

GILDA'S CLUB MADISON WISCONSIN, INC.

FINANCIAL STATEMENTS

December 31, 2018 and 2017

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7



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, 2018 and 2017, 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, 2018 and 2017, 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.

Janesville Office:
101 E. Milwaukee Street
Suite 425
Janesville, WI 53545
P: (608) 756-4020

Baraboo Office:
123 Second Street
P.O. Box 150
Baraboo, WI 53913
P: (608) 356-3966
F: (608) 356-2966

Milwaukee Office:
W229 N1433 Westwood Drive
Suite 105
Waukesha, WI 53186
P: (262) 522-7555
F: (262) 522-7550

Madison Office:
2921 Landmark Place
Suite 300
Madison, WI 53713
P: (608) 274-4020 F:
(608) 308-1616

www.wegnercpas.com
info@wegnercpas.com
(888) 204-7665

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, Gilda's Club Madison Wisconsin, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
June 10, 2019

GILDA'S CLUB MADISON WISCONSIN, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash - operating	\$ 415,834	\$ 708,335
Cash - nonoperating	600,651	-
Certificates of deposit	882,309	490,228
Prepaid expenses	914	17,059
Unconditional promises to give	116,747	125,429
Property and equipment, net	<u>2,558,431</u>	<u>2,622,680</u>
Total assets	<u>\$ 4,574,886</u>	<u>\$ 3,963,731</u>
LIABILITIES		
Accounts payable	\$ 8,771	\$ 12,433
Accrued payroll	<u>24,888</u>	<u>24,617</u>
Total liabilities	33,659	37,050
NET ASSETS		
Without donor restrictions	4,435,779	3,650,108
With donor restrictions	<u>105,448</u>	<u>276,573</u>
Total net assets	<u>4,541,227</u>	<u>3,926,681</u>
Total liabilities and net assets	<u>\$ 4,574,886</u>	<u>\$ 3,963,731</u>

See accompanying notes.

GILDA'S CLUB MADISON WISCONSIN, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
OPERATING REVENUE		
Contributions	\$ 454,220	\$ 635,574
Special events	438,358	237,702
Less costs of direct benefits to donors	(112,996)	(38,592)
Interest income	25,458	9,404
Other	(128)	260
	<u>804,912</u>	<u>844,348</u>
Total operating revenue	804,912	844,348
OPERATING EXPENSES AND LOSSES		
Cancer support	500,578	693,550
Management and general	105,735	94,233
Fundraising	242,934	177,986
	<u>849,247</u>	<u>965,769</u>
Total expenses	849,247	965,769
Loss on uncollectible promises to give	14,403	4,200
	<u>863,650</u>	<u>969,969</u>
Total operating expenses and losses	863,650	969,969
Net assets released from restrictions	<u>243,758</u>	<u>55,086</u>
Change in net assets without donor restrictions from operations	185,020	(70,535)
NONOPERATING ACTIVITIES		
Insurance proceeds and deductible net of flood costs (Note 8)	<u>600,651</u>	<u>-</u>
Change in net assets without donor restrictions	785,671	(70,535)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	72,633	233,293
Net assets released from restrictions	<u>(243,758)</u>	<u>(55,086)</u>
Change in net assets with donor restrictions	<u>(171,125)</u>	<u>178,207</u>
Change in net assets	614,546	107,672
Net assets at beginning of year	<u>3,926,681</u>	<u>3,819,009</u>
Net assets at end of year	<u><u>\$ 4,541,227</u></u>	<u><u>\$ 3,926,681</u></u>

See accompanying notes.

GILDA'S CLUB MADISON WISCONSIN, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2018 and 2017

	2018				
	Cancer Support	Management and General	Fundraising	Costs of Direct Benefits to Donors	Total Expenses
Personnel	\$ 304,681	\$ 72,064	\$ 160,277	\$ -	\$ 537,022
Occupancy	21,224	604	1,148	-	22,976
Printing	12,067	2,855	22,147	-	37,069
Professional fees	9,934	18,771	709	-	29,414
Outreach and program promotion	7,568	-	2,486	-	10,054
Equipment and supplies	19,228	346	816	-	20,390
Telephone and internet	6,341	180	343	-	6,864
Postage	5,013	1,186	2,775	-	8,974
Other	17,233	4,076	16,910	-	38,219
Insurance	22,795	2,926	1,234	-	26,955
Depreciation	62,858	1,788	3,402	-	68,048
Events and awards	7,667	-	28,599	112,996	149,262
Travel and entertainment	3,969	939	2,088	-	6,996
Subtotal	500,578	105,735	242,934	112,996	962,243
Less costs of direct benefits to donors	-	-	-	(112,996)	(112,996)
Total expenses	\$ 500,578	\$ 105,735	\$ 242,934	\$ -	\$ 849,247
	2017				
	Cancer Support	Management and General	Fundraising	Costs of Direct Benefits to Donors	Total Expenses
Personnel	\$ 292,873	\$ 61,465	\$ 109,191	\$ -	\$ 463,529
Occupancy	26,241	746	1,420	-	28,407
Printing	13,814	2,899	18,241	-	34,954
Professional fees	24,637	20,509	19	-	45,165
Outreach and program promotion	193,620	-	14,252	-	207,872
Equipment and supplies	24,654	316	602	-	25,572
Telephone and internet	6,334	180	343	-	6,857
Postage	5,050	1,060	1,883	-	7,993
Other	18,369	3,855	6,849	-	29,073
Insurance	18,625	530	1,007	-	20,162
Depreciation	63,095	1,795	3,415	-	68,305
Events and awards	2,053	-	19,204	38,592	59,849
Travel and entertainment	4,185	878	1,560	-	6,623
Subtotal	693,550	94,233	177,986	38,592	1,004,361
Less costs of direct benefits to donors	-	-	-	(38,592)	(38,592)
Total expenses	\$ 693,550	\$ 94,233	\$ 177,986	\$ -	\$ 965,769

See accompanying notes.

GILDA'S CLUB MADISON WISCONSIN, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 614,546	\$ 107,672
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	68,048	68,305
Property and equipment contributions	(3,799)	-
Loss on uncollectible promises to give	14,403	4,200
(Increase) decrease in assets		
Prepaid expenses	16,145	(3,095)
Unconditional promises to give	(5,721)	(33,569)
Increase (decrease) in liabilities		
Accounts payable	(3,662)	2,459
Accrued payroll	271	4,287
Net cash flows from operating activities	<u>700,231</u>	<u>150,259</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from certificates of deposit	-	125,211
Interest income retained in certificates of deposit	(15,386)	(6,705)
Purchases of certificates of deposit	(376,695)	-
Net cash flows from investing activities	<u>(392,081)</u>	<u>118,506</u>
Change in cash	308,150	268,765
Cash at beginning of year	<u>708,335</u>	<u>439,570</u>
Cash at end of year	<u><u>\$ 1,016,485</u></u>	<u><u>\$ 708,335</u></u>
SUPPLEMENTAL DISCLOSURES		
Non-cash investing transactions		
Property and equipment contributions	\$ 3,799	\$ -

See accompanying notes.

GILDA'S CLUB MADISON WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

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

Adoption of New Accounting Pronouncement

The Club adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, as of and for the year ended December 31, 2018. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The changes required by the update have been applied retrospectively to all periods presented. A key change required by the update are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

Promises to Give

Unconditional promises to give are recognized as revenue 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 net assets without restrictions 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 net assets with restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions 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, 2018 and 2017

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 financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expense require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, outreach and program promotion, equipment and supplies, telephone and internet, and depreciation, which are allocated on the basis of estimates of building space usage, and personnel, printing, postage, insurance, travel and entertainment, and other expenses, which are allocated on the basis of estimates of time and effort.

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

Cancer Support – 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.

GILDA'S CLUB MADISON WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of Management's Review

Management has evaluated subsequent events through June 10, 2019, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

The Club maintains 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, 2018 and 2017, the Club's uninsured cash balances total approximately \$229,000 and \$66,000.

NOTE 3 – PROMISES TO GIVE

Unconditional promises to give are as follows:

	2018	2017
Receivable in less than one year	\$ 95,414	\$ 101,518
Receivable in one to five years	21,333	24,802
Total unconditional promises to give	116,747	126,320
Less discount to net present value	-	891
Unconditional promises to give	\$ 116,747	\$ 125,429

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

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2018	2017
Land	\$ 710,000	\$ 710,000
Building and improvements	2,695,074	2,695,074
Furniture and equipment	134,134	130,335
Software	4,585	4,585
Less accumulated depreciation	985,362	917,314
Property and equipment, net	\$ 2,558,431	\$ 2,622,680

GILDA'S CLUB MADISON WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 5 – NET ASSETS

The Club's board of directors has designated net assets without donor restrictions for the following purposes:

	<u>2018</u>	<u>2017</u>
Undesignated	\$ 1,860,681	\$ 1,010,761
Designated for building maintenance	16,667	16,667
Designated for property and equipment	<u>2,558,431</u>	<u>2,622,680</u>
Net assets without donor restrictions	<u>\$ 4,435,779</u>	<u>\$ 3,650,108</u>

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2018</u>	<u>2017</u>
Subsequent years' sponsorships	\$ 14,750	\$ 194,000
Subsequent years' activities	<u>90,698</u>	<u>82,573</u>
Net assets with donor restrictions	<u>\$ 105,448</u>	<u>\$ 276,573</u>

NOTE 6 – DONATED SERVICES

The fair value of donated services included in contributions in the financial statements and the corresponding expenses are as follows:

	<u>2018</u>		
	<u>Cancer Support</u>	<u>Management and General</u>	<u>Fundraising</u>
Presenters	\$ 9,074	\$ -	\$ -
Printing services	-	8,896	-
Technology services	-	2,096	-
Other professional services	18,850	-	-
Occupancy	-	7,348	-
Outreach and program promotion	11,015	-	5,000
Office supplies	<u>23,774</u>	<u>-</u>	<u>-</u>
	<u>\$ 62,713</u>	<u>\$ 18,340</u>	<u>\$ 5,000</u>

GILDA'S CLUB MADISON WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 6 – DONATED SERVICES (continued)

	2017		
	Program Services	Management and General	Fundraising
Presenters	\$ 23,336	\$ -	\$ -
Printing services	2,425	5,934	2,778
Technology services	-	1,136	-
Other professional services	-	3,186	-
Outreach and program promotion	188,176	-	12,760
	\$ 213,937	\$ 10,256	\$ 15,538

NOTE 7 – RETIREMENT PLAN

The Club sponsors a 401(k) program for all eligible employees of the Club. In February 2018, the Club enacted a 401(k) match on employee elective deferrals to the plan. The Club matches employee elective deferrals according to the following table:

1-3 years of service	25% on first 4% of contributions
4-6 years of service	50% on first 4% of contributions
7-9 years of service	75% on first 4% of contributions
10+ years of service	100% on first 4% of contributions

Contributions made by the Club for the year ended December 31, 2018 were \$6,209.

NOTE 8 – FLOOD INSURANCE PROCEEDS AND EXPENDITURES

In August 2018, the Club experienced significant flood damage. Insurance proceeds of \$1,000,000 were received in addition to contributions totaling \$193,651 received as payment toward the deductible. Expenditures to restore the Club to its previous condition are offset against the insurance proceeds in the statement of activities. As of December 31, 2018, expenses to restore the Club totaled \$593,000. As a result, \$600,651 of net insurance proceeds are included in the nonoperating section of the statement of activities. In 2019, an additional \$617,000 of repair expenditures were made by the Club and will be recognized as expenses and capital assets for the year ended December 31, 2019. The entire amount of the proceeds and contributions will be spent on restoration of the Clubhouse in 2019.

NOTE 9 – LIQUIDITY AND AVAILABILITY

The following table reflects the Club's financial assets as of December 31, 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of internal board designations. Net assets with donor restrictions related to time that extend beyond one year total \$21,333 as of December 31, 2018.

GILDA'S CLUB MADISON WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 9 – LIQUIDITY AND AVAILABILITY (continued)

Cash - operating	\$ 415,834
Cash - nonoperating	600,651
Certificates of deposit	882,309
Unconditional promises to give	<u>116,747</u>
Total financial assets at end of year	2,015,541
Less those unavailable for general expenditures within one year due to:	
Certificates of deposit with liquidity horizons greater than one year	(488,950)
Unconditional promises to give with payments due in more than one year	(21,333)
Board-designated building maintenance fund	(16,667)
2019 Flood restoration costs	<u>(617,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 871,591</u>

The Club strives to maintain liquid financial assets sufficient to cover six months of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposits, money market funds, and other short-term investments. In 2019, the Club expended \$617,000 toward flood-related repairs.