

**GILDA'S CLUB MIDDLE TENNESSEE  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

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## **Independent Auditor's Report**

Board of Directors  
Gilda's Club Middle Tennessee

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Gilda's Club Middle Tennessee, which comprise the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses, and cash flows for the year 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from 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 auditor's 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 entity'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 entity'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 Middle Tennessee as of June 30, 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC  
Brentwood, Tennessee  
February 16, 2021

**GILDA'S CLUB MIDDLE TENNESSEE  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020**

**ASSETS**

Cash	\$ 78,427
Pledges receivable	2,813
Investments	1,221,294
Prepaid expenses	10,329
Purchased membership rights	56,000
Property and equipment, net	2,046,246
Beneficial interest in funds held by Community Foundation of Middle Tennessee	<u>19,037</u>
 TOTAL ASSETS	 <u><u>\$ 3,434,146</u></u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>	
Accounts payable	\$ 468
Accrued expenses	55,382
Deferred special event income	46,484
Line of credit	50,000
PPP loan	149,765
Accrued membership rights fees	<u>20,000</u>
 Total Liabilities	 <u>322,099</u>
 <b>NET ASSETS</b>	
Without donor restrictions	3,045,197
With donor restrictions	<u>66,850</u>
 Total Net Assets	 <u>3,112,047</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 3,434,146</u></u>

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

**GILDA'S CLUB MIDDLE TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**

**Changes in Net Assets Without Donor Restrictions**

Public support	
Individual, corporate gifts and grants	\$ 618,174
Donated goods and services	93,947
Special events (net of direct benefits to donors of \$142,097)	281,185
Investment income	56,867
Other income	<u>3,052</u>
 Total Unrestricted Support and Revenues	 1,053,225
 Net assets released from restrictions	 <u>124,996</u>
 Total Unrestricted Support, Revenues and Reclassifications	 <u>1,178,221</u>
 Expenses	
Program services	1,016,781
Supporting services	
Management and general	121,508
Fundraising	<u>151,327</u>
 Total Expenses	 <u>1,289,616</u>
 Change in net assets without donor restrictions	 <u>(111,395)</u>
 <b>Changes in Net Assets With Donor Restrictions</b>	
Grants	45,000
Change in value of beneficial interest in assets held by	
Community Foundation of Middle Tennessee	(364)
Net assets released from restrictions	<u>(124,996)</u>
 Change in net assets with donor restrictions	 <u>(80,360)</u>
 CHANGE IN NET ASSETS	 (191,755)
 NET ASSETS - BEGINNING OF PERIOD	 <u>3,303,802</u>
 NET ASSETS - END OF PERIOD	 <u><u>\$ 3,112,047</u></u>

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

**GILDA'S CLUB MIDDLE TENNESSEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

	Program Services	Supporting Services		Total
		Management and General	Fund- raising	
Compensation and related costs				
Compensation	\$ 599,692	\$ 83,449	\$ 85,534	\$ 768,675
Benefits	58,337	8,118	8,321	74,776
Contract labor	33,640	-	-	33,640
	<u>691,669</u>	<u>91,567</u>	<u>93,855</u>	<u>877,091</u>
Special events expense	40,178	-	120,535	160,713
Donated goods and services	93,947	-	-	93,947
Depreciation	52,046	1,644	1,096	54,786
Repairs and maintenance	33,373	1,054	703	35,130
Outreach and marketing	19,292	2,883	9,629	31,804
Amortization of golf club membership rights	7,000	-	21,000	28,000
Insurance	25,191	796	530	26,517
Utilities	19,475	615	410	20,500
Telephone	16,121	509	339	16,969
Rent	15,748	497	332	16,577
Supplies and materials	8,907	1,970	2,168	13,045
Professional services	-	12,725	-	12,725
Dues and memberships	12,007	379	253	12,639
Banking and credit card fees	-	4,060	6,980	11,040
Printing	8,111	2,704	-	10,815
Professional development	3,314	105	70	3,489
Interest	3,165	-	-	3,165
Meetings and workshops	2,761	-	-	2,761
	<u>1,052,305</u>	<u>121,508</u>	<u>257,900</u>	<u>1,431,713</u>
Less direct benefits to donors	<u>(35,524)</u>	<u>-</u>	<u>(106,573)</u>	<u>(142,097)</u>
Total expenses	<u>\$ 1,016,781</u>	<u>\$ 121,508</u>	<u>\$ 151,327</u>	<u>\$ 1,289,616</u>

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

**GILDA'S CLUB MIDDLE TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (191,755)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	54,786
Loss on disposal of property and equipment	196
Amortization of golf membership rights	28,000
Investment income	(56,867)
Change in value of beneficial interest in funds held by Community Foundation of Middle Tennessee	364
Change in assets and liabilities	
Pledges receivable, net	16,406
Prepaid expenses	975
Accounts payable	(2,446)
Accrued expenses	27,715
Deferred special event income	(5,116)
Accrued membership rights fees	(10,000)
	<hr/>
Net Cash Used By Operating Activities	(137,742)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sale of investments	7,500
	<hr/>
Net Cash Provided By Investing Activities	7,500

**CASH FLOWS FROM FINANCING ACTIVITIES**

Net borrowings on line of credit	10,000
Proceeds from PPP loan	149,765
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Net Cash Provided By Investing Activities	159,765

NET INCREASE IN CASH	29,523
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CASH - BEGINNING OF PERIOD	48,904
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CASH - END OF PERIOD	<u>\$ 78,427</u>
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**SUPPLEMENTAL DISCLOSURE**

Interest paid during the period	<u>\$ 3,165</u>
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The accompanying notes are an integral part of these financial statements.

**GILDA'S CLUB MIDDLE TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

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

Gilda's Club Middle Tennessee (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 evidence-based psychosocial emotional support for people living with cancer, their families and friends. Always free of charge, the Program includes a diagnostic distress screening, support groups, healthy living workshops and lectures, creative arts, children and teen programs, and social events. The Clinical Program Director ensures that all activities help members build essential emotional and social support as a necessary complement to medical care.

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

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

*Basis of Presentation*

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

*Use of Estimates*

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

*Investments*

Investments are held by a broker and consist of money market accounts, certificates of deposit, bonds, equities, and equity mutual funds. The money market accounts and certificates of deposit are carried at cash value plus accrued interest. Bonds, equities, and equity mutual funds are reported at quoted fair market value based on the last reported sale of the year on a national security exchange. Interest and dividends, as well as changes in unrealized gains and losses, are recognized in the statement of activities for the period.

*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 five years.

**GILDA'S CLUB MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

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

*Property and Equipment*

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 statement of activities 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.

*Beneficial Interest in Funds Held by Others*

The Organization's beneficial interest in an agency endowment fund is recognized as an asset. Changes in the value of the fund are recognized in the statement of activities and distributions received from the fund are recorded as decreases in the beneficial interest and investment income.

*Deferred Special Event income*

Amounts received in advance for the sponsorships of special fundraising events are recorded as deferred revenues until the year of the event.

*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.

*Contributions*

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

*Donated Goods and Services*

Donated goods are recorded at estimated 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.

*PPP Loan*

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. The Organization received a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). US GAAP provides organizations with two alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as debt and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; or 2) proceeds can be treated as a conditional contribution where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived. The Organization has elected to treat the PPP loan as debt.

**GILDA'S CLUB MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

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

*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 non-residential, 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.

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 non-financial data or subjective methods determined by management.

The costs of providing program services and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Compensation	Time and effort
Depreciation	Facility square footage
Repairs and maintenance	Facility square footage
Insurance	Facility square footage
Utilities	Facility square footage
Printing	Estimated usage
Dues and memberships	Estimated usage
Supplies and materials	Estimated usage
Telephone	Estimated usage
Banking and credit card fees	Estimated usage
Outreach and marketing	Estimated usage
Professional development	Estimated usage

**GILDA'S CLUB MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**NOTE 3 - AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets at June 30, 2020:

Financial assets at period end:	
Cash	\$ 78,427
Pledges receivable	2,813
Investments	1,221,294
Beneficial interest in funds	<u>19,037</u>
Total financial assets	1,321,571
Less amounts not available to be used within one year:	
Investments designated for long-term stability	269,892
Investments designated for repairs and maintenance	127,700
Beneficial interest in funds	<u>19,037</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 904,942</u></u>

As part of its liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization receives year-round donations from individuals and the Organization makes specific appeals at strategic times of the year for specific projects. Additionally, the Organization has available a \$300,000 line of credit with a local bank. Cash flow is tracked through regular budget to actual comparisons which are monitored by management, the finance committee, and the board of directors.

**NOTE 4 - JOINT COSTS**

During the year ended June 30, 2020, the Organization incurred joint costs of \$160,713 for special events that included both program activities and fundraising appeals. The Organization allocated \$40,178 and \$120,535 to program services and fundraising, respectively. After deducting the direct benefit to donors, these amounts netted to a total of \$18,616 with net allocations of \$4,654 and \$13,962, respectively.

**NOTE 5 - PLEDGES RECEIVABLE**

All of the pledges are classified as current since they are expected to be collected within the next year. Management has determined that no allowance for doubtful accounts is necessary as of June 30, 2020.

**GILDA'S CLUB MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**NOTE 6 - INVESTMENTS**

The Organization's investments consist of the following as of June 30, 2020:

Cash equivalents	\$ 19,795
Certificates of deposit	122,949
Corporate bonds	433,397
Equities and equity funds	<u>645,153</u>
	<u>\$ 1,221,294</u>

Investment income includes the following for the year ended June 30, 2020:

Dividends and interest	\$ 31,641
Net gain on investments	40,202
Investment expenses	<u>(14,976)</u>
	<u>\$ 56,867</u>

US GAAP requires the Organization to disclose the basis for considering market participant assumptions in fair value measurements. Fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2) and the reporting entity's own assumptions about market participant assumptions (Level 3). The following table sets forth the Organization's major categories of investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2020.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate bonds	\$ 433,397	\$ -	\$ 433,397	\$ -
Equities and equity funds	<u>645,153</u>	<u>645,153</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,078,550</u>	<u>\$ 645,153</u>	<u>\$ 433,397</u>	<u>\$ -</u>

**NOTE 7 - MEMBERSHIP RIGHTS**

During 2017, the Organization entered into a five-year agreement with the Golf Club of Tennessee (the Club) for \$140,000 for certain membership rights. Of this amount, \$100,000 was paid at the time of signing the agreement and an additional \$10,000 will be paid over each of the next four years. These rights allow for five 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 year ended June 30, 2020, the Organization reported amortization expense of \$28,000.

**GILDA'S CLUB MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**NOTE 8 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30, 2020:

Land	\$ 350,000
Building and improvements	2,296,032
Furniture and equipment	<u>73,694</u>
	2,719,726
Less: Accumulated depreciation	<u>(673,480)</u>
	<u><u>\$ 2,046,246</u></u>

Depreciation expense was \$54,786 for the year ended June 30, 2020.

**NOTE 9 - BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS**

The Organization has a beneficial interest in an endowment fund (the Fund) held by Community Foundation of Middle Tennessee (CFMT) that resulted from contributions from various individuals. The Organization has granted variance power to CFMT, and CFMT has the ultimate authority and control over the Fund and the income derived there from. The fund is charged a 0.4% administrative fee annually. Upon request by the Organization, income from the fund representing a 5.0% 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 year ended June 30, 2020:

Balance - beginning of period	<u>\$ 19,401</u>
Change in value of beneficial interest:	
Investment earnings	661
Grants paid out to the Organization	(900)
Administrative expenses	<u>(125)</u>
Net change	<u>(364)</u>
Balance - end of period	<u><u>\$ 19,037</u></u>

**NOTE 10 - LINE OF CREDIT**

The Organization has a \$300,000 line of credit with a local bank with an outstanding balance of \$50,000 at June 30, 2020. The line calls for an interest rate at the Wall Street Journal prime rate (3.25% at June 30, 2020) with a floor of 4.00%. The line of credit expires August 22, 2021 and is collateralized by the Organization's investment securities.

**GILDA'S CLUB MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**NOTE 11 - PPP LOAN**

On April 17, 2020, the Organization received a loan in the amount of \$149,765 in accordance with the PPP section of the CARES Act. Under this loan program, the Organization may be eligible for forgiveness of some portion of the loan up to 100%, if and when qualifying conditions are met. Accounting for the loan and any future forgiveness could have an impact on future financial reporting. As of June 30, 2020, management is actively monitoring qualifying conditions to maximize future loan forgiveness and has expended all the funds on potential qualifying costs as defined by the legislation. The unsecured note bears interest at the rate of 1.00% and matures on April 17, 2022. As long as the Organization submits its loan forgiveness application within ten months of the end of the covered period, the Organization will not be required to make any payments on the loan until the forgiveness amount is remitted to the lender by the US Small Business Administration. If the loan is fully forgiven, the Organization will not be responsible for any payments.

The Organization has elected to treat the PPP loan as debt in the financial statements. The Organization has not recorded accrued interest due on the note through fiscal year-end as the amount is immaterial. If the loan is not forgiven, \$67,440 is due in the next twelve months with the remainder in the twelve months thereafter.

**NOTE 12 - NET ASSETS**

Net assets with donor restrictions consist of the following at June 30, 2020:

Grants for subsequent year programs	\$ 45,000
Endowment fund	19,037
Pledges receivable	<u>2,813</u>
	<u>\$ 66,850</u>

**NOTE 13 - DONATED GOODS AND SERVICES**

The following in-kind contributions of goods and services have been included in unrestricted revenues and expenses/assets in the financial statements for the year ended June 30, 2020.

Included in support/expenses	
Services	
Group counseling	\$ 26,565
Individual counseling	17,655
Movement and fitness instruction	15,190
Art instruction	4,725
Cooking and nutrition	4,080
Healthcare providers	2,100
Computer technology support	<u>1,200</u>
	71,515
Goods	
Food, supplies, tickets, and gifts	<u>22,432</u>
	<u>93,947</u>
Included in special events/expenses	
Food, prizes, fees, and materials	<u>74,917</u>
	<u>\$ 168,864</u>

**GILDA'S CLUB MIDDLE TENNESSEE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**NOTE 14 - SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through February 16, 2021, the date on which the financial statements were available to be issued.