

**GILDA'S CLUB NASHVILLE
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Functional Expenses	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-12

BLANKENSHIP CPA GROUP, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Gilda's Club Nashville

Report on the Financial Statements

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, 2016 and 2015, 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, 2016 and 2015, 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

June 3, 2017

**GILDA'S CLUB NASHVILLE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

ASSETS

	2016	2015
Cash	\$ 253,906	\$ 1,058,499
Certificates of deposit	-	765,386
Investments	1,326,200	-
Prepaid expenses	17,281	18,168
Purchased membership rights, net	-	26,250
Property and equipment, net	2,190,824	2,238,776
Beneficial interest in agency endowment fund held by Community Foundation of Middle Tennessee	<u>17,672</u>	<u>17,611</u>
 TOTAL ASSETS	 <u><u>\$ 3,805,883</u></u>	 <u><u>\$ 4,124,690</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 11,783</u>	<u>\$ 88,155</u>
 NET ASSETS		
Unrestricted		
Board designated		
Long-term stability funds	268,349	238,903
Clubhouse repair and maintenance funds	126,400	126,400
Undesignated	3,301,679	3,564,796
Temporarily restricted	80,000	88,825
Permanently restricted	<u>17,672</u>	<u>17,611</u>
 Total Net Assets	 <u><u>3,794,100</u></u>	 <u><u>4,036,535</u></u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 3,805,883</u></u>	 <u><u>\$ 4,124,690</u></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, 2016 AND 2015

	2016	2015
Changes in Unrestricted Net Assets		
Public support		
Individual, corporate gifts and grants	\$ 340,962	\$ 358,769
Donated goods and services	92,417	69,479
Special events (net of direct benefits to donors of \$46,726 and \$74,795 for 2016 and 2015, respectively)	260,362	327,635
Other income	830	8,346
Interest and investment income	<u>34,827</u>	<u>6,595</u>
 Total Unrestricted Support and Revenues	 729,398	 770,824
 Net assets released from restrictions	 <u>88,825</u>	 <u>885</u>
 Total Unrestricted Support, Revenues and Reclassifications	 <u>818,223</u>	 <u>771,709</u>
 Functional Expenses		
Program services	810,344	719,155
Supporting services		
Management and general	104,796	112,718
Fundraising	<u>136,754</u>	<u>96,443</u>
 Total Unrestricted Functional Expenses	 <u>1,051,894</u>	 <u>928,316</u>
 Decrease in unrestricted net assets	 <u>(233,671)</u>	 <u>(156,607)</u>
Changes in Temporarily Restricted Net Assets		
Contributions	80,000	88,250
Net assets released from restrictions	<u>(88,825)</u>	<u>(885)</u>
 (Decrease) increase in temporarily restricted net assets	 <u>(8,825)</u>	 <u>87,365</u>
Changes in Permanently Restricted Net Assets		
Change in value of beneficial interest in agency endowment fund held by Community Foundation of Middle Tennessee	<u>61</u>	<u>(905)</u>
 Increase (decrease) in permanently restricted net assets	 <u>61</u>	 <u>(905)</u>
 DECREASE IN NET ASSETS	 (242,435)	 (70,147)
NET ASSETS - BEGINNING OF YEAR	<u>4,036,535</u>	<u>4,106,682</u>
NET ASSETS - END OF YEAR	<u>\$ 3,794,100</u>	<u>\$ 4,036,535</u>

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

GILDA'S CLUB NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Program Services	Supporting Services		Total
		Management and General	Fund- raising	
Compensation and related costs				
Compensation	\$ 431,602	\$ 77,044	\$ 68,538	\$ 577,184
Benefits	52,360	11,799	9,587	73,746
Contract labor	20,103	238	159	20,500
	<u>504,065</u>	<u>89,081</u>	<u>78,284</u>	<u>671,430</u>
Donated goods and services	88,895	1,908	1,614	92,417
Special events expense	35,219	-	49,148	84,367
Depreciation	53,641	1,694	1,129	56,464
Amortization of golf club membership rights	6,563	-	19,687	26,250
Repairs and maintenance	22,269	685	457	23,411
Utilities	19,754	624	416	20,794
Insurance	19,649	620	414	20,683
Printing	17,664	43	952	18,659
Banking, credit card, investment fees	8,183	-	8,183	16,366
Professional services	-	9,400	5,000	14,400
Meetings and workshops	10,655	-	-	10,655
Dues and memberships	8,468	29	19	8,516
Supplies and materials	7,423	238	142	7,803
Telephone	6,233	197	131	6,561
Postage	5,912	113	82	6,107
Seminars and conferences	5,198	164	109	5,471
Outreach	4,582	-	-	4,582
Annual campaign	1,842	-	1,842	3,684
	<u>826,215</u>	<u>104,796</u>	<u>167,609</u>	<u>1,098,620</u>
Total expenses	826,215	104,796	167,609	1,098,620
Less direct benefits to donors	<u>(15,871)</u>	<u>-</u>	<u>(30,855)</u>	<u>(46,726)</u>
Total functional expenses	<u>\$ 810,344</u>	<u>\$ 104,796</u>	<u>\$ 136,754</u>	<u>\$ 1,051,894</u>

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

GILDA'S CLUB NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Program Services	Supporting Services		Total
		Management and General	Fund- raising	
Compensation and related costs				
Compensation	\$ 358,012	\$ 64,553	\$ 55,303	\$ 477,868
Benefits	72,465	14,763	12,249	99,477
Contract labor	22,020	5,590	143	27,753
	<u>452,497</u>	<u>84,906</u>	<u>67,695</u>	<u>605,098</u>
Donated goods and services	65,957	1,908	1,614	69,479
Special events expense	49,864	-	50,139	100,003
Depreciation	52,642	1,662	1,108	55,412
Amortization of golf club membership rights	5,250	-	15,750	21,000
Repairs and maintenance	14,357	390	260	15,007
Utilities	20,121	742	427	21,290
Insurance	20,158	570	380	21,108
Printing	13,672	24	806	14,502
Banking, credit card, investment fees	2,695	75	2,695	5,465
Professional services	-	21,200	-	21,200
Meetings and workshops	14,198	-	-	14,198
Dues and memberships	8,309	38	35	8,382
Supplies and materials	6,205	876	2,054	9,135
Telephone	5,412	171	114	5,697
Postage	5,272	77	52	5,401
Seminars and conferences	2,505	79	53	2,637
Outreach	8,097	-	-	8,097
Annual campaign	-	-	-	-
	<u>747,211</u>	<u>112,718</u>	<u>143,182</u>	<u>1,003,111</u>
Total expenses	747,211	112,718	143,182	1,003,111
Less direct benefits to donors	<u>(28,056)</u>	<u>-</u>	<u>(46,739)</u>	<u>(74,795)</u>
Total functional expenses	<u>\$ 719,155</u>	<u>\$ 112,718</u>	<u>\$ 96,443</u>	<u>\$ 928,316</u>

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

**GILDA'S CLUB NASHVILLE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (242,435)	\$ (70,147)
Adjustments to reconcile decrease in net assets to net cash used by operating activities		
Depreciation and amortization	82,714	76,412
Unrealized gain on investments	(24,629)	-
Change in value of beneficial interest in agency endowment	(61)	905
Change in assets and liabilities		
Decrease (increase) in prepaid expenses	887	(12,609)
(Decrease) increase in accounts payable and accrued expenses	<u>(76,372)</u>	<u>5,127</u>
Net Cash Used By Operating Activities	<u>(259,896)</u>	<u>(312)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	(8,512)	(1,967)
Purchase of investments	(1,301,571)	-
Maturity of certificates of deposit	<u>765,386</u>	<u>227,282</u>
Net Cash (Used) Provided By Investing Activities	<u>(544,697)</u>	<u>225,315</u>
NET (DECREASE) INCREASE IN CASH	(804,593)	225,003
CASH - BEGINNING OF YEAR	<u>1,058,499</u>	<u>833,496</u>
CASH - END OF YEAR	<u>\$ 253,906</u>	<u>\$ 1,058,499</u>

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

**GILDA'S CLUB NASHVILLE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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 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 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. All certificates of deposit have an original maturity date longer than three months.

Investments

Investments are reported at quoted fair market value based on the last reported sale of the year on a national security exchange. The changes in unrealized gains and losses are recognized in the statements of activities and changes in net assets for the year.

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.

GILDA'S CLUB NASHVILLE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015

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.

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. Changes in the value of the fund are recognized in the statements of activities and changes in net assets, and distributions received from the fund are recorded as decreases in the beneficial interest and investment income.

Contributions

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. 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.

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.

**GILDA'S CLUB NASHVILLE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2016, 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 2013.

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.

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.

GILDA'S CLUB NASHVILLE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 3 - INVESTMENTS

In 2016, the Board of Directors under advisement of the Finance Committee, evaluated and approved an investment policy for the Organization's substantial cash reserves. Between June and December, \$1.3 million fully funded the investment account in accordance with a conservative growth strategy.

The Organization's investments consist of the following as of December 31, 2016:

Cash equivalents	\$ 196,464
Equities	661,460
Bonds	<u>468,276</u>
	<u>\$ 1,326,200</u>

Interest and investment income for these investments totaled \$33,872 which included dividends and interest of \$9,243 and realized and unrealized gains of \$24,629. Investment management fees totaled \$7,679.

Accounting principles generally accepted in the United States of America require 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). As of December 31, 2016, all of the Organization's investments are valued using Level 1 measurements.

NOTE 4 - 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, 2016 and 2015, the Organization reported amortization expense of \$26,250 and \$21,000, respectively.

**GILDA'S CLUB NASHVILLE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

:

	2016	2015
Land	\$ 350,000	\$ 350,000
Building and improvements	2,296,032	2,296,032
Furniture and equipment	<u>174,246</u>	<u>165,733</u>
	2,820,278	2,811,765
Accumulated depreciation	<u>(629,454)</u>	<u>(572,989)</u>
	<u>\$ 2,190,824</u>	<u>\$ 2,238,776</u>

Depreciation expense was \$56,464 and \$55,412 for 2016 and 2015, 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:

	2016	2015
Balance – beginning of year	<u>\$ 17,611</u>	<u>\$ 18,516</u>
Change in value of beneficial interest:		
Contributions	40	600
Investment earnings (loss)	1,062	(351)
Grants paid out to the Organization	(900)	(1,000)
Administrative expenses	<u>(141)</u>	<u>(154)</u>
Net change	<u>61</u>	<u>(905)</u>
Balance – end of year	<u>\$ 17,672</u>	<u>\$ 17,611</u>

**GILDA'S CLUB NASHVILLE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

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

	2016	2015
Grants for subsequent year programs	<u>\$ 80,000</u>	<u>\$ 88,825</u>

NOTE 8 - DONATED GOODS AND SERVICES

During 2016 and 2015, a substantial number of unpaid volunteers contributed an estimated 4,013 and 4,420 hours respectively, of their time to the Organization's program and supporting services. Volunteer hours totaling 1,409 and 962 for 2016 and 2015, respectively 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:

	2016	2015
Included in support/expenses		
Movement and fitness instruction	\$ 22,500	\$ 9,096
Healthcare providers	19,600	17,929
Computer technology support	14,400	14,400
Psychotherapists	9,400	6,180
Cooking and nutrition	4,200	3,638
Art instruction	3,000	-
Website maintenance	275	275
Cosmetology	-	1,470
Food, supplies, tickets and gifts	<u>19,042</u>	<u>16,491</u>
	<u>\$ 92,417</u>	<u>\$ 69,479</u>
Included in special events/expenses		
Prizes, fees and materials	\$ 16,975	\$ 28,969
Personal trainers	12,850	12,300
Professional services	4,003	3,400
Facilities	<u>-</u>	<u>1,000</u>
	<u>\$ 33,828</u>	<u>\$ 45,669</u>

NOTE 9 - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 3, 2017 which is the date the financial statements were available to be issued.