

**GILDA'S CLUB NASHVILLE
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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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, 2012 and 2011, 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, 2012 and 2011, 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 4, 2013

GILDA'S CLUB NASHVILLE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

ASSETS

	2012	2011
Cash	\$ 280,194	\$ 789,049
Certificates of deposit	1,154,900	653,223
Investments	-	4,214
Contributions receivable, net	501	31,526
Prepaid expenses	10,459	10,483
Purchased membership rights, net	89,250	110,250
Property and equipment, net	<u>2,391,082</u>	<u>2,448,220</u>
TOTAL ASSETS	<u>\$ 3,926,386</u>	<u>\$ 4,046,965</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 14,768</u>	<u>\$ 15,263</u>
NET ASSETS		
Unrestricted		
Board designated		
Long-term stability funds	235,885	234,628
Clubhouse repair and maintenance funds	108,800	100,000
Undesignated	3,563,433	3,697,074
Temporarily restricted	<u>3,500</u>	<u>-</u>
Total Net Assets	<u>3,911,618</u>	<u>4,031,702</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,926,386</u>	<u>\$ 4,046,965</u>

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, 2012 AND 2011

	2012	2011
Changes in Unrestricted Net Assets		
Public support		
Individual, corporate gifts and grants	\$ 322,840	\$ 342,499
Donated goods and services for workshops	55,262	77,210
Special events (net of direct benefits to donors of \$54,357 and \$50,773 for 2012 and 2011, respectively)	313,219	297,353
Interest income	<u>6,628</u>	<u>10,259</u>
 Total Unrestricted Support and Revenues	 697,949	 727,321
 Net assets released from restrictions	 <u>-</u>	 <u>25,078</u>
 Total Unrestricted Support, Revenues and Reclassifications	 <u>697,949</u>	 <u>752,399</u>
 Functional Expenses		
Program services	654,541	617,422
Supporting services		
Management and general	84,167	85,450
Fundraising	<u>82,825</u>	<u>91,218</u>
 Total Unrestricted Functional Expenses	 <u>821,533</u>	 <u>794,090</u>
 Decrease in unrestricted net assets	 <u>(123,584)</u>	 <u>(41,691)</u>
 Changes in Temporarily Restricted Net Assets		
Contributions	3,500	8,300
Net assets released from restrictions	<u>-</u>	<u>(25,078)</u>
 Increase (decrease) in temporarily restricted net assets	 <u>3,500</u>	 <u>(16,778)</u>
 DECREASE IN NET ASSETS	 (120,084)	 (58,469)
 NET ASSETS - BEGINNING OF YEAR	 <u>4,031,702</u>	 <u>4,090,171</u>
 NET ASSETS - END OF YEAR	 <u><u>\$ 3,911,618</u></u>	 <u><u>\$ 4,031,702</u></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

		<u>Supporting Services</u>		
	Program	Management	Fund-	Total
	Services	and	raising	
		General		
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 for programs	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>(3,737)</u>	<u>-</u>	<u>(50,620)</u>	<u>(54,357)</u>
Less direct benefits to donors				
	<u>\$ 654,541</u>	<u>\$ 84,167</u>	<u>\$ 82,825</u>	<u>\$ 821,533</u>
Total functional expenses				

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

GILDA'S CLUB NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011

		<u>Supporting Services</u>		
	Program	Management	Fund-	Total
	Services	and	raising	
		General		
Compensation and related costs				
Compensation	\$ 292,376	\$ 48,689	\$ 39,415	\$ 380,480
Payroll taxes and other benefits	59,672	12,122	9,707	81,501
Contract labor	24,231	4,542	135	28,908
	<u>376,279</u>	<u>65,353</u>	<u>49,257</u>	<u>490,889</u>
Special events expense	24,094	-	57,993	82,087
Depreciation	65,343	2,063	1,376	68,782
Donated goods and services for programs	58,522	-	-	58,522
Repairs and maintenance	7,539	178	119	7,836
Amortization of golf club membership	-	-	21,000	21,000
Utilities	17,581	555	370	18,506
Insurance	17,489	471	314	18,274
Printing	12,640	13	666	13,319
Supplies and materials	9,127	498	1,553	11,178
Meetings and workshops	8,600	324	-	8,924
Dues and memberships	3,314	17	11	3,342
Professional services	-	15,305	-	15,305
Seminars and conferences	3,154	119	79	3,352
Banking fees	-	74	5,404	5,478
Outreach	4,943	106	-	5,049
Rent	4,560	144	96	4,800
Telephone	4,476	141	94	4,711
Postage	3,367	89	53	3,509
	<u>621,028</u>	<u>85,450</u>	<u>138,385</u>	<u>844,863</u>
Total expenses				
	<u>621,028</u>	<u>85,450</u>	<u>138,385</u>	<u>844,863</u>
Less direct benefits to donors	(3,606)	-	(47,167)	(50,773)
	<u>(3,606)</u>	<u>-</u>	<u>(47,167)</u>	<u>(50,773)</u>
Total functional expenses	<u>\$ 617,422</u>	<u>\$ 85,450</u>	<u>\$ 91,218</u>	<u>\$ 794,090</u>

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

GILDA'S CLUB NASHVILLE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (120,084)	\$ (58,469)
Adjustments to reconcile decrease in net assets to net cash (used by) provided by operating activities		
Depreciation and amortization	79,243	89,782
Contributions of property and equipment	-	(18,688)
Contributions of investments	-	(4,214)
Decrease in		
Grants receivable	-	23,630
Prepaid expenses	24	153
Accounts payable and accrued expenses	<u>(495)</u>	<u>(3,858)</u>
Net Cash (Used By) Provided By Operating Activities	<u>(41,312)</u>	<u>28,336</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	(1,105)	(22,395)
(Purchase) maturity of certificates of deposit, net	<u>(497,463)</u>	<u>139,122</u>
Net Cash (Used By) Provided By Investing Activities	<u>(498,568)</u>	<u>116,727</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital campaign contributions collected	<u>31,025</u>	<u>61,500</u>
Net Cash Provided By Financing Activities	<u>31,025</u>	<u>61,500</u>
Net (Decrease) Increase in Cash	(508,855)	206,563
CASH - BEGINNING OF YEAR	<u>789,049</u>	<u>582,486</u>
CASH - END OF YEAR	<u><u>\$ 280,194</u></u>	<u><u>\$ 789,049</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, 2012 AND 2011**

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Gilda's Club Nashville (the "Organization") was organized in 1995 as a Tennessee not-for-profit corporation. 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.

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

Cash includes checking and money market deposits held by financial institutions.

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, 2012 AND 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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, 2012 or 2011.

GILDA'S CLUB NASHVILLE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

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, 2012, 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 2009.

Reclassifications

Certain reclassifications have been made to the 2011 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

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, 2012 AND 2011**

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 - CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized as follows:

	2012	2011
Receivable in less than one year	\$ 501	\$ 15,763
Receivable in one to five years	<u>-</u>	<u>15,763</u>
	<u>\$ 501</u>	<u>\$ 31,526</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2012	2011
Land	\$ 350,000	\$ 350,000
Building and improvements	2,296,032	2,296,032
Furniture and equipment	<u>158,806</u>	<u>157,702</u>
	2,804,838	2,803,734
Accumulated depreciation	<u>(413,756)</u>	<u>(355,514)</u>
	<u>\$ 2,391,082</u>	<u>\$ 2,448,220</u>

Depreciation expense was \$58,243 and \$68,782 for 2012 and 2011, respectively.

GILDA'S CLUB NASHVILLE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

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, 2012 and 2011, the Organization reported amortization expense of \$21,000. Accumulated amortization amounted to \$120,750 and \$99,750 at December 31, 2012 and 2011, respectively.

NOTE 6 - ENDOWMENT FUND IN TRUST

The Organization 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 Organization. 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 Organization. The balance of the fund was \$16,261 and \$14,317 at December 31, 2012 and 2011.

NOTE 7 - 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, 2011.

There were no permanently restricted net assets as of December 31, 2012 and 2011.

NOTE 8 - DONATED GOODS AND SERVICES

During 2012 and 2011, a substantial number of unpaid volunteers contributed approximately 3,900 and 3,000 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. The remainder of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

GILDA'S CLUB NASHVILLE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 8 - DONATED GOODS AND SERVICES (CONTINUED)

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, 2012 and 2011.

	2012	2011
Included in support/expenses		
Healthcare providers	\$ 16,640	\$ 15,145
Psychotherapists	13,920	12,660
Movement and fitness instruction	8,150	7,763
Cooking and nutrition	3,245	2,942
Cosmetology	1,500	1,350
Computer technology support	2,700	-
Food, supplies and gifts	<u>9,107</u>	<u>18,662</u>
	55,262	58,522
 Included in support/fixed assets		
Equipment	<u>-</u>	<u>18,688</u>
	<u>\$ 55,262</u>	<u>\$ 77,210</u>
 Included in special events/expenses		
Prizes, fees and materials	\$ 11,310	\$ 21,187
Personal trainers	11,250	14,400
Exercise facilities	<u>9,800</u>	<u>9,000</u>
	<u>\$ 32,360</u>	<u>\$ 44,587</u>

NOTE 9 - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 4, 2013 which is the date the financial statements were available to be issued.