

**GILDA'S CLUB MADISON WISCONSIN, INC.**

FINANCIAL STATEMENTS

December 31, 2019 and 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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.

**Adoption of New Accounting Guidance**

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. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued clarifying ASUs; and ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of January 1, 2019. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Wegner CPAs LLP". The signature is written in a cursive, flowing style.

Wegner CPAs, LLP  
Madison, Wisconsin  
May 14, 2020

**GILDA'S CLUB MADISON WISCONSIN, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash - operating	\$ 928,474	\$ 415,834
Cash - nonoperating	-	600,651
Certificates of deposit	500,051	882,309
Prepaid expenses	10,274	914
Unconditional promises to give	125,129	116,747
Property and equipment, net	<u>2,500,291</u>	<u>2,558,431</u>
<b>Total assets</b>	<u>\$ 4,064,219</u>	<u>\$ 4,574,886</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 18,214	\$ 8,771
Accrued payroll	<u>33,970</u>	<u>24,888</u>
Total liabilities	52,184	33,659
<b>NET ASSETS</b>		
Without donor restrictions	3,848,406	4,435,779
With donor restrictions	<u>163,629</u>	<u>105,448</u>
Total net assets	<u>4,012,035</u>	<u>4,541,227</u>
<b>Total liabilities and net assets</b>	<u>\$ 4,064,219</u>	<u>\$ 4,574,886</u>

See accompanying notes.

**GILDA'S CLUB MADISON WISCONSIN, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years Ended December 31, 2019 and 2018

	2019	2018
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
OPERATING REVENUE		
Contributions	\$ 623,595	\$ 454,220
Special events	262,469	438,358
Less costs of direct benefits to donors	(79,753)	(112,996)
Interest income	23,908	25,458
Other	6,415	(128)
Total operating revenue	836,634	804,912
OPERATING EXPENSES AND LOSSES		
Cancer support	542,463	500,578
Management and general	113,690	105,735
Fundraising	271,197	242,934
Total expenses	927,350	849,247
Loss on uncollectible promises to give	10,346	14,403
Total operating expenses and losses	937,696	863,650
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of purpose restrictions	67,182	243,758
Change in net assets without donor restrictions from operations	(33,880)	185,020
NONOPERATING ACTIVITIES		
Insurance proceeds and deductible net of flood costs (Note 9)	(553,493)	600,651
Change in net assets without donor restrictions	(587,373)	785,671
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	125,363	72,633
Net assets released from restrictions	(67,182)	(243,758)
Change in net assets with donor restrictions	58,181	(171,125)
<b>Change in net assets</b>	(529,192)	614,546
Net assets at beginning of year	4,541,227	3,926,681
<b>Net assets at end of year</b>	<b>\$ 4,012,035</b>	<b>\$ 4,541,227</b>

See accompanying notes.

**GILDA'S CLUB MADISON WISCONSIN, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years Ended December 31, 2019 and 2018

	2019				
	Cancer Support	Management and General	Fundraising	Costs of Direct Benefits to Donors	Total Expenses
Personnel	\$ 309,865	\$ 70,123	\$ 167,154	\$ -	\$ 547,142
Occupancy	35,158	1,000	1,903	-	38,061
Printing	22,409	7,560	14,237	-	44,206
Professional fees	34,035	20,518	4,082	-	58,635
Outreach and program promotion	5,062	144	3,455	-	8,661
Equipment and supplies	12,704	289	549	-	13,542
Telephone and internet	4,489	128	243	-	4,860
Postage	5,359	1,213	2,892	-	9,464
Other	23,139	5,510	11,753	-	40,402
Insurance	20,223	4,580	1,094	-	25,897
Depreciation	61,854	1,759	3,348	-	66,961
Events and awards	4,338	-	58,422	79,753	142,513
Travel and entertainment	3,828	866	2,065	-	6,759
<b>Subtotal</b>	<b>542,463</b>	<b>113,690</b>	<b>271,197</b>	<b>79,753</b>	<b>1,007,103</b>
Less costs of direct benefits to donors	-	-	-	(79,753)	(79,753)
<b>Total expenses</b>	<b>\$ 542,463</b>	<b>\$ 113,690</b>	<b>\$ 271,197</b>	<b>\$ -</b>	<b>\$ 927,350</b>
	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
<b>Subtotal</b>	<b>500,578</b>	<b>105,735</b>	<b>242,934</b>	<b>112,996</b>	<b>962,243</b>
Less costs of direct benefits to donors	-	-	-	(112,996)	(112,996)
<b>Total expenses</b>	<b>\$ 500,578</b>	<b>\$ 105,735</b>	<b>\$ 242,934</b>	<b>\$ -</b>	<b>\$ 849,247</b>

See accompanying notes.

**GILDA'S CLUB MADISON WISCONSIN, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2019 and 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (529,192)	\$ 614,546
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	66,961	68,048
Property and equipment contributions	(8,821)	(3,799)
Loss on uncollectible promises to give	10,346	14,403
(Increase) decrease in assets		
Prepaid expenses	(9,360)	16,145
Unconditional promises to give	(18,728)	(5,721)
Increase (decrease) in liabilities		
Accounts payable	9,443	(3,662)
Accrued payroll	9,082	271
	(470,269)	700,231
<b>Net cash flows from operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from certificates of deposit	398,759	-
Interest income retained in certificates of deposit	(16,501)	(15,386)
Purchases of certificates of deposit	-	(376,695)
	382,258	(392,081)
<b>Net cash flows from investing activities</b>		
Change in cash	(88,011)	308,150
Cash at beginning of year	1,016,485	708,335
<b>Cash at end of year</b>	\$ 928,474	\$ 1,016,485
<b>SUPPLEMENTAL DISCLOSURES</b>		
Non-cash investing transactions		
Property and equipment contributions	\$ 8,821	\$ 3,799

See accompanying notes.



**GILDA'S CLUB MADISON WISCONSIN, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

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.

**Promises to Give**

Unconditional promises to give are recognized as revenues 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.

**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.

**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.

**GILDA'S CLUB MADISON WISCONSIN, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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, other, insurance, and travel and entertainment, 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.

**Adoption of New Accounting Guidance**

On June 21, 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions or contributions. The ASU also assists entities in determining whether a contribution is conditional. The Club adopted the requirements of the ASU as of January 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of January 1, 2019, or entered into after that date.

**Income Tax Status**

The Club is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**Date of Management's Review**

Management has evaluated subsequent events through May 14, 2020, the date which the financial statements were available to be issued.

**GILDA'S CLUB MADISON WISCONSIN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019 and 2018

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**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, 2019 and 2018, the Club's uninsured cash balances total approximately \$350,000 and \$229,000, respectively.

**NOTE 3 – CERTIFICATES OF DEPOSIT**

At December 31, 2019 and 2018, certificates of deposit totaling \$500,051 and \$882,309 are included in cash in the accompanying financial statements. For the years ended December 31, 2019 and 2018, the certificates bear interest ranging from 2.10% to 2.33% and 1.41% to 2.40%, respectively. One certificate matured and was redeemed in April 2020 and the other certificate matures May 2021, with no material penalties for early withdrawal.

**NOTE 4 – PROMISES TO GIVE**

Unconditional promises to give are as follows:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 34,655	\$ 95,414
Receivable in one to five years	<u>90,474</u>	<u>21,333</u>
Unconditional promises to give	<u>\$ 125,129</u>	<u>\$ 116,747</u>

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 710,000	\$ 710,000
Building and improvements	2,695,074	2,695,074
Furniture and equipment	134,134	134,134
Software	13,406	4,585
Less accumulated depreciation	<u>1,052,323</u>	<u>985,362</u>
Property and equipment, net	<u>\$ 2,500,291</u>	<u>\$ 2,558,431</u>

**GILDA'S CLUB MADISON WISCONSIN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019 and 2018

**NOTE 6 – NET ASSETS**

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

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 1,331,448	\$ 1,860,681
Designated for building maintenance	16,667	16,667
Designated for property and equipment	<u>2,500,291</u>	<u>2,558,431</u>
Net assets without donor restrictions	<u>\$ 3,848,406</u>	<u>\$ 4,435,779</u>

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

	<u>2019</u>	<u>2018</u>
Subsequent years' sponsorships	\$ 63,500	\$ 14,750
Subsequent years' activities	<u>100,129</u>	<u>90,698</u>
Net assets with donor restrictions	<u>\$ 163,629</u>	<u>\$ 105,448</u>

**NOTE 7 – DONATED SERVICES**

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

	<u>2019</u>		
	<u>Cancer Support</u>	<u>Management and General</u>	<u>Fundraising</u>
Presenters	\$ 16,925	\$ -	\$ -
Printing services	4,998	3,620	-
Technology services	15,679	-	-
Other professional services	-	-	16,200
Occupancy	-	1,235	-
Events and awards	-	-	<u>18,295</u>
	<u>\$ 37,602</u>	<u>\$ 4,855</u>	<u>\$ 34,495</u>

**GILDA'S CLUB MADISON WISCONSIN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019 and 2018

NOTE 7 – DONATED SERVICES (continued)

	2018		
	Cancer Support	Management and General	Fundraising
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
	\$ 38,939	\$ 18,340	\$ 5,000

NOTE 8 – 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, 2019 and 2018 were \$8,500 and \$6,209, respectively.

NOTE 9 – FLOOD INSURANCE PROCEEDS AND EXPENDITURES

In August 2018, the Club experienced significant flood damage. For the years ended December 31, 2019 and 2018, the Club received insurance proceeds and contributions totaling \$71,604 and \$1,193,651, respectively. Expenditures to restore the Club to its previous condition are offset against the insurance proceeds in the statement of activities. For the years ended December 31, 2019 and 2018, expenses to restore the Club totaled \$625,097 and \$593,000, respectively.

**GILDA'S CLUB MADISON WISCONSIN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019 and 2018

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**NOTE 10 – LIQUIDITY AND AVAILABILITY**

The following table reflects the Club's financial assets as of December 31, 2019 and 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 \$90,474 and \$21,333 as of December 31, 2019 and 2018.

	2019	2018
Cash - operating	\$ 928,474	\$ 415,834
Cash - nonoperating	-	600,651
Certificates of deposit	500,051	882,309
Unconditional promises to give	125,129	116,747
 Total financial assets at end of year	 1,553,654	 2,015,541
 Less those unavailable for general expenditures within one year due to:		
Certificates of deposit with liquidity horizons greater than one year	(500,051)	(488,950)
Unconditional promises to give with payments due in more than one year	(90,474)	(21,333)
Board-designated building maintenance fund	(16,667)	(16,667)
2019 Flood restoration costs	-	(617,000)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 946,462	 \$ 871,591

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.

**NOTE 11 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 14, 2020, the date which the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen that could impact operating results. The related financial impact and duration cannot be reasonably estimated at this time.