

GILDA'S CLUB MADISON WISCONSIN, INC.

FINANCIAL STATEMENTS

December 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Gilda's Club Madison Wisconsin, Inc.
Middleton, Wisconsin

We have audited the accompanying financial statements of Gilda's Club Madison Wisconsin, Inc., which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, 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.

Auditor's 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 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 Madison Wisconsin, Inc. 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.

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GILDA'S CLUB MADISON WISCONSIN, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	2016	2015
ASSETS		
Cash	\$ 439,570	\$ 417,476
Certificates of deposit	608,734	600,894
Prepaid expenses	13,964	12,329
Unconditional promises to give	96,060	94,094
Property and equipment - net	<u>2,690,985</u>	<u>2,753,060</u>
Total assets	<u>\$ 3,849,313</u>	<u>\$ 3,877,853</u>
LIABILITIES		
Accounts payable	\$ 9,974	\$ 11,543
Accrued payroll	<u>20,330</u>	<u>16,907</u>
Total liabilities	30,304	28,450
NET ASSETS		
Undesignated	1,012,991	963,957
Designated for building maintenance	16,667	16,667
Designated for property and equipment	<u>2,690,985</u>	<u>2,753,060</u>
Unrestricted	3,720,643	3,733,684
Temporarily restricted	<u>98,366</u>	<u>115,719</u>
Total net assets	<u>3,819,009</u>	<u>3,849,403</u>
Total liabilities and net assets	<u>\$ 3,849,313</u>	<u>\$ 3,877,853</u>

See accompanying notes.

GILDA'S CLUB MADISON WISCONSIN, INC.
STATEMENTS OF ACTIVITIES
Years ended December 31, 2016 and 2015

	2016	2015
UNRESTRICTED NET ASSETS		
SUPPORT AND OTHER REVENUE		
Contributions	\$ 553,395	\$ 392,213
Special events	351,895	281,056
Less costs of direct benefits to donors	(75,615)	(68,789)
Interest income	8,588	5,172
Other	328	365
	<u>838,591</u>	<u>610,017</u>
EXPENSES		
Program services	647,164	483,277
Supporting activities		
Management and general	80,852	90,925
Fundraising	191,271	144,580
	<u>272,123</u>	<u>235,505</u>
Total supporting activities	<u>272,123</u>	<u>235,505</u>
Total expenses	919,287	718,782
Net assets released from restrictions	<u>67,655</u>	<u>69,086</u>
Change in unrestricted net assets	(13,041)	(39,679)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	50,302	91,686
Net assets released from restrictions	(67,655)	(69,086)
Loss on uncollectible promises to give	-	(1,000)
	<u>(17,353)</u>	<u>21,600</u>
Change in temporarily restricted net assets	<u>(17,353)</u>	<u>21,600</u>
Change in net assets	(30,394)	(18,079)
Net assets - beginning of year	<u>3,849,403</u>	<u>3,867,482</u>
Net assets - end of year	<u>\$ 3,819,009</u>	<u>\$ 3,849,403</u>

See accompanying notes.

GILDA'S CLUB MADISON WISCONSIN, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended December 31, 2016 and 2015

	Program Services	Management and General	Fundraising	Costs of Direct Benefits to Donors	2016 Total
Personnel	\$ 296,618	\$ 52,658	\$ 118,391	\$ -	\$ 467,667
Occupancy	33,324	948	1,803	-	36,075
Printing	9,870	2,431	12,840	-	25,141
Professional fees	25,017	15,015	288	-	40,320
Outreach and program promotion	153,551	-	10,140	-	163,691
Equipment and supplies	18,046	212	404	-	18,662
Telephone and internet	5,180	147	281	-	5,608
Postage	4,975	883	1,986	-	7,844
Other	17,087	3,595	6,820	-	27,502
Insurance	15,232	2,677	824	-	18,733
Depreciation	62,363	1,774	3,375	-	67,512
Events and awards	3,015	-	32,967	75,615	111,597
Travel and entertainment	2,886	512	1,152	-	4,550
Subtotal	647,164	80,852	191,271	75,615	994,902
Less costs of direct benefits to donors	-	-	-	(75,615)	(75,615)
Total expenses	\$ 647,164	\$ 80,852	\$ 191,271	\$ -	\$ 919,287

	Program Services	Management and General	Fundraising	Costs of Direct Benefits to Donors	2015 Total
Personnel	\$ 287,414	\$ 53,124	\$ 101,083	\$ -	\$ 441,621
Occupancy	31,837	906	1,723	-	34,466
Printing	14,276	9,117	5,349	-	28,742
Professional fees	18,533	15,005	-	-	33,538
Outreach and program promotion	10,592	-	5,113	-	15,705
Equipment and supplies	10,427	4,049	7,706	-	22,182
Telephone and internet	5,490	156	297	-	5,943
Postage	5,247	970	1,845	-	8,062
Other	14,723	2,721	6,998	-	24,442
Insurance	14,445	2,526	782	-	17,753
Depreciation	62,092	1,766	3,360	-	67,218
Events and awards	5,040	-	9,212	68,789	83,041
Travel and entertainment	3,161	585	1,112	-	4,858
Subtotal	483,277	90,925	144,580	68,789	787,571
Less costs of direct benefits to donors	-	-	-	(68,789)	(68,789)
Total expenses	\$ 483,277	\$ 90,925	\$ 144,580	\$ -	\$ 718,782

See accompanying notes.

GILDA'S CLUB MADISON WISCONSIN, INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (30,394)	\$ (18,079)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	67,512	67,218
Loss on uncollectible promises to give	-	1,000
(Increase) decrease in assets		
Prepaid expenses	(1,635)	(3,050)
Unconditional promises to give	(1,966)	(20,917)
Increase (decrease) in liabilities		
Accounts payable	(1,569)	3,460
Accrued payroll	3,423	(579)
Net cash flows from operating activities	35,371	29,053
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of certificates of deposit	-	(100,000)
Interest income retained in certificates of deposit	(7,840)	(4,728)
Purchases of property and equipment	(5,437)	-
Net cash flows from investing activities	(13,277)	(104,728)
Change in cash	22,094	(75,675)
Cash - beginning of year	417,476	493,151
Cash - end of year	\$ 439,570	\$ 417,476

See accompanying notes.

GILDA'S CLUB MADISON WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

Gilda's Club Madison Wisconsin, Inc. (Club) is a free, non-profit support community for anyone touched by any kind of cancer as well as their families and friends. It's a warm and welcoming, non-residential clubhouse in the Madison, Wisconsin area where men, women, and children come together to build social and emotional support as a supplement to medical care. The primary source of the Club's support is contributions from the public.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Club is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently restricted net assets—Net assets that have been restricted by donors to be maintained by the Club in perpetuity.

Promises to Give

Unconditional promises to give are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Uncollectible promises are written off after management makes reasonable collection efforts and determines the promises will not be collected.

Property and Equipment

Purchases of property and equipment in excess of \$3,000 are capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value on the date of donation. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets.

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

GILDA'S CLUB MADISON WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services

Donated services are recognized if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Club.

Expense Allocation

The costs of providing the Club's programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

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

Program services – Program services include professionally facilitated support and networking groups, lectures and workshops, social activities to build community, activities that bring together members' family and friends for practical and emotional support, and the Noogieland playroom and program component for children and teens who have cancer, and whose siblings or parents have cancer.

Management and general – Management and general expenses include the costs necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of the Club, and perform other administrative activities.

Fundraising – Fundraising expenses include the costs related to activities that involve inducing potential donors to contribute assets, services, or time to the Club.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Income Tax Status

The Club is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Club qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

GILDA'S CLUB MADISON WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of Management's Review

Management has evaluated subsequent events through April 24, 2017, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

The Club maintains its cash balances at several financial institutions located in Madison, Wisconsin. Accounts at each institution are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration up to \$250,000. At December 31, 2016 and 2015, the Club's uninsured cash balances total approximately \$40,000 and \$135,000.

NOTE 3 – PROMISES TO GIVE

Unconditional promises to give at December 31, 2016 and 2015 are as follows:

	2016	2015
Receivable in less than one year	\$ 64,038	\$ 50,010
Receivable in one to five years	32,913	44,975
Total unconditional promises to give	96,951	94,985
Less discounts to net present value	891	891
Unconditional promises to give	\$ 96,060	\$ 94,094

Promises to give receivable in more than one year are discounted at 0.10%.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2016 and 2015 consisted of the following:

	2016	2015
Land	\$ 710,000	\$ 710,000
Building and improvements	2,695,074	2,695,074
Furniture and equipment	130,335	124,898
Software	4,585	4,585
Less accumulated depreciation	849,009	781,497
Property and equipment - net	\$ 2,690,985	\$ 2,753,060

GILDA'S CLUB MADISON WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2016 and 2015 are available for the following purposes or periods:

	<u>2016</u>	<u>2015</u>
Subsequent years' sponsorships	\$ 11,000	\$ 19,125
Subsequent years' activities	<u>87,366</u>	<u>96,594</u>
Temporarily restricted net assets	<u>\$ 98,366</u>	<u>\$ 115,719</u>

NOTE 6 – DONATED SERVICES

The value of the donated services for 2016 and 2015 included in the financial statements and the corresponding program services and activities for which the contributed services were used are as follows:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>
Presenters	\$ 22,218	\$ -	\$ -
Printing services	-	5,500	-
Technology services	-	1,070	-
Other professional services	-	2,574	-
Occupancy	2,400	-	-
Outreach and program promotion	<u>148,959</u>	<u>-</u>	<u>-</u>
Donated services - 2016	<u>\$ 173,577</u>	<u>\$ 9,144</u>	<u>\$ -</u>
Professional accounting services	\$ -	\$ 2,000	\$ -
Presenters	16,026	-	-
Printing services	-	7,259	-
Technology services	-	-	1,500
Other professional services	-	1,070	-
Building and grounds maintenance	7,947	-	-
Outreach and program promotion	<u>906</u>	<u>-</u>	<u>-</u>
Donated services - 2015	<u>\$ 24,879</u>	<u>\$ 10,329</u>	<u>\$ 1,500</u>