

**GILDA'S CLUB NASHVILLE  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Gilda's Club Nashville

We have audited the accompanying statement of financial position of Gilda's Club Nashville (a Tennessee not-for-profit corporation, the "Organization") as of December 31, 2011 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Gilda's Club Nashville as of December 31, 2010, were audited by other auditors whose report dated September 21, 2011, expressed an unqualified opinion on those statements.

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 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 audit provides 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, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Blankenship CPA Group, PLLC*

July 5, 2012

**GILDA'S CLUB NASHVILLE  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2011 AND 2010**

**ASSETS**

	<b>2011</b>	<b>2010</b>
Cash	\$ 789,049	\$ 582,486
Grants receivable	-	23,630
Contributions receivable, net	31,526	93,026
Investments	657,437	792,345
Prepaid expenses	10,483	10,636
Purchased membership rights, net	110,250	131,250
Property and equipment, net	<u>2,448,220</u>	<u>2,475,919</u>
 TOTAL ASSETS	 <u><u>\$ 4,046,965</u></u>	 <u><u>\$ 4,109,292</u></u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and accrued expenses	<u>\$ 15,263</u>	<u>\$ 19,121</u>
 <b>NET ASSETS</b>		
Unrestricted		
Board designated		
Long-term stability funds	234,628	232,136
Clubhouse repair and maintenance funds	100,000	100,000
Undesignated	3,697,074	3,741,257
Temporarily restricted	<u>-</u>	<u>16,778</u>
 Total Net Assets	 <u><u>4,031,702</u></u>	 <u><u>4,090,171</u></u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 4,046,965</u></u>	 <u><u>\$ 4,109,292</u></u>

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

**GILDA'S CLUB NASHVILLE  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<b>2011</b>	<b>2010</b>
<b>Changes in Unrestricted Net Assets</b>		
Public support		
Individual, corporate gifts and grants	\$ 342,499	\$ 320,444
Donated goods and services	121,875	98,544
Special events (net of direct benefits to donors of \$47,167 and \$49,257 for 2011 and 2010, respectively)	270,694	239,344
Interest income	<u>10,259</u>	<u>14,645</u>
 Total Unrestricted Support and Revenues	 745,327	 672,977
 Net assets released from restrictions	 <u>25,078</u>	 <u>718,302</u>
 Total Unrestricted Support, Revenues and Reclassifications	 <u>770,405</u>	 <u>1,391,279</u>
 Functional Expenses		
Program services	646,943	648,954
Supporting services		
Management and general	85,450	83,469
Fundraising	<u>79,703</u>	<u>68,446</u>
 Total Unrestricted Functional Expenses	 <u>812,096</u>	 <u>800,869</u>
 (Decrease) increase in unrestricted net assets	 <u>(41,691)</u>	 <u>590,410</u>
 <b>Changes in Temporarily Restricted Net Assets</b>		
Contributions	8,300	55,560
Net assets released from restrictions	<u>(25,078)</u>	<u>(718,302)</u>
 Decrease in temporarily restricted net assets	 <u>(16,778)</u>	 <u>(662,742)</u>
 DECREASE IN NET ASSETS	 (58,469)	 (72,332)
 NET ASSETS - BEGINNING OF YEAR	 <u>4,090,171</u>	 <u>4,162,503</u>
 NET ASSETS - END OF YEAR	 <u><u>\$ 4,031,702</u></u>	 <u><u>\$ 4,090,171</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, 2011**

		<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	\$ 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>
Donated goods and services for programs	103,187	-	-	103,187
Depreciation	65,343	2,063	1,376	68,782
Special events expense	5,344	-	46,478	51,822
Amortization of golf club membership	-	-	21,000	21,000
Utilities	17,581	555	370	18,506
Insurance	17,489	471	314	18,274
Professional services	-	15,305	-	15,305
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
Repairs and maintenance	7,539	178	119	7,836
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
Seminars and conferences	3,154	119	79	3,352
Dues and memberships	3,314	17	11	3,342
	<u>646,943</u>	<u>85,450</u>	<u>126,870</u>	<u>859,263</u>
Total expenses				
	<u>646,943</u>	<u>85,450</u>	<u>126,870</u>	<u>859,263</u>
Less direct benefits to donors	-	-	(47,167)	(47,167)
Total expenses reported under program and supporting services	<u>\$ 646,943</u>	<u>\$ 85,450</u>	<u>\$ 79,703</u>	<u>\$ 812,096</u>

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

**GILDA'S CLUB NASHVILLE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2010**

		<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	\$ 281,603	\$ 46,376	\$ 37,625	\$ 365,604
Payroll taxes and other benefits	65,638	10,111	7,694	83,443
Contract labor	24,505	90	60	24,655
	<u>371,746</u>	<u>56,577</u>	<u>45,379</u>	<u>473,702</u>
Donated goods and services for programs	98,544	-	-	98,544
Depreciation	64,968	2,052	1,368	68,388
Special events expense	7,107	-	44,375	51,482
Amortization of golf club membership	-	-	21,000	21,000
Utilities	17,386	549	366	18,301
Insurance	18,181	490	327	18,998
Professional services	-	16,865	-	16,865
Printing	16,531	36	853	17,420
Supplies and materials	7,940	1,099	87	9,126
Meetings and workshops	10,555	-	225	10,780
Repairs and maintenance	10,018	218	146	10,382
Banking fees	-	5,157	3,295	8,452
Outreach	5,756	-	-	5,756
Rent	4,560	144	96	4,800
Telephone	3,951	125	83	4,159
Postage	3,679	94	62	3,835
Seminars and conferences	2,753	56	37	2,846
Dues and memberships	5,279	7	4	5,290
	<u>648,954</u>	<u>83,469</u>	<u>117,703</u>	<u>850,126</u>
Total expenses				
	<u>648,954</u>	<u>83,469</u>	<u>117,703</u>	<u>850,126</u>
Less direct benefits to donors	-	-	(49,257)	(49,257)
Total expenses reported under program and supporting services	<u>\$ 648,954</u>	<u>\$ 83,469</u>	<u>\$ 68,446</u>	<u>\$ 800,869</u>

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

**GILDA'S CLUB NASHVILLE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (58,469)	\$ (72,332)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities		
Depreciation and amortization	89,782	89,388
Contributions of property and equipment	(18,688)	-
Contributions of investments	(4,214)	-
Decrease (increase) in		
Grants receivable	23,630	(11,130)
Prepaid expenses	153	(340)
Decrease in		
Accounts payable and accrued expenses	<u>(3,858)</u>	<u>(87)</u>
Net Cash Provided By Operating Activities	<u>28,336</u>	<u>5,499</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property and equipment	(22,395)	-
Maturity (purchase) of certificates of deposit, net	<u>139,122</u>	<u>(200,300)</u>
Net Cash Provided By (Used By) Investing Activities	<u>116,727</u>	<u>(200,300)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital campaign contributions collected	<u>61,500</u>	<u>125,666</u>
Net Cash Provided By Financing Activities	<u>61,500</u>	<u>125,666</u>
Net Increase (Decrease) in Cash	206,563	(69,135)
CASH - BEGINNING OF YEAR	<u>582,486</u>	<u>651,621</u>
CASH - END OF YEAR	<u><u>\$ 789,049</u></u>	<u><u>\$ 582,486</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, 2011 AND 2010**

**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

Investments are reported at fair value. Realized and unrealized gains and losses on investments are recognized in current period operations.

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.

**GILDA'S CLUB NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**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 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 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, 2011 or 2010.

**GILDA'S CLUB NASHVILLE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**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, 2011, 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.

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 agency. 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.

**GILDA'S CLUB NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

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

Functional Allocation of Expenses (Continued)

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:

	<b>2011</b>	<b>2010</b>
Receivable in less than one year	\$ 15,763	\$ 86,026
Receivable in one to five years	<u>15,763</u>	<u>7,000</u>
	<u>\$ 31,526</u>	<u>\$ 93,026</u>

**NOTE 4 - INVESTMENTS**

The Organization's investments consist of the following:

	<b>2011</b>	<b>2010</b>
Money funds	\$ 3,144	\$ 6,028
Certificates of deposit	650,079	786,317
Equity securities	<u>4,214</u>	<u>-</u>
	<u>\$ 657,437</u>	<u>\$ 792,345</u>

Accounting principles generally accepted in the United States of America require the Organization to disclose the basis for considering market participants 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). As of December 31, 2011 and 2010, all of the Organization's investments are valued using Level 1 measurements.

**GILDA'S CLUB NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<b>2011</b>	<b>2010</b>
Land	\$ 350,000	\$ 350,000
Building and improvements	2,296,032	2,296,032
Furniture and equipment	<u>157,702</u>	<u>136,946</u>
	2,803,734	2,782,978
Accumulated depreciation	<u>(355,514)</u>	<u>(307,059)</u>
	<u><b>\$ 2,448,220</b></u>	<u><b>\$ 2,475,919</b></u>

Depreciation expense was \$68,782 and \$68,388 for 2011 and 2010, respectively.

**NOTE 6 - 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, 2011 and 2010, the Organization reported amortization expense of \$21,000. Accumulated amortization amounted to \$99,750 and \$78,750 at December 31, 2011 and 2010, respectively.

**NOTE 7 - 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 \$14,317 and \$14,470 at December 31, 2011 and 2010.

**GILDA'S CLUB NASHVILLE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 8 - DONATED GOODS AND SERVICES**

During 2011 and 2010, a substantial number of unpaid volunteers contributed approximately 3,000 and 3,100 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.

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, 2011 and 2010.

	<b>2011</b>	<b>2010</b>
Included in support/expenses		
Healthcare providers	\$ 15,145	\$ 17,420
Personal trainers	14,400	13,500
Psychotherapists	12,660	15,180
Movement and fitness	7,763	8,350
Cooking and nutrition	2,944	5,940
Cosmetology	1,350	3,200
Exercise facilities	13,800	7,769
Food, supplies and gifts	<u>35,125</u>	<u>27,185</u>
	103,187	98,544
 Included in support/fixed assets		
Equipment	<u>18,688</u>	<u>-</u>
	<u>\$ 121,875</u>	<u>\$ 98,544</u>
 Included in special events/expenses		
Prizes, fees and materials	<u>\$ 14,322</u>	<u>\$ 11,700</u>

**NOTE 9 - RESTRICTED NET ASSETS**

There were no temporarily restricted net assets at December 31, 2011. The temporary restrictions on net assets at December 31, 2010 are attributable to contributions received for subsequent year's operations and children's programs.

During 2010, the Organization released the remaining funds previously restricted for the acquisition and renovation of the clubhouse and for the first year's operating expenses.

There were no permanently restricted net assets as of December 31, 2011 and 2010.

**GILDA'S CLUB NASHVILLE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 10 - CONCENTRATION OF CREDIT RISK**

The Federal Deposit Insurance Corporation (FDIC) insures deposits up to \$250,000 with each financial institution. At December 31, 2011 the Organization had deposits of approximately \$50,000 in excess of the insured amount.

**NOTE 11 - EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through July 5, 2012 which is the date the financial statements were available to be issued.