

**GILDA'S CLUB NASHVILLE  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Gilda's Club Nashville

We have audited the accompanying financial statements of Gilda's Club Nashville (the "Organization"), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gilda's Club Nashville as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Blankenship CPA Group, PLLC*

May 19, 2014

**GILDA'S CLUB NASHVILLE  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2013 AND 2012**

**ASSETS**

	2013	2012 Restated
Cash	\$ 824,393	\$ 280,194
Certificates of deposit	987,320	1,154,900
Contributions receivable	501	501
Prepaid expenses	6,979	10,459
Purchased membership rights, net	68,250	89,250
Property and equipment, net	2,337,224	2,391,082
Beneficial interest in agency endowment fund held by Community Foundation of Middle Tennessee	<u>18,656</u>	<u>16,261</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,243,323</u></b>	<b><u>\$ 3,942,647</u></b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and accrued expenses	<u>\$ 90,219</u>	<u>\$ 14,768</u>
<b>NET ASSETS</b>		
Unrestricted		
Board designated		
Long-term stability funds	236,777	235,885
Clubhouse repair and maintenance funds	108,800	108,800
Undesignated	3,788,871	3,563,433
Temporarily restricted	-	3,500
Permanently restricted	<u>18,656</u>	<u>16,261</u>
<b>Total Net Assets</b>	<b><u>4,153,104</u></b>	<b><u>3,927,879</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 4,243,323</u></b>	<b><u>\$ 3,942,647</u></b>

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

**GILDA'S CLUB NASHVILLE**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012 Restated
<b>Changes in Unrestricted Net Assets</b>		
Public support		
Individual, corporate gifts and grants	\$ 600,498	\$ 322,840
Donated goods and services for workshops	87,523	55,262
Special events (net of direct benefits to donors of \$69,009 and \$54,357 for 2013 and 2012, respectively)	365,996	313,219
Interest income	<u>8,014</u>	<u>6,628</u>
Total Unrestricted Support and Revenues	1,062,031	697,949
Net assets released from restrictions	<u>6,858</u>	<u>-</u>
Total Unrestricted Support, Revenues and Reclassifications	<u>1,068,889</u>	<u>697,949</u>
Functional Expenses		
Program services	664,755	654,541
Supporting services		
Management and general	88,286	84,167
Fundraising	<u>89,518</u>	<u>82,825</u>
Total Unrestricted Functional Expenses	<u>842,559</u>	<u>821,533</u>
Increase (decrease) in unrestricted net assets	<u>226,330</u>	<u>(123,584)</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
Contributions	3,358	3,500
Net assets released from restrictions	<u>(6,858)</u>	<u>-</u>
(Decrease) increase in temporarily restricted net assets	<u>(3,500)</u>	<u>3,500</u>
<b>Changes in Permanently Restricted Net Assets</b>		
Change in value of beneficial interest in agency endowment fund held by Community Foundation of Middle Tennessee	<u>2,395</u>	<u>1,945</u>
Increase in Permanently Restricted Net Assets	<u>2,395</u>	<u>1,945</u>
INCREASE (DECREASE) IN NET ASSETS	225,225	(118,139)
NET ASSETS - BEGINNING OF YEAR	<u>3,927,879</u>	<u>4,046,018</u>
NET ASSETS - END OF YEAR	<u>\$ 4,153,104</u>	<u>\$ 3,927,879</u>

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

**GILDA'S CLUB NASHVILLE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2013**

		<u>Supporting Services</u>		
	<b>Program</b>	<b>Management</b>	<b>Fund-</b>	<b>Total</b>
	<b>Services</b>	<b>and</b>	<b>raising</b>	
		<b>General</b>		
Compensation and related costs				
Compensation	\$ 312,727	\$ 52,953	\$ 44,312	\$ 409,992
Payroll taxes and other benefits	57,968	11,787	9,644	79,399
Contract labor	19,688	4,860	1,255	25,803
	<u>390,383</u>	<u>69,600</u>	<u>55,211</u>	<u>515,194</u>
Special events expense	47,873	-	52,684	100,557
Depreciation	51,166	1,616	1,077	53,859
Donated goods and services	82,022	5,500	-	87,522
Repairs and maintenance	12,502	329	219	13,050
Amortization of golf club membership	5,250	-	15,750	21,000
Utilities	20,309	641	428	21,378
Insurance	20,219	584	389	21,192
Printing	10,399	28	1,094	11,521
Supplies and materials	5,349	495	762	6,606
Meetings and workshops	9,821	-	1	9,822
Dues and memberships	8,430	10	7	8,447
Professional services	-	8,525	-	8,525
Seminars and conferences	7,332	277	226	7,835
Banking fees	-	315	6,062	6,377
Outreach	5,722	-	-	5,722
Rent	4,560	144	96	4,800
Telephone	4,328	137	91	4,556
Postage	3,469	85	51	3,605
	<u>689,134</u>	<u>88,286</u>	<u>134,148</u>	<u>911,568</u>
Total expenses				
	<u>689,134</u>	<u>88,286</u>	<u>134,148</u>	<u>911,568</u>
Less direct benefits to donors	(24,379)	-	(44,630)	(69,009)
	<u>(24,379)</u>	<u>-</u>	<u>(44,630)</u>	<u>(69,009)</u>
Total functional expenses	<u>\$ 664,755</u>	<u>\$ 88,286</u>	<u>\$ 89,518</u>	<u>\$ 842,559</u>

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

**GILDA'S CLUB NASHVILLE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2012**

		<b>Supporting Services</b>		
	<b>Program</b>	<b>Management</b>	<b>Fund-</b>	
	<b>Services</b>	<b>and</b>	<b>raising</b>	<b>Total</b>
		<b>General</b>		
Compensation and related costs				
Compensation	\$ 306,764	\$ 50,917	\$ 42,240	\$ 399,921
Payroll taxes and other benefits	63,682	12,821	10,485	86,988
Contract labor	22,581	5,379	142	28,102
	<u>393,027</u>	<u>69,117</u>	<u>52,867</u>	<u>515,011</u>
Special events expense	23,182	-	49,029	72,211
Depreciation	55,331	1,747	1,165	58,243
Donated goods and services	55,262	-	-	55,262
Repairs and maintenance	21,230	613	413	22,256
Amortization of golf club membership	-	-	21,000	21,000
Utilities	19,926	629	415	20,970
Insurance	19,079	540	359	19,978
Printing	14,058	28	641	14,727
Supplies and materials	11,552	928	1,465	13,945
Meetings and workshops	12,715	-	-	12,715
Dues and memberships	8,570	25	17	8,612
Professional services	-	8,500	-	8,500
Seminars and conferences	6,263	1,314	43	7,620
Banking fees	-	355	5,784	6,139
Outreach	5,502	-	-	5,502
Rent	4,560	144	96	4,800
Telephone	4,061	128	86	4,275
Postage	3,960	99	65	4,124
	<u>658,278</u>	<u>84,167</u>	<u>133,445</u>	<u>875,890</u>
Total expenses				
	<u>658,278</u>	<u>84,167</u>	<u>133,445</u>	<u>875,890</u>
Less direct benefits to donors	(3,737)	-	(50,620)	(54,357)
	<u>(3,737)</u>	<u>-</u>	<u>(50,620)</u>	<u>(54,357)</u>
Total functional expenses	<u>\$ 654,541</u>	<u>\$ 84,167</u>	<u>\$ 82,825</u>	<u>\$ 821,533</u>

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

**GILDA'S CLUB NASHVILLE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<b>2013</b>	<b>2012 Restated</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 225,225	\$ (118,139)
Adjustments to reconcile increases (decrease) in net assets to net cash provided by (used by) operating activities		
Depreciation and amortization	74,859	79,243
Change in value of beneficial interest in agency endowment	(2,395)	(1,945)
Decrease in		
Decrease in prepaid expenses	3,480	24
Increase (decrease) in accounts payable and accrued expenses	<u>75,450</u>	<u>(495)</u>
Net Cash Provided By (Used By) Operating Activities	<u>376,619</u>	<u>(41,312)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property and equipment	-	(1,105)
Maturity (purchase) of certificates of deposit, net	<u>167,580</u>	<u>(497,463)</u>
Net Cash Provided By (Used By) Investing Activities	<u>167,580</u>	<u>(498,568)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital campaign contributions collected	<u>-</u>	<u>31,025</u>
Net Cash Provided By Financing Activities	<u>-</u>	<u>31,025</u>
Net Increase (Decrease) in Cash	544,199	(508,855)
CASH - BEGINNING OF YEAR	<u>280,194</u>	<u>789,049</u>
CASH - END OF YEAR	<u><u>\$ 824,393</u></u>	<u><u>\$ 280,194</u></u>

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



**GILDA'S CLUB NASHVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES**

Gilda's Club Nashville (the "Organization") was organized in 1995 as a Tennessee not-for-profit corporation and became an affiliate of Cancer Support Community in 2009. The Organization 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.

Individual gifts, corporate and foundation contributions, and special events are the major sources of support for the Organization.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

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

Use of Estimates

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, liabilities and changes therein and the disclosures of commitments and contingencies. Actual results could differ from those estimates.

Cash and Certificates of Deposit

Cash includes checking and money market deposits held by financial institutions. Certificates of deposit all have an original maturity date longer than three months.

Investments

The Organization's policy is to liquidate equity investment securities as soon as practical after the donation of investment securities is received. Occasionally, the Organization will have equity investment securities on the statements of financial position that have not been liquidated at year end.

Any investments not yet liquidated are reported at fair value. Realized and unrealized gains and losses on investments are recognized in current period operations.

**GILDA'S CLUB NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 2 - 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.

Property and Equipment and Depreciation

It is the Organization's policy to capitalize all property and equipment over \$1,000. Property and equipment acquisitions are recorded at cost. Donations of property and equipment are recorded as revenues at their estimated fair value. Such donations are reported as unrestricted revenues unless the donor has restricted the donated asset to a specific purpose. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on trade-in) or loss is included in the statements of activities and changes in net assets for the period. A gain on trade-in is applied to reduce the cost of the new acquisition. Depreciation is provided over the estimated useful lives of the assets ranging from five to fifty years and computed on the straight-line method.

Agency Endowment Fund

The Organization's beneficial interest in an agency endowment fund held by the Community Foundation of Middle Tennessee is recognized as an asset. Investment income and changes in the value of the fund are recognized in the statements of activities, and distributions received from the fund are recorded as decreases in the beneficial interest.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or 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 restricted 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 statements of activities and changes in net assets as net assets released from restrictions.

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. The Organization uses the allowance method to determine uncollectible unconditional contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. No allowance was deemed necessary as of December 31, 2013 or 2012.

**GILDA'S CLUB NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Donated Goods and Services

Donated goods are recorded at fair value in the period the gift is received. 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 Organization if not provided by the donor. Such services are recognized at fair value as support and expense in the period the services are performed.

Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and the tax laws of the state of Tennessee.

Accounting principles generally accepted in the United States of America require the Organization to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2013, no uncertain positions are taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2010.

Functional Allocation of Expenses

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 oversight, business management, budgeting, recordkeeping, financing, and other administrative activities.

**GILDA'S CLUB NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Functional Allocation of Expenses (Continued)

Fundraising includes costs of activities directed toward appeals for financial support including special events. Other activities include the cost of solicitation and creation and distribution of fundraising materials.

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 subjective methods determined by management.

**NOTE 3 - ADJUSTMENT TO BEGINNING BALANCES**

During the year ended December 31, 2013, the Organization determined that it was proper for the endowment fund held at the Community Foundation of Middle Tennessee to be reflected on the Organization's financial statements as a beneficial interest and a permanently restricted net asset. Accordingly, these reclassifications increased assets and permanently restricted net assets by \$16,261 and \$14,316 as of December 31, 2012 and 2011, respectively on the statements of financial position over what was previously reported at December 31, 2012. Additionally, the change in value of the beneficial interest between January 1, 2012 and December 31, 2012 has been included on the statements of activities which resulted in a \$1,945 increase in change in permanently restricted net assets over what was previously reported for the year ended December 31, 2012.

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<b>2013</b>	<b>2012</b>
Land	\$ 350,000	\$ 350,000
Building and improvements	2,296,032	2,296,032
Furniture and equipment	<u>158,806</u>	<u>158,806</u>
	2,804,838	2,804,838
Accumulated depreciation	<u>(467,614)</u>	<u>(413,756)</u>
	<u><u>\$ 2,337,224</u></u>	<u><u>\$ 2,391,082</u></u>

Depreciation expense was \$53,859 and \$58,243 for 2013 and 2012, respectively.

**GILDA'S CLUB NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 5 - MEMBERSHIP RIGHTS**

During 2007, the Organization entered into a 10-year membership agreement with the Golf Club of Tennessee (the "Club") and paid \$210,000 for membership rights. The Organization 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 Organization has no equity or ownership or any other property interest in the Club. The Organization is amortizing the cost of the membership rights over the term of the agreement.

For the years ended December 31, 2013 and 2012, the Organization reported amortization expense of \$21,000. Accumulated amortization amounted to \$141,750 and \$120,750 at December 31, 2013 and 2012, respectively.

**NOTE 6 - AGENCY ENDOWMENT FUND / PERMANENTLY RESTRICTED NET ASSETS**

The Organization has a beneficial interest in an endowment fund held by the Community Foundation of Middle Tennessee (the "CFMT") that is classified as a permanently restricted net asset. The Organization has granted variance power to the CFMT, and the CFMT has the ultimate authority and control over the Fund and the income derived there from. The fund is charged a .4% administrative fee annually. Upon request by the Organization, income from the fund representing a 5% annual return may be distributed to the Organization or to another suggested beneficiary.

A schedule of changes in the Organization's beneficial interest in this fund follows for the years ended December 31:

	2013	2012
Balance – beginning of year	\$ <u>16,261</u>	\$ <u>14,316</u>
Change in value of beneficial interest:		
Contributions	-	120
Investment earnings	2,534	1,948
Administrative expenses	<u>(139)</u>	<u>(124)</u>
Net change	<u>2,395</u>	<u>1,945</u>
Balance – end of year	<u>\$ 18,656</u>	<u>\$ 16,261</u>

**NOTE 7 - TEMPORARILTY RESTRICTED NET ASSETS**

The temporary restrictions on net assets at December 31, 2012 are attributable to a grant for a subsequent year's children's program. There were no temporarily restricted net assets at December 31, 2013.

**GILDA'S CLUB NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 8 - DONATED GOODS AND SERVICES**

During 2013 and 2012, a substantial number of unpaid volunteers contributed approximately 3,635 and 3,900 hours respectively, of their time to the Organization's program and supporting services. Approximately 1,000 of these volunteer hours are recorded as donated services provided for workshops and administrative services. The remainder of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

The following in-kind contributions of goods and services have been included in unrestricted revenues and expenses/assets in the financial statements for the years ended December 31, 2013 and 2012.

	<b>2013</b>	<b>2012</b>
Included in support/expenses		
Healthcare providers	\$ 16,900	\$ 16,640
Psychotherapists	14,100	13,920
Movement and fitness instruction	8,250	8,150
Website maintenance	5,500	-
Cooking and nutrition	3,300	3,245
Cosmetology	1,500	1,500
Computer technology support	1,980	2,700
Food, supplies, tickets and gifts	<u>35,992</u>	<u>9,107</u>
	<u><u>\$ 87,522</u></u>	<u><u>\$ 55,262</u></u>
Included in special events/expenses		
Prizes, fees and materials	\$ 28,968	\$ 11,310
Personal trainers	11,000	11,250
Exercise facilities	<u>13,600</u>	<u>9,800</u>
	<u><u>\$ 53,568</u></u>	<u><u>\$ 32,360</u></u>

**NOTE 9 - EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through May 19, 2014 which is the date the financial statements were available to be issued.