

GILDA'S CLUB NASHVILLE
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2007 AND 2006

GILDA'S CLUB NASHVILLE
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2007 AND 2006

TABLE OF CONTENTS

	<u>PAGE</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1
 <u>FINANCIAL STATEMENTS</u>	
Statements of Financial Position.....	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5
Notes to Financial Statements.....	6 - 13



INDEPENDENT AUDITORS' REPORT

Board of Directors
Gilda's Club Nashville
Nashville, Tennessee

We have audited the accompanying statement of financial position of Gilda's Club Nashville (the "Agency") as of December 31, 2007, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Gilda's Club Nashville as of and for the year ended December 31, 2006, were audited by other auditors whose report dated June 5, 2007, expressed an unqualified opinion on those statements.

We conducted our audit of the 2007 financial statements 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 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 audit provides a reasonable basis for our opinion.

In our opinion, the 2007 financial statements referred to above present fairly, in all material respects, the financial position of Gilda's Club Nashville as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

KraftCPAs PLLC

Nashville, Tennessee
September 26, 2008

GILDA'S CLUB NASHVILLE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 593,765	\$ 1,184,604
Prepaid expenses	8,130	4,740
Property and equipment, net - Note 3	2,684,965	2,657,629
Assets restricted for capital campaign:		
Cash and cash equivalents	250,831	-
Contributions receivable, net - Note 2	571,878	1,420,780
Purchased membership rights, net - Note 10	<u>194,250</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 4,303,819</u>	 <u>\$ 5,267,753</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 35,492	\$ 120,774
Obligation under line of credit - Note 4	-	800,000
Note payable - Note 5	<u>-</u>	<u>389,900</u>
 TOTAL LIABILITIES	 <u>35,492</u>	 <u>1,310,674</u>
 LEASES - Note 6		
 NET ASSETS		
Unrestricted		
Board designated - long-term stability fund	219,926	210,173
Board designated - property and equipment, less related debt	2,684,965	1,467,729
Undesignated	<u>526,425</u>	<u>1,386,686</u>
Total unrestricted	3,431,316	3,064,588
 Temporarily restricted - Note 7	 <u>837,011</u>	 <u>892,491</u>
 TOTAL NET ASSETS	 <u>4,268,327</u>	 <u>3,957,079</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 4,303,819</u>	 <u>\$ 5,267,753</u>

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

GILDA'S CLUB NASHVILLE

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007		
	Unrestricted	Temporarily Restricted	Totals
SUPPORT AND REVENUE			
Public support:			
Individuals and corporate gifts and grants	\$ 328,922	\$ 255,232	\$ 584,154
Special events	418,970	-	418,970
Less: direct benefits to donors	(24,840)	-	(24,840)
Annual campaign	23,008	-	23,008
Capital campaign	-	61,246	61,246
Interest income	22,970	-	22,970
Net assets released in satisfaction of purpose restrictions	<u>371,958</u>	<u>(371,958)</u>	<u>-</u>
 TOTAL SUPPORT AND REVENUE	 <u>1,140,988</u>	 <u>(55,480)</u>	 <u>1,085,508</u>
 EXPENSES			
Program services	530,021	-	530,021
Supporting services:			
Management and general	60,946	-	60,946
Fundraising:			
Operations	112,455	-	112,455
Capital campaign	<u>70,838</u>	<u>-</u>	<u>70,838</u>
 TOTAL EXPENSES	 <u>774,260</u>	 <u>-</u>	 <u>774,260</u>
 CHANGE IN NET ASSETS	 366,728	 (55,480)	 311,248
 NET ASSETS - BEGINNING OF YEAR	 <u>3,064,588</u>	 <u>892,491</u>	 <u>3,957,079</u>
 NET ASSETS - END OF YEAR	 <u>\$ 3,431,316</u>	 <u>\$ 837,011</u>	 <u>\$ 4,268,327</u>

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

2006		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
\$ 264,473	\$ 18,000	\$ 282,473
174,951	-	174,951
(13,976)	-	(13,976)
38,237	-	38,237
-	1,872,906	1,872,906
18,782	-	18,782
<u>2,776,606</u>	<u>(2,776,606)</u>	<u>-</u>
<u>3,259,073</u>	<u>(885,700)</u>	<u>2,373,373</u>
338,348	-	338,348
48,527	-	48,527
62,747	-	62,747
<u>156,625</u>	<u>-</u>	<u>156,625</u>
<u>606,247</u>	<u>-</u>	<u>606,247</u>
2,652,826	(885,700)	1,767,126
<u>411,762</u>	<u>1,778,191</u>	<u>2,189,953</u>
<u>\$ 3,064,588</u>	<u>\$ 892,491</u>	<u>\$ 3,957,079</u>

GILDA'S CLUB NASHVILLE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 311,248	\$ 1,767,126
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	87,106	1,895
Non-cash contribution of building renovation costs and equipment	(8,259)	(373,650)
Restricted contributions for capital campaign	(61,246)	(1,499,256)
(Increase) decrease in:		
Prepaid expenses	(3,390)	10,010
Increase (decrease) in:		
Accounts payable and accrued expenses	10,140	15,898
TOTAL ADJUSTMENTS	<u>24,351</u>	<u>(1,845,103)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>335,599</u>	<u>(77,977)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(90,433)	(2,187,132)
Purchase of membership rights - Note 10	(210,000)	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(300,433)</u>	<u>(2,187,132)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital campaign contributions collected	910,148	1,662,042
Payment of prior year accounts payable for construction in progress	(95,422)	-
Net borrowings (payments) on line of credit	(800,000)	800,000
Proceeds from long-term borrowings	-	1,140,000
Principal payments on long-term borrowings	(389,900)	(750,100)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(375,174)</u>	<u>2,851,942</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(340,008)</u>	<u>586,833</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,184,604</u>	<u>597,771</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 844,596</u>	<u>\$ 1,184,604</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Noncash Investing and Financing Activities:		
Accounts payable for construction in progress	\$ -	\$ 95,422
Additional Cash Flow Information:		
Cash paid during the year for interest (including amount capitalized in 2006)	<u>\$ 30,168</u>	<u>\$ 58,337</u>

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

GILDA'S CLUB NASHVILLE

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007				
	SUPPORTING SERVICES				TOTALS
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING OPERATIONS	CAPITAL CAMPAIGN	
Salaries	\$ 198,421	\$ 35,975	\$ 34,337	\$ 34,386	\$ 303,119
Payroll taxes and benefits	38,356	3,828	3,880	5,894	51,958
Contract labor	15,583	328	328	-	16,239
TOTAL SALARIES AND RELATED EXPENSES	252,360	40,131	38,545	40,280	371,316
Annual campaign expense	-	-	2,932	-	2,932
Bank charges	-	335	-	-	335
Business taxes and licenses	2,067	1,702	1,681	-	5,450
Credit card fees	-	5,228	-	-	5,228
Dining expense	-	-	-	-	-
Dues and memberships	1,811	64	235	-	2,110
Equipment lease	645	36	36	-	717
Food and beverage	585	206	11	-	802
Gifts and promotions	631	-	-	-	631
Gildagram newsletter expenses	10,254	-	2,004	-	12,258
Insurance	12,534	575	575	-	13,684
Interest	30,168	-	-	-	30,168
Management information assistance	109	-	-	-	109
Meetings and workshops	12,325	109	-	-	12,434
Moving, storage and miscellaneous	7,310	-	-	5,675	12,985
Outreach	7,414	254	-	-	7,668
Postage	6,676	683	262	-	7,621
Printing	9,053	104	104	-	9,261
Professional fees and services	8,131	4,765	198	4,566	17,660
Rent	-	-	-	-	-
Repairs and maintenance	2,687	119	119	-	2,925
Seminars and conferences	4,749	251	251	-	5,251
Supplies	43,247	302	211	4,228	47,988
Property taxes	18,612	-	-	-	18,612
Telephone	4,298	239	239	-	4,776
Travel	95	18	5	-	118
Utilities	16,341	908	908	-	18,157
Special events expense	8,234	562	75,913	16,089	100,798
Expenses related to proposed new clubhouse - rent - Note 6	-	-	-	-	-
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	460,336	56,591	124,229	70,838	711,994
Depreciation and amortization	69,685	4,355	13,066	-	87,106
TOTAL EXPENSES	530,021	60,946	137,295	70,838	799,100
Less expenses netted against revenues on the statement of activities - direct benefits to donors	-	-	(24,840)	-	(24,840)
TOTAL EXPENSES REPORTED UNDER PROGRAM AND SUPPORTING SERVICES	\$ 530,021	\$ 60,946	\$ 112,455	\$ 70,838	\$ 774,260

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

2006

PROGRAM SERVICES	SUPPORTING SERVICES				TOTALS
	MANAGEMENT	FUNDRAISING			
	AND GENERAL	OPERATIONS	CAPITAL CAMPAIGN		
\$ 137,668	\$ 28,805	\$ 24,178	\$ 71,746	\$ 262,397	
28,396	3,768	3,950	13,590	49,704	
<u>10,773</u>	<u>60</u>	<u>73</u>	<u>-</u>	<u>10,906</u>	
176,837	32,633	28,201	85,336	323,007	
-	-	3,611	-	3,611	
-	490	-	-	490	
3,617	837	1,016	-	5,470	
-	2,681	-	-	2,681	
21	21	-	-	42	
556	21	21	-	598	
572	32	32	-	636	
2,217	294	2	-	2,513	
-	134	-	-	134	
7,425	8	817	-	8,250	
10,419	573	474	2,030	13,496	
-	-	-	-	-	
247	14	14	-	275	
601	-	-	-	601	
-	-	-	4,798	4,798	
4,218	-	-	-	4,218	
4,710	252	243	-	5,205	
6,355	121	359	-	6,835	
2,922	6,692	2,919	-	12,533	
61,327	2,658	2,658	-	66,643	
1,411	37	37	-	1,485	
3,473	159	211	-	3,843	
4,528	208	59	60,580	65,375	
-	-	-	-	-	
4,841	269	269	1,316	6,695	
71	58	-	-	129	
4,314	240	240	2,565	7,359	
-	-	35,256	-	35,256	
<u>36,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,150</u>	
336,832	48,432	76,439	156,625	618,328	
<u>1,516</u>	<u>95</u>	<u>284</u>	<u>-</u>	<u>1,895</u>	
338,348	48,527	76,723	156,625	620,223	
<u>-</u>	<u>-</u>	<u>(13,976)</u>	<u>-</u>	<u>(13,976)</u>	
\$ 338,348	\$ 48,527	\$ 62,747	\$ 156,625	\$ 606,247	

GILDA'S CLUB NASHVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Gilda's Club Nashville (the "Agency") was organized in 1995 as a Tennessee not-for-profit corporation. The Agency provides a unique environment, free of charge, where people living with cancer, their families and friends, can join together with others in building social and emotional support as a supplement to regular medical care.

Basis of presentation

The financial statements of the Agency have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Resources are classified as unrestricted, temporarily restricted or permanently restricted net assets, based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* are free of donor-imposed restrictions. All revenues, gains and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction.
- *Temporarily restricted net assets* are limited as to use by donor-imposed restrictions that expire with the passage of time or that can be satisfied by use for the specific purpose.
- *Permanently restricted net assets* are amounts required by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations. The Agency had no permanently restricted net assets as of December 31, 2007 or 2006.

Contributions and support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the Statement of Activities as net assets released from restrictions.

GILDA'S CLUB NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and support (continued)

Non-cash gifts of equipment or materials are reported at fair value as unrestricted support, unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Cash and cash equivalents

Cash and cash equivalents consist principally of checking account balances, money market funds and other highly liquid instruments with original maturities of 90 days or less. For purposes of the Statement of Cash Flows, balances restricted for the capital campaign are combined with operating accounts.

Contributions receivable

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on these amounts is computed using a risk-free interest rate applicable to the year in which the promise is received (4.45% and 4.88% in 2007 and 2006, respectively). Amortization of the discount is recognized on the interest method over the term of the gift and included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

An allowance for uncollectible contributions receivable has not been provided since, in management's opinion, the receivables are fully collectible.

Property and equipment and depreciation

Property and equipment are reported at cost at the date of purchase or at estimated fair value at the date of gift to the Agency. The Agency's policy is to capitalize purchases with a cost of \$1,000 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives ranging from 5 to 7 years for furniture and equipment, and 50 years for building and improvements.

During 2006, the Agency purchased and renovated a new clubhouse facility. All costs associated with this project, including approximately \$58,000 of interest incurred during the construction period, were capitalized as construction in progress. The clubhouse was placed in service on January 1, 2007.

GILDA'S CLUB NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Membership rights

Purchased membership rights have been capitalized at acquisition cost and are being amortized by the straight-line method over the life of the agreement, which is ten years. Amortization expense is included in depreciation and amortization in the Statement of Functional Expenses.

Income taxes

The Agency qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided.

Accrued employee leave

Compensated absences expense is accrued for vacation days earned by employees that will be paid in the future. Eligible employees earn vacation days based on length of service and anniversary date. Unused vacation days cannot be carried over.

Donated goods and services

Donated goods are recorded as gifts in the period received at fair value, if there is an objective and measurable basis for determining such value.

Donated services are recognized if they create or enhance non-financial assets or the donated service requires specialized skills, was performed by the donor who possesses such skills, and would have been purchased by the Agency if not provided by the donor. Such services are recognized at fair value as support and expense in the period the services are performed.

Donated goods and services recognized amounted to approximately \$79,000 in 2007 (\$400,000 in 2006).

In addition, during 2007 and 2006, a substantial number of unpaid volunteers contributed approximately 3,000 and 5,000 hours, respectively, of their time to the Agency's program and supporting services. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Use of estimates in the preparation of financial statements

The 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GILDA'S CLUB NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and supporting services

The following program and supporting services classifications are included in the accompanying financial statements:

Program services - consist of activities relating to support and networking groups, lectures, workshops and social events in a nonresidential home-like setting (clubhouse facility), provided free of charge to adults and children living with cancer, and to their families and friends.

Management and general - relates to the overall direction of the organization. These expenses are not identifiable with a particular program or with fundraising, but are indispensable to the conduct of those activities and are essential to the organization. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing, and other administrative activities.

Fundraising - includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitations and creation and distribution of fundraising materials. Fundraising expenses related to the capital campaign are reported separately.

Capital campaign - includes costs of solicitations for the capital campaign specifically related to the acquisition and renovation of the clubhouse, funding the first year's operating expenses and certain other costs related to the new facility, and establishment of an endowment fund.

Allocation of functional expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

GILDA'S CLUB NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2007 AND 2006

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at December 31:

	<u>2007</u>	<u>2006</u>
Temporarily restricted:		
Less than one year	\$ 301,700	\$ 485,300
One to five years	<u>314,200</u>	<u>1,012,900</u>
	615,900	1,498,200
Less discount to net present value	<u>(44,022)</u>	<u>(77,420)</u>
Total	<u>\$ 571,878</u>	<u>\$ 1,420,780</u>

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2007</u>	<u>2006</u>
Construction in progress - clubhouse facility	\$ -	2,605,214
Building and improvements	2,646,032	-
Furniture and equipment	<u>132,970</u>	<u>75,096</u>
	2,779,002	2,680,310
Less accumulated depreciation	<u>94,037</u>	<u>22,681</u>
	<u>\$ 2,684,965</u>	<u>\$ 2,657,629</u>

GILDA'S CLUB NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2007 AND 2006

NOTE 4 - LINE OF CREDIT

The Agency had a \$650,000 revolving credit loan facility with Nashville Bank & Trust Company at December 31, 2007 (\$800,000 at December 31, 2006). The line bore interest at the published 30-day LIBOR rate, plus 2.5%. The line matured on April 18, 2008 and was not renewed. There were no amounts outstanding on the line at December 31, 2007 (\$800,000 at December 31, 2006).

NOTE 5 - NOTE PAYABLE

During 2007, the Agency repaid a mortgage note payable with a balance of \$389,000. The note required monthly interest payments at the rate of LIBOR plus 2.5%.

NOTE 6 - LEASES

The Agency previously leased its clubhouse facility under an operating lease that required monthly rental payments and provided for two one-year renewal options. In August 2005, the Agency exercised a one-year renewal option requiring monthly rental payments of \$6,349 through July 2006. Beginning August 2006, the Agency had a month-to-month lease through September 2006, at which time it moved to donated temporary quarters until the new facility was completed in January 2007. Total rent expense incurred under the lease amounted to \$66,643 in 2006 (\$0 in 2007).

Donated rental space for October through December 2006 was \$13,500, which was recognized as support and expense in 2006.

In March 2006, the Agency purchased the property for its new clubhouse facility from a related limited liability company owned by one current Board member, one prior Board member and an unrelated party. The Agency paid \$36,150 rent on this property prior to the acquisition in 2006. Such costs were reported as program services in the Statement of Functional Expenses. The Agency's acquisition price for the property was \$1,236,000, which was the same price paid for the property by the related party in February 2005.

GILDA'S CLUB NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2007 AND 2006

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31:

	<u>2007</u>	<u>2006</u>
Next year's operations	\$ 14,302	\$ 4,500
Contributions restricted for capital campaign	<u>822,709</u>	<u>887,991</u>
	<u>\$ 837,011</u>	<u>\$ 892,491</u>

NOTE 8 - CONCENTRATIONS OF CREDIT RISK AND RELATED PARTY TRANSACTIONS

The Agency maintains cash balances and money market accounts at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation or the Security Investors Protection Corporation. Uninsured cash and money market accounts approximated \$250,000 at December 31, 2007.

Contributions receivable consist of individual and corporate contribution pledges. At December 31, 2007 and 2006, contributions from one donor amounted to 21% and 13%, respectively, of total support and revenues. Contributions receivable from three donors (two donors in 2006) amounted to \$325,000 (53%) and \$800,000 (53%) of total contributions receivable (before the present value discount) at December 31, 2007 and 2006, respectively.

Contributions receivable from Board members and related parties amounted to \$151,500 and \$172,000, as of December 31, 2007 and 2006, respectively.

NOTE 9 - ENDOWMENT FUND IN TRUST

The Agency is the named beneficiary of an endowment fund held in trust by the Community Foundation of Middle Tennessee. The endowment fund was created by numerous individual contributors and continues to receive annual donations from individuals. Earnings on this fund are for general operations and programs of the Agency. The Community Foundation has the ultimate authority and control over this fund and the income derived therefrom; therefore, the fund is excluded from the assets of the Agency. The balance of the fund was \$14,274 at December 31, 2007 (\$12,774 in 2006).

GILDA'S CLUB NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2007 AND 2006

NOTE 10 - MEMBERSHIP RIGHTS

During 2007, the Agency entered into a 10-year membership agreement with the Golf Club of Tennessee (the "Club") and paid \$210,000 for membership rights. The Agency received a restricted contribution to finance the membership, which allows for 10 years of annual fundraising golf tournaments at the Club and the right to limited use of the Club's facilities for the cultivation and solicitation of donors. The Agency has no equity or ownership or any other property interest in the Club. The Agency is amortizing the cost of the membership rights over the term of the agreement. For the year ended December 31, 2007, the Agency reported amortization expense of \$15,750.