

GILDA'S CLUB NASHVILLE
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2009 AND 2008

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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 statements of financial position of Gilda's Club Nashville (the "Agency") as of December 31, 2009 and 2008, and the related statements of activities, cash flows and functional expenses for the years 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 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 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 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 Gilda's Club Nashville as of December 31, 2009 and 2008, 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.

Nashville, Tennessee
July 26, 2010

GILDA'S CLUB NASHVILLE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u> (Restated - Note 8)
ASSETS		
Cash and cash equivalents	\$ 812,724	\$ 677,122
Account receivable - grants	12,500	12,110
Prepaid expenses	10,296	9,591
Property and equipment, net - Note 3	2,544,307	2,613,020
Assets restricted for capital campaign:		
Cash and cash equivalents	430,942	473,136
Contributions receivable, net - Note 2	218,692	299,826
Purchased membership rights, net - Note 7	<u>152,250</u>	<u>173,250</u>
 TOTAL ASSETS	 <u>\$ 4,181,711</u>	 <u>\$ 4,258,055</u>
 LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 19,208</u>	<u>\$ 18,243</u>
 NET ASSETS		
Unrestricted:		
Board designated - long-term stability fund	229,107	222,927
Board designated - property and equipment	2,544,307	2,613,020
Undesignated	<u>709,569</u>	<u>597,523</u>
 Total unrestricted	 3,482,983	 3,433,470
 Temporarily restricted - Note 5	 <u>679,520</u>	 <u>806,342</u>
 TOTAL NET ASSETS	 <u>4,162,503</u>	 <u>4,239,812</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 4,181,711</u>	 <u>\$ 4,258,055</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, 2009 AND 2008

	2009		
	Unrestricted	Temporarily Restricted	Totals
SUPPORT AND REVENUE			
Public support:			
Individuals and corporate gifts and grants	\$ 211,866	\$ 64,695	\$ 276,561
Special events	343,047	-	343,047
Less: direct benefits to donors	(49,614)	-	(49,614)
Annual campaign	68,516	-	68,516
Capital campaign	-	36,132	36,132
Interest income	11,694	-	11,694
Net assets released in satisfaction of purpose restrictions	<u>227,649</u>	<u>(227,649)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>813,158</u>	<u>(126,822)</u>	<u>686,336</u>
EXPENSES			
Program services	609,808	-	609,808
Supporting services:			
Management and general	72,169	-	72,169
Fundraising:			
Operations	73,060	-	73,060
Capital campaign	<u>8,608</u>	<u>-</u>	<u>8,608</u>
TOTAL EXPENSES	<u>763,645</u>	<u>-</u>	<u>763,645</u>
CHANGE IN NET ASSETS	49,513	(126,822)	(77,309)
NET ASSETS - BEGINNING OF YEAR, as restated - Note 8	<u>3,433,470</u>	<u>806,342</u>	<u>4,239,812</u>
NET ASSETS - END OF YEAR	<u>\$ 3,482,983</u>	<u>\$ 679,520</u>	<u>\$ 4,162,503</u>

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

2008 (Restated - Note 8)

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
\$ 226,762	\$ 94,824	\$ 321,586
410,799	-	410,799
(86,107)	-	(86,107)
80,484	-	80,484
-	8,610	8,610
19,197	-	19,197
<u>104,103</u>	<u>(104,103)</u>	<u>-</u>
<u>755,238</u>	<u>(669)</u>	<u>754,569</u>
572,363	-	572,363
80,361	-	80,361
83,217	-	83,217
<u>17,143</u>	<u>-</u>	<u>17,143</u>
<u>753,084</u>	<u>-</u>	<u>753,084</u>
2,154	(669)	1,485
<u>3,431,316</u>	<u>807,011</u>	<u>4,238,327</u>
<u>\$ 3,433,470</u>	<u>\$ 806,342</u>	<u>\$ 4,239,812</u>

GILDA'S CLUB NASHVILLE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (77,309)	\$ 1,485
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	89,713	96,921
Restricted contributions for capital campaign	(36,132)	(8,610)
(Increase) decrease in:		
Accounts receivable - grants	(390)	(12,110)
Prepaid expenses	(705)	(1,461)
Increase (decrease) in:		
Accounts payable and accrued expenses	965	(17,249)
TOTAL ADJUSTMENTS	<u>53,451</u>	<u>57,491</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(23,858)</u>	<u>58,976</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(3,976)
Increase (decrease) in cash restricted for capital campaign	<u>42,194</u>	<u>(222,305)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>42,194</u>	<u>(226,281)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital campaign contributions collected	<u>117,266</u>	<u>250,662</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>117,266</u>	<u>250,662</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	135,602	83,357
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>677,122</u>	<u>593,765</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 812,724</u>	<u>\$ 677,122</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, 2009 AND 2008

2009					
	SUPPORTING SERVICES				
		MANAGEMENT	FUNDRAISING		
		AND		CAPITAL	
PROGRAM SERVICES		GENERAL	OPERATIONS	CAMPAIGN	TOTALS
Salaries	\$ 303,108	\$ 47,818	\$ 36,335	\$ -	\$ 387,261
Payroll taxes and benefits	67,295	10,936	8,106	-	86,337
Contract labor	28,915	154	103	-	29,172
TOTAL SALARIES AND RELATED EXPENSES	399,318	58,908	44,544	-	502,770
Annual campaign expense	-	-	2,923	-	2,923
Bank charges	-	477	-	-	477
Business taxes and licenses	5,130	21	-	-	5,151
Credit card fees	-	4,812	-	-	4,812
Dues and memberships	824	15	10	-	849
Equipment lease	690	22	15	-	727
Food and beverage	44	155	-	-	199
Gifts and promotions	7	240	5	-	252
Gildagram newsletter expenses	11,105	-	1,234	-	12,339
Insurance	19,822	540	360	-	20,722
Management information assistance	2,614	496	55	-	3,165
Meetings and workshops	13,723	-	-	-	13,723
Moving, storage and miscellaneous	-	-	-	-	-
Outreach	6,505	-	-	-	6,505
Postage	4,836	69	46	-	4,951
Printing	6,730	62	78	-	6,870
Professional fees and services	16,663	526	351	-	17,540
Rent	3,572	113	75	-	3,760
Repairs and maintenance	9,566	169	113	-	9,848
Seminars and conferences	3,526	-	-	-	3,526
Special events expense	5,851	117	58,909	8,608	73,485
Supplies	3,463	90	10	-	3,563
Telephone	4,512	117	78	-	4,707
Travel	-	117	-	-	117
Utilities	19,537	617	411	-	20,565
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	538,038	67,683	109,217	8,608	723,546
Depreciation and amortization	71,770	4,486	13,457	-	89,713
TOTAL EXPENSES	609,808	72,169	122,674	8,608	813,259
Less expenses netted against revenues on the statement of activities - direct benefits to donors	-	-	(49,614)	-	(49,614)
TOTAL EXPENSES REPORTED UNDER PROGRAM AND SUPPORTING SERVICES	\$ 609,808	\$ 72,169	\$ 73,060	\$ 8,608	\$ 763,645

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

2008

PROGRAM SERVICES	SUPPORTING SERVICES				TOTALS
	MANAGEMENT	FUNDRAISING			
	AND GENERAL	OPERATIONS	CAPITAL CAMPAIGN		
\$ 264,088	\$ 52,349	\$ 48,088	\$ -	\$ 364,525	
57,623	6,166	5,912	-	69,701	
<u>25,960</u>	<u>148</u>	<u>168</u>	<u>-</u>	<u>26,276</u>	
347,671	58,663	54,168	-	460,502	
-	-	2,944	-	2,944	
-	38	-	-	38	
5,485	29	6	-	5,520	
-	6,568	-	-	6,568	
613	24	24	-	661	
537	30	30	-	597	
517	589	42	-	1,148	
2,183	618	32	-	2,833	
10,095	-	1,769	-	11,864	
15,835	731	725	-	17,291	
4,461	240	197	-	4,898	
13,418	-	-	-	13,418	
-	-	-	915	915	
11,650	113	-	-	11,763	
8,376	91	92	-	8,559	
9,527	100	89	-	9,716	
12,414	2,975	2,871	-	18,260	
-	-	-	-	-	
7,189	165	116	-	7,470	
6,562	276	249	-	7,087	
8,580	3,164	90,884	11,374	114,002	
3,828	298	30	4,854	9,010	
4,253	124	66	-	4,443	
145	-	-	-	145	
<u>21,487</u>	<u>679</u>	<u>452</u>	<u>-</u>	<u>22,618</u>	
494,826	75,515	154,786	17,143	742,270	
<u>77,537</u>	<u>4,846</u>	<u>14,538</u>	<u>-</u>	<u>96,921</u>	
572,363	80,361	169,324	17,143	839,191	
<u>-</u>	<u>-</u>	<u>(86,107)</u>	<u>-</u>	<u>(86,107)</u>	
\$ 572,363	\$ 80,361	\$ 83,217	\$ 17,143	\$ 753,084	

GILDA'S CLUB NASHVILLE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

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 accompanying financial statements present the financial position and changes in net assets of the Agency on the accrual basis of accounting in conformity 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, 2009 or 2008.

Accounting Standards Codification

In June 2009, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a Replacement of FASB Statement No. 162*. This statement modifies the Generally Accepted Accounting Principles ("GAAP") hierarchy by establishing only two levels of GAAP, authoritative and nonauthoritative accounting literature. Effective July 2009, the FASB Accounting Standards Codification (the "Codification") is considered the single source of authoritative U.S. accounting and reporting standards, except for additional authoritative rules and interpretive releases issued by the Securities and Exchange Commission. Nonauthoritative guidance and literature include, among other things, FASB Concepts Statements, American Institute of Certified Public Accountants Issues Papers and Technical Practice Aids, and accounting textbooks. The Codification was developed to organize GAAP pronouncements by topic so that users can more easily access authoritative accounting guidance.

GILDA'S CLUB NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 and money market funds. Cash equivalents also include bank certificates of deposit held in an investment brokerage account that can be liquidated without significant penalty or restriction (including accrued interest). Such certificates of deposit amounted to approximately \$140,000 as of December 31, 2009.

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 (0% in 2009; 4.45% in 2008). 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 balance is fully collectible.

GILDA'S CLUB NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

On January 1, 2009, the Agency adopted new guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions. Income tax positions must meet a more-likely-than-not recognition threshold to be recognized. The adoption of this guidance did not have a material effect on the Agency's financial position and change in net assets.

As of December 31, 2009 and 2008, the Agency did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended.

The Agency files a U.S. Federal Form 990 for organizations exempt from income tax. Tax returns for years prior to fiscal year 2006 are closed.

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.

GILDA'S CLUB NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$40,200 in 2009 (\$57,700 in 2008).

In addition, during 2009 and 2008, a substantial number of unpaid volunteers contributed approximately 2,700 and 2,500 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.

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.

Supporting services:

Management and general - relates to the overall direction of the agency. 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 agency. Specific activities include agency 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.

GILDA'S CLUB NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP 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.

Reclassifications

Certain reclassifications have been made to prior year amounts to be comparative with the current year presentation.

Events Occurring After Reporting Date

The Agency has evaluated events and transactions that occurred between December 31, 2009 and July 26, 2010, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

GILDA'S CLUB NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009 AND 2008

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at December 31:

	<u>2009</u>	<u>2008</u>
		(Restated - Note 8)
Temporarily restricted:		
Less than one year	\$ 208,692	\$ 235,958
One to five years	<u>10,000</u>	<u>100,000</u>
	218,692	335,958
Less discount to net present value	<u>-</u>	<u>(36,132)</u>
Total	<u>\$ 218,692</u>	<u>\$ 299,826</u>

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2009</u>	<u>2008</u>
Land	\$ 350,000	\$ 350,000
Building and improvements	2,296,032	2,296,032
Furniture and equipment	<u>136,946</u>	<u>136,946</u>
	2,782,978	2,782,978
Less accumulated depreciation	<u>238,671</u>	<u>169,958</u>
	<u>\$ 2,544,307</u>	<u>\$ 2,613,020</u>

NOTE 4 - 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 \$12,325 at December 31, 2009 (\$10,266 in 2008).

GILDA'S CLUB NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009 AND 2008

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2009</u>	<u>2008</u>
		(Restated - Note 8)
Next year's operations	\$ 8,674	\$ 7,998
Contributions for children's programs	21,212	25,382
Contributions restricted for capital campaign	<u>649,634</u>	<u>772,962</u>
	<u>\$ 679,520</u>	<u>\$ 806,342</u>

NOTE 6 - CONCENTRATIONS OF CREDIT RISK AND RELATED PARTY TRANSACTIONS

The Agency maintains cash at various financial institutions which, at times, may exceed Federal Deposit Insurance Corporation (FDIC) insurance limits. The Emergency Economic Stabilization Act of 2008 temporarily increased FDIC coverage from \$100,000 per depositor to \$250,000 per depositor, effective October 3, 2008 through December 31, 2009. On May 20, 2009, the Helping Families Save Their Homes Act extended the temporary increase in FDIC coverage through December 31, 2013. The balances per bank at December 31, 2009 and 2008 exceeded the FDIC limit by approximately \$140,000 and \$134,000, respectively.

Contributions receivable consist of individual and corporate contribution pledges. No donor contributions exceeded 10% of total support and revenues in 2009 or 2008. Contributions receivable from four donors (five donors in 2008) amounted to \$182,000 (83%) and \$313,000 (93%) of total contributions receivable (before the present value discount) at December 31, 2009 and 2008, respectively.

Contributions receivable from Board members and related parties amounted to \$70,025 and \$90,525, as of December 31, 2009 and 2008, respectively.

NOTE 7 - 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 years ended December 31, 2009 and 2008, the Agency reported amortization expense of \$21,000.

GILDA'S CLUB NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009 AND 2008

NOTE 8 - PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been made to the Agency's restricted net assets as of December 31, 2008 and January 1, 2008, to properly report pledges receivable. A schedule summarizing this change follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net assets - January 1, 2008, as previously reported	\$ 3,431,316	\$ 837,011	\$ 4,268,327
To properly report pledges receivable	<u>-</u>	<u>(30,000)</u>	<u>(30,000)</u>
Net assets - January 1, 2008, as restated	3,431,316	807,011	4,238,327
Change in net assets	<u>2,154</u>	<u>(669)</u>	<u>1,485</u>
Net assets - December 31, 2008, as restated	<u>\$ 3,433,470</u>	<u>\$ 806,342</u>	<u>\$ 4,239,812</u>

The adjustment had no effect on the change in net assets for the year ended December 31, 2008.