

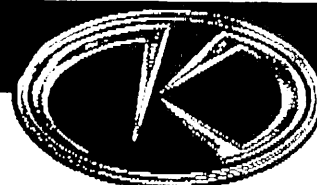
GILDA'S CLUB NASHVILLE
FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
DECEMBER 31, 2004 AND 2003

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TABLE OF CONTENTS

	<u>PAGE</u>
<u>REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS</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 - 10



KraftCPAs
PLLC

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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, 2004 and 2003, 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, 2004 and 2003, 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.

KraftCPAs PLLC

Nashville, Tennessee
April 22, 2005

GILDA'S CLUB NASHVILLE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash and cash equivalents	\$ 418,851	\$ 357,464
Contributions receivable - Note 2	-	82,500
Prepaid expenses	9,750	4,750
Property and equipment - at cost, less accumulated depreciation - Note 3	<u>5,991</u>	<u>7,256</u>
 TOTAL ASSETS	 <u>\$ 434,592</u>	 <u>\$ 451,970</u>
 LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 7,442</u>	<u>\$ 7,032</u>
 LEASES - Note 4		
 NET ASSETS		
Unrestricted		
Board designated - long-term stability fund - Note 2	100,000	50,000
Undesignated	<u>289,174</u>	<u>293,212</u>
 Total unrestricted	 389,174	 343,212
 Temporarily restricted - Note 5	<u>37,976</u>	<u>101,726</u>
	<u>427,150</u>	<u>444,938</u>
 TOTAL NET ASSETS	 <u>\$ 434,592</u>	 <u>\$ 451,970</u>

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

GILDA'S CLUB NASHVILLESTATEMENTS OF ACTIVITIESFOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004		
	Unrestricted	Temporarily Restricted	Totals
SUPPORT AND REVENUE			
Public support:			
Individuals and corporate gifts	\$ 171,650	\$ 2,560	\$ 174,210
Corporate and foundation grants	70,900	47,450	118,350
Special events	122,867	-	122,867
Less: direct benefits to donors	(17,432)	-	(17,432)
Annual campaign	25,786	-	25,786
Interest income	3,251	-	3,251
Net assets released in satisfaction of program restrictions	113,760	(113,760)	-
TOTAL SUPPORT AND REVENUE	490,782	(63,750)	427,032
EXPENSES			
Program services	309,578	-	309,578
Supporting services:			
Management and general	53,027	-	53,027
Fundraising	82,215	-	82,215
TOTAL EXPENSES	444,820	-	444,820
CHANGE IN NET ASSETS	45,962	(63,750)	(17,788)
NET ASSETS - BEGINNING OF YEAR	343,212	101,726	444,938
NET ASSETS - END OF YEAR	\$ 389,174	\$ 37,976	\$ 427,150

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

2003		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
\$ 217,467	\$ -	\$217,467
48,351	109,250	157,601
156,781	-	156,781
(24,244)	-	(24,244)
-	-	-
4,442	-	4,442
7,524	(7,524)	-
<u>410,321</u>	<u>101,726</u>	<u>512,047</u>
308,663	-	308,663
54,969	-	54,969
<u>57,032</u>	<u>-</u>	<u>57,032</u>
<u>420,664</u>	<u>-</u>	<u>420,664</u>
(10,343)	101,726	91,383
<u>353,555</u>	<u>-</u>	<u>353,555</u>
<u>\$ 343,212</u>	<u>\$ 101,726</u>	<u>\$444,938</u>

GILDA'S CLUB NASHVILLE
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (17,788)	\$ 91,383
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,167	6,086
Noncash contribution of equipment	(2,600)	-
(Increase) decrease in:		
Contribution receivable	82,500	(75,000)
Prepaid expenses	(5,000)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	410	2,116
TOTAL ADJUSTMENTS	80,477	(66,798)
NET CASH PROVIDED BY OPERATING ACTIVITIES	62,689	24,585
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(1,302)	-
NET CASH USED IN INVESTING ACTIVITIES	(1,302)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	61,387	24,585
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	357,464	332,879
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 418,851	\$ 357,464

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, 2004 AND 2003

	2004				2003			
	SUPPORTING SERVICES			TOTALS	SUPPORTING SERVICES			TOTALS
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING		PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	
Salaries	\$ 152,310	\$ 54,568	\$ 31,581	\$ 218,459	\$ 142,625	\$ 34,726	\$ 27,550	\$ 204,901
Payroll taxes and benefits	27,990	5,802	5,575	39,367	26,509	6,174	5,021	37,704
Contract labor	10,990	130	130	11,250	11,209	118	118	11,445
TOTAL SALARIES AND RELATED EXPENSES	191,290	40,500	37,286	269,076	180,343	41,018	32,689	254,050
Annual campaign expense	-	-	5,221	5,221	-	-	-	-
Bank charges	32	143	-	175	30	172	-	202
Bookkeeping services	2,853	159	159	3,171	2,699	150	150	2,999
Business taxes and licenses	65	440	-	505	849	39	19	907
Credit card fees	-	2,502	-	2,502	-	2,742	-	2,742
Dining expense	-	236	-	236	-	-	-	-
Dues and memberships	514	22	29	565	392	22	22	436
Educational and library expense	-	143	-	143	143	-	-	143
Equipment lease	463	26	26	515	506	28	28	562
Food and beverage	2,388	443	-	2,833	4,065	303	67	4,435
Gifts and promotions	794	36	13	843	2,731	3	575	3,309
Gilda grant newsletter expenses	5,614	-	627	6,271	8,315	-	924	9,239
Insurance	9,581	1,675	428	11,684	8,445	1,459	965	10,269
Management information assistance	1,061	340	340	1,741	1,087	475	440	2,002
Meetings and workshops	1,820	19	19	1,858	1,296	-	-	1,296
Outreach	7,178	2	-	7,180	5,805	18	11	5,834
Postage	4,418	210	225	4,853	3,521	2,030	310	5,861
Printing	4,810	74	874	5,758	6,596	45	1,384	8,025
Professional fees	2,000	2,000	2,000	6,000	1,974	1,874	1,872	5,720
Rent	52,492	2,915	2,913	58,318	52,173	2,898	2,898	57,969
Repairs and maintenance	2,210	60	40	2,310	2,020	355	50	2,425
Seminars and conferences	2,519	232	173	2,924	4,266	235	307	4,808
Supplies	4,251	95	39	4,385	8,192	37	200	8,429
Telephone	5,145	281	281	5,707	4,932	274	274	5,480
Travel	23	-	3	26	22	300	-	322
Utilities	3,893	216	236	4,325	3,392	188	188	3,768
Special events expense	-	-	47,960	47,960	-	-	37,590	37,590
TOTAL EXPENSES BEFORE DEPRECIATION	305,444	52,769	98,872	457,085	303,794	54,665	80,363	438,822
Depreciation	4,134	258	775	5,167	4,869	304	913	6,086
TOTAL EXPENSES	309,578	53,027	99,647	462,252	308,663	54,969	81,276	444,908
Less expenses netted against revenues on the statement of activities - direct benefits to donors	-	-	(17,432)	(17,432)	-	-	(24,244)	(24,244)
TOTAL EXPENSES REPORTED UNDER PROGRAM SERVICES AND SUPPORTING SERVICES	\$ 309,578	\$ 53,027	\$ 82,215	\$ 444,820	\$ 308,663	\$ 54,969	\$ 57,032	\$ 420,664

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

GILDA'S CLUB NASHVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

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.

Contributions and support

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

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.

The Agency reports any gifts or donations of equipment or materials as unrestricted support based on fair value, 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.

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. 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 amounts has not been provided on contributions receivable since, in management's opinion, the receivable amounts are fully collectible, based on past history.

GILDA'S CLUB NASHVILLENOTES TO FINANCIAL STATEMENTS (CONTINUED)DECEMBER 31, 2004 AND 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and depreciation

Property and equipment are reported at cost at the date of purchase, at fair value at the date of gift if the value is readily determinable, or other reasonable basis, as determined by the Board of Directors, if cost is unknown. Depreciation is calculated by the straight-line method, down to the estimated salvage value of the assets, over their estimated useful lives, which range 5 years for computers and related equipment and 7 years for furniture.

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 are 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 of the service received as support and expense in the period the services are performed.

Donated goods and services amounted to approximately \$33,000 in 2004 (\$18,000 in 2003).

In addition during 2004 and 2003, a substantial number of unpaid volunteers have contributed approximately 5,000 hours 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 NASHVILLENOTES TO FINANCIAL STATEMENTS (CONTINUED)DECEMBER 31, 2004 AND 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and supporting services - functional allocation

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

Program services - consist of 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 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.

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.

NOTE 2 - CONTRIBUTIONS RECEIVABLE

The Agency received a pledge of \$25,000 per year for four years, which was conditioned upon the receipt of matching gifts from other donors. The first two years' pledges and corresponding matching gifts were received in 2004 and 2003, for a total of \$100,000. These amounts have been designated by the Agency's Board of Directors as a long-term stability fund.

GILDA'S CLUB NASHVILLENOTES TO FINANCIAL STATEMENTS (CONTINUED)DECEMBER 31, 2004 AND 2003

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2004</u>	<u>2003</u>
Furniture and equipment	\$ 50,557	\$ 46,655
Less accumulated depreciation	<u>44,566</u>	<u>39,399</u>
	<u>\$ 5,991</u>	<u>\$ 7,256</u>

NOTE 4 - LEASES

The Agency leases its clubhouse facility for its operations and programs under an operating lease. The lease provides for monthly rental payments of \$4,831 through July 2005. The lease provides for two one-year renewal options. Total rent expense incurred under the lease amounted to \$57,969 in 2004 and 2003.

The Agency also leases 10 parking spaces for its operations and programs under an operating lease. The lease provides for monthly rental payments of \$150 beginning November 2004 and running through October 31, 2005. Total rent expense incurred under the lease amounted to \$350 in 2004.

The Agency has started a capital campaign during 2005 for the purpose of acquiring a clubhouse facility prior to July 2007.

GILDA'S CLUB NASHVILLENOTES TO FINANCIAL STATEMENTS (CONTINUED)DECEMBER 31, 2004 AND 2003

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2004</u>	<u>2003</u>
Next years operations	\$ 5,416	\$ 82,500
Program expansion for Cancer Survivors and Young Adults and Teens	25,000	18,750
Activity books for families touched by cancer	-	476
Dinner party and auction	5,000	476
Donations for Capital Campaign - see Note 4	<u>2,560</u>	<u>-</u>
	<u>\$ 37,976</u>	<u>\$ 102,202</u>

NOTE 6 - CONCENTRATIONS OF CREDIT RISK

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 up to \$100,000 and \$500,000, respectively. From time to time throughout the year, the Agency's bank accounts exceeded FDIC and SIPC insurance limits. Management considers this to be a normal business risk.

NOTE 7 - ENDOWMENT FUND IN TRUST

Gilda's Club Nashville 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. Total funds held in the trust, which are excluded from the assets of the Agency, amounted to \$9,398 at December 31, 2004 (\$8,560 in 2003).