the present value of expected future distributions from the trust. The change in value of the perpetual trust is recognized as revenue/(loss) in the Statement of Activities. The funds are held by the Mt. Sinai Health Care Foundation (the Foundation) and annual distributions to the Organization are based on the annual payout rate adopted by the Foundation's Board for its restricted endowment funds, which amounted to \$10,950 and \$4,426 for the years ended June 30, 2011 and 2010, respectively.

NOTE G - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30, 2011 and 2010 are available for the following purposes or periods:

	2011	2010
Programs	\$ 102,629	\$ 65,585
Term endowment funds restricted by donors	1,014,598	927,713
Healing Garden maintenance	19,313	19,313
Subsequent years' activities	40,317	6,343
Total	<u>\$ 1,176,857</u>	<u>\$ 1,018,954</u>

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THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

NOTE G - RESTRICTIONS ON NET ASSETS (CONTINUED)

Funds with Deficiencies

From time to time, the fair market value of assets associated with individual donor restricted funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are to be reported in unrestricted net assets as of year end.

Interpretation of Relevant Law

The Organization's endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the endowment funds, (2) purposes of the institution and the endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Accordingly, the investment process seeks to grow their endowment assets for future use and to provide for annual distributions as deemed appropriate.

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THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

NOTE G - RESTRICTIONS ON NET ASSETS (CONTINUED)

Return Objectives and Risk Parameters (Continued)

Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, which is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution not to exceed 5 percent of principal, while growing the funds if possible. Fixed income securities purchased for this account must be either direct obligations of the United States Government or its agencies, or debt instruments rated AAA, AA or A (or their short-term debt equivalent) by S&P or Moody's Rating Agencies, at the time of purchase. Debt instruments that drop in rating to BBB or lower, as rated by S&P or Moody's, will be reviewed for possible sale. 5% of the assets in the portfolio should be held in cash or cash equivalents that provide liquidity in 7 days or less. These funds will be used to fund distribution requests so that assets subject to market volatility do not need to be sold at an inopportune time. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year an amount not to exceed 5 percent of principal. In establishing this policy, the Organization considered the long-term expected return on its endowment. The Organization's objective is to maintain the purchasing power of the endowment assets for a specified term as well as to provide additional real growth through new gifts and investment return. Endowment net asset composition by type of fund as of June 30, 2011 and 2010 is as follows:

	2011			Total Net
	Unrestricted	Temporarily Restricted	Permanently Restricted	Endowment Assets
Endowment funds:				
Donor-restricted	\$ 0	\$ 939,598	\$ 108,019	\$ 1,047,617
Board-designated	2,307,034	0	0	2,307,034
Undesignated	212,459	0	0	212,459
Total Funds	<u>\$ 2,519,493</u>	<u>\$ 939,598</u>	<u>\$ 108,019</u>	<u>\$ 3,567,110</u>
	2010			Total Net
	Unrestricted	Temporarily Restricted	Permanently Restricted	Endowment Assets
Endowment funds:				
Donor-restricted	\$ 0	\$ 780,598	\$ 93,509	\$ 874,107
Board-designated	2,299,176	0	0	2,299,176
Undesignated	(154,907)	0	0	(154,907)
Total Funds	<u>\$ 2,144,269</u>	<u>\$ 780,598</u>	<u>\$ 93,509</u>	<u>\$ 3,018,376</u>

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THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

NOTE G - RESTRICTIONS ON NET ASSETS (CONTINUED)

Changes in endowment net assets as of June 30, 2011 and 2010 are as follows:

	2011		
	Unrestricted		
	Undesignated	Board Designated	Total
Endowment net assets, beginning of year	\$ (154,907)	\$ 2,299,176	\$ 2,144,269
Contributions	0	7,858	7,858
Investment activity	0	105,230	105,230
Net appreciation	221,104	0	221,104
Net income on perpetual trust	0	0	0
Amounts appropriated for expenditure	146,262	(105,230)	41,032
Endowment net assets, end of year	<u>\$ 212,459</u>	<u>\$ 2,307,034</u>	<u>\$ 2,519,493</u>

	2011		
	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
	Endowment net assets, beginning of year	\$ 780,598	\$ 93,509
Contributions	159,000	0	166,858
Investment activity	41,032	0	146,262
Net appreciation	0	0	221,104
Net income on perpetual trust	0	14,510	14,510
Amounts appropriated for expenditure	(41,032)	0	0
Endowment net assets, end of year	<u>\$ 939,598</u>	<u>\$ 108,019</u>	<u>\$ 3,567,110</u>

	2010		
	Unrestricted		
	Undesignated	Board Designated	Total
Endowment net assets, beginning of year	\$ (260,633)	\$ 2,100,000	\$ 1,839,367
Contributions	0	199,176	199,176
Investment activity	0	(56,019)	(56,019)
Net depreciation	180,099	0	180,099
Net loss on perpetual trust	0	0	0
Amounts appropriated for expenditure	(74,373)	56,019	(18,354)
Endowment net assets, end of year	<u>\$ (154,907)</u>	<u>\$ 2,299,176</u>	<u>\$ 2,144,269</u>

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THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

NOTE G - RESTRICTIONS ON NET ASSETS (CONTINUED)

	2010		Total Net Endowment Assets
	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 611,598	\$ 89,288	2,540,253
Contributions	169,000	0	368,176
Investment activity	(18,354)	0	(74,373)
Net depreciation	0	0	180,099
Net loss on perpetual trust	0	4,221	4,221
Amounts appropriated for expenditure	18,354	0	0
Endowment net assets, end of year	\$ 780,598	\$ 93,509	\$ 3,018,376

NOTE H - DONATED GOODS AND SERVICES

The value of donated goods and services included in the financial statements for the years ended June 30, 2011 and 2010, are as follows:

	2011	2010
Inventory contributed for sale at <i>TGP Collection</i> and <i>The Gathering Place Warehouse</i>	\$ 171,882	\$ 154,556
Leasehold improvements for wellness center	30,000	0
Annual report design, consultation management, and professional services	3,390	12,947
Total	\$ 205,272	\$ 167,503

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, development, and administration. During the years ended June 30, 2011 and 2010, volunteers donated in excess of 15,000 and 13,000 hours of service, respectively, to the Organization at a value of approximately \$299,000 and \$258,000, respectively. These services do not meet the criteria for recognition under ASC 958-605.

NOTE I - INCOME TAXES

The Organization qualifies as a charitable organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from income taxes. The Organization has not been classified as a private foundation within the meaning of Section 509(a) and does qualify for deductible contributions as provided in Section 170(b)(1)(A)(vi).

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THE GATHERING PLACE
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

NOTE I - INCOME TAXES (CONTINUED)

As of July 1, 2009 and for the years ended June 30, 2011 and 2010, the Organization had not engaged in any activity which management considers to be activity that could result in a loss of its 501(c)(3) IRS designation.

As well, management does not consider any of the activity of the Organization to be considered unrelated business income that could result in income tax. For the years ended June 30, 2011 and 2010, there was no tax interest or penalties reflected in the statement of activities or in the statement of financial position. The Organization is no longer subject to U.S. federal, state, and local income tax examinations by taxing authorities for years before 2007.

NOTE J - OPERATING LEASES

The Organization leases office equipment, its wellness center facility, its west side facility and its warehouse. The consignment shop was leased on a month-to-month basis and was closed effective July 2010.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2011:

2012	\$ 80,448
2013	79,548
2014	73,452
2015	15,000
2016	<u>7,500</u>
Total Minimum Payments	<u>\$ 255,948</u>

Total rental expense amounted to \$74,397 and \$64,655 for the years ended June 30, 2011 and 2010, respectively.

NOTE K - RETIREMENT PLAN

The Organization has a qualified contributory retirement plan under Section 403(b) of the Internal Revenue Code. Employees are eligible for participation in the plan immediately upon employment with the Organization. An employer matching contribution is being made by the Organization, limited to 50% of each participant's elected deferral for the plan year up to 6% of the participant's eligible compensation, not to exceed 3% of the participant's eligible compensation. Total matching plan contributions by the Organization totaled \$26,302 and \$21,443 for the years ended June 30, 2011 and 2010, respectively.

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THE GATHERING PLACE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

NOTE L - SPLIT INTEREST AGREEMENT

During fiscal 2008, a donor established a charitable gift annuity with the Organization in the amount of \$20,000. At June 30, 2011 and 2010 this gift annuity consists of investment securities valued at a fair value of \$15,398 and \$14,792, respectively. Under the terms of the gift annuity, the Organization is required to pay to the donor an annual sum of \$1,980 in equal quarterly installments of \$495. Based on the donor's life expectancy and a discount rate of 5.5 percent, the present value of the future benefit payments to the donor at June 30, 2011 and 2010 is \$10,054 and \$10,405, respectively.

NOTE M - SUBSEQUENT EVENTS

Subsequent events applicable to the year ended June 30, 2011 have been evaluated through October 5, 2011, the date the financial statements were available to be issued.

See accountants' report.