

GILDA'S CLUB MADISON WISCONSIN, INC.

FINANCIAL STATEMENTS

December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Gilda's Club Madison Wisconsin, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gilda's Club Madison Wisconsin, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gilda's Club Madison Wisconsin, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Gilda's Club Madison Wisconsin, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gilda's Club Madison Wisconsin, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
July 21, 2022

GILDA'S CLUB MADISON WISCONSIN, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash	\$ 958,784	\$ 618,862
Certificates of deposit	248,214	492,766
Prepaid expenses	9,151	20,165
Unconditional promises to give	89,360	143,319
Employee Retention Tax Credit receivable	50,928	50,928
Investments	449,505	416,889
Property and equipment, net	<u>2,360,782</u>	<u>2,430,391</u>
Total assets	<u>\$ 4,166,724</u>	<u>\$ 4,173,320</u>
LIABILITIES		
Accounts payable	\$ 10,939	\$ 8,341
Accrued payroll	<u>14,190</u>	<u>23,987</u>
Total liabilities	25,129	32,328
NET ASSETS		
Without donor restrictions	4,035,735	3,976,847
With donor restrictions	<u>105,860</u>	<u>164,145</u>
Total net assets	<u>4,141,595</u>	<u>4,140,992</u>
Total liabilities and net assets	<u>\$ 4,166,724</u>	<u>\$ 4,173,320</u>

See accompanying notes.

GILDA'S CLUB MADISON WISCONSIN, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
OPERATING REVENUE		
Contributions	\$ 450,445	\$ 680,378
Paycheck Protection Program	88,276	93,600
Employee Retention Tax Credit	-	50,928
Special events	259,598	101,996
Less costs of direct benefits to donors	(24,882)	(50,823)
Investment return, net	37,692	15,921
Other	-	1,991
	<u>811,129</u>	<u>893,991</u>
Total operating revenue		
OPERATING EXPENSES AND LOSSES		
Cancer support	506,470	533,971
Management and general	84,944	99,672
Fundraising	300,336	266,535
	<u>891,750</u>	<u>900,178</u>
Total expenses		
Loss on uncollectible promises to give	5,450	7,200
	<u>897,200</u>	<u>907,378</u>
Total operating expenses and losses		
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of time and purpose restrictions	144,959	141,828
	<u>144,959</u>	<u>141,828</u>
Change in net assets without donor restrictions from operations	58,888	128,441
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	86,674	142,344
Net assets released from restrictions	(144,959)	(141,828)
	<u>(58,285)</u>	<u>516</u>
Change in net assets with donor restrictions		
Change in net assets	603	128,957
Net assets at beginning of year	4,140,992	4,012,035
Net assets at end of year	<u>\$ 4,141,595</u>	<u>\$ 4,140,992</u>

See accompanying notes.

GILDA'S CLUB MADISON WISCONSIN, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2021 and 2020

	2021				
	Cancer Support	Management and General	Fundraising	Costs of Direct Benefits to Donors	Total Expenses
Personnel	\$ 310,851	\$ 50,281	\$ 171,366	\$ -	\$ 532,498
Occupancy	18,738	533	1,014	-	20,285
Printing	4,184	677	36,721	-	41,582
Professional fees	22,637	19,837	-	-	42,474
Outreach and program promotion	12,759	363	690	-	13,812
Equipment and supplies	12,843	90	171	-	13,104
Telephone and internet	5,396	358	292	-	6,046
Postage	5,994	969	3,305	-	10,268
Other	19,359	3,132	10,672	-	33,163
Insurance	26,601	6,376	1,440	-	34,417
Depreciation	64,300	1,829	3,480	-	69,609
Events and awards	2,549	457	71,042	24,882	98,930
Travel and entertainment	259	42	143	-	444
Subtotal	506,470	84,944	300,336	24,882	916,632
Less costs of direct benefits to donors	-	-	-	(24,882)	(24,882)
Total expenses	\$ 506,470	\$ 84,944	\$ 300,336	\$ -	\$ 891,750
	2020				
	Cancer Support	Management and General	Fundraising	Costs of Direct Benefits to Donors	Total Expenses
Personnel	\$ 325,336	\$ 63,764	\$ 218,013	\$ -	\$ 607,113
Occupancy	27,357	778	1,481	-	29,616
Printing	10,133	1,986	14,179	-	26,298
Professional fees	21,401	20,279	1,075	-	42,755
Outreach and program promotion	9,817	279	531	-	10,627
Equipment and supplies	16,599	242	461	-	17,302
Telephone and internet	5,400	154	292	-	5,846
Postage	4,481	878	3,003	-	8,362
Other	16,638	3,261	11,149	-	31,048
Insurance	25,645	5,925	1,388	-	32,958
Depreciation	64,569	1,836	3,495	-	69,900
Events and awards	5,110	-	10,473	50,823	66,406
Travel and entertainment	1,485	290	995	-	2,770
Subtotal	533,971	99,672	266,535	50,823	951,001
Less costs of direct benefits to donors	-	-	-	(50,823)	(50,823)
Total expenses	\$ 533,971	\$ 99,672	\$ 266,535	\$ -	\$ 900,178

See accompanying notes.

GILDA'S CLUB MADISON WISCONSIN, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 603	\$ 128,957
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net realized and unrealized gains on investments	(19,876)	(1,328)
Donated stock	-	(101,959)
Depreciation	69,609	69,900
Loss on uncollectible promises to give	5,450	7,200
(Increase) decrease in assets		
Prepaid expenses	11,014	(9,892)
Unconditional promises to give	48,509	(76,317)
Employee Retention Tax Credit receivable	-	(50,928)
Increase (decrease) in liabilities		
Accounts payable	2,598	(9,873)
Accrued payroll	(9,797)	(9,983)
Net cash flows from operating activities	<u>108,110</u>	<u>(54,223)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of and interest retained in investments	(12,740)	(406,285)
Sales of investments	-	143,611
Proceeds from redemption of certificates of deposit	244,552	256,756
Interest income retained in certificates of deposit	-	(3,036)
Purchases of certificates of deposit	-	(246,446)
Net cash flows from investing activities	<u>231,812</u>	<u>(255,400)</u>
Change in cash	339,922	(309,623)
Cash at beginning of year	<u>618,862</u>	<u>928,485</u>
Cash at end of year	<u>\$ 958,784</u>	<u>\$ 618,862</u>

See accompanying notes.

GILDA'S CLUB MADISON WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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 are depreciated using the straight-line method over the estimated useful lives of the assets.

Investments

The Club reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included the change in net assets in the accompanying statement of activities.

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.

GILDA'S CLUB MADISON WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Costs which exclusively benefit a specific function are charged directly to that program service or supporting activity. Certain costs that are included in occupancy, outreach and program promotion, equipment and supplies, telephone and internet, and depreciation are allocated on the basis of estimates of building space usage. Certain costs that are included in personnel, printing, postage, other, insurance, and travel and entertainment 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.

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 July 21, 2022, the date which the financial statements were available to be issued.

GILDA'S CLUB MADISON WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Paycheck Protection Program Loans

The Club received loans under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration. The loans will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. The Club expects to meet the PPP's eligibility criteria and believes the loans are, in substance, grants that are expected to be forgiven. The Club recognizes amounts expected to be forgiven as revenue when it incurs qualifying expenses.

Employee Retention Tax Credit

The Club received a tax credit under the Employee Retention Tax Credit established by the CARES act. The Club calculated and applied for the tax credit based on its eligible wages. The Club determined the credit represents a conditional grant and has interpreted the condition of the award to be incurring eligible expenses. Therefore, the Club recognizes revenue when it incurs qualifying expenses.

Reclassifications

Certain reclassifications have been made in the prior year's amounts to conform with current year presentation.

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, 2021 and 2020, the Club's uninsured cash balances total approximately \$30,000 and \$39,000, respectively.

NOTE 3 – PROMISES TO GIVE

Unconditional promises to give are as follows:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 59,175	\$ 107,787
Receivable in one to five years	<u>30,185</u>	<u>35,532</u>
Unconditional promises to give	<u>\$ 89,360</u>	<u>\$ 143,319</u>

GILDA'S CLUB MADISON WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2021	2020
Land	\$ 710,000	\$ 710,000
Building and improvements	2,695,074	2,695,074
Furniture and equipment	134,134	134,134
Software	13,406	13,406
Less accumulated depreciation	1,191,832	1,122,223
Property and equipment, net	\$ 2,360,782	\$ 2,430,391

NOTE 5 – INVESTMENTS

Investments consist of the following:

	2021	2020
Cash	\$ 690	\$ 18,904
Stocks	224,186	188,522
Mutual funds	224,629	209,463
Investments	\$ 449,505	\$ 416,889

Fair values of mutual funds are based on quoted net asset values of the shares as reported by the fund. The funds must publish their daily net asset value and transact at that price. The mutual funds held by the Club are considered to be actively traded. Fair values of stocks are based on the closing prices reported on the active market where the individual securities are traded.

NOTE 6 – NET ASSETS

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

	2021	2020
Undesignated	\$ 1,658,286	\$ 1,529,789
Designated for building maintenance	16,667	16,667
Designated for property and equipment	2,360,782	2,430,391
Net assets without donor restrictions	\$ 4,035,735	\$ 3,976,847

GILDA'S CLUB MADISON WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 6 – NET ASSETS (continued)

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

	2021	2020
Subsequent years' sponsorships	\$ 26,000	\$ 61,850
Subsequent years' activities	79,860	102,295
Net assets with donor restrictions	\$ 105,860	\$ 164,145

NOTE 7 – DONATED SERVICES

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

	2021		
	Cancer Support	Management and General	Fundraising & Costs of Direct Benefits to Donors
Professional fees			
Presenters	\$ 20,864	\$ -	\$ -
Printing	2,400	-	21,915
Occupancy	2,926	83	158
Events and awards	-	-	37,600
	\$ 26,190	\$ 83	\$ 59,673
	2020		
	Cancer Support	Management and General	Fundraising & Costs of Direct Benefits to Donors
Professional fees			
Presenters	\$ 18,540	\$ -	\$ -
Technology services	1,415	277	948
Printing	7,974	-	-
Occupancy	2,985	778	-
Events and awards	-	-	29,070
	\$ 30,914	\$ 1,055	\$ 30,018

GILDA'S CLUB MADISON WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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 years ended December 31, 2021 and 2020 were \$9,871 and \$8,446, respectively.

NOTE 9 – LIQUIDITY AND AVAILABILITY

The following table reflects the Club's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position dates because of internal board designations.

	<u>2021</u>	<u>2020</u>
Cash	\$ 958,784	\$ 618,862
Certificates of deposit	248,214	492,766
Unconditional promises to give	89,360	143,319
Employee Retention Tax Credit receivable	50,928	50,928
Investments	<u>449,505</u>	<u>416,889</u>
Total financial assets at end of year	1,796,791	1,722,764
Less those unavailable for general expenditures within one year due to:		
Unconditional promises to give with payments due in more than one year	(30,185)	(35,532)
Board-designated building maintenance fund	<u>(16,667)</u>	<u>(16,667)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,749,939</u>	<u>\$ 1,670,565</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.

GILDA'S CLUB MADISON WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 10 – PAYCHECK PROTECTION PROGRAM LOAN

The Club received first and second round loans totaling \$181,876 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The SBA preliminarily approved forgiveness of the Club's loans. The Club must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Club's good-faith certification concerning the necessity of its loan requests, whether the Club calculated the loan amounts correctly, whether the Club used loan proceeds for the allowable uses specified in the CARES Act, and whether the Club is entitled to loan forgiveness in the amount claimed on its applications. If SBA determines the Club was ineligible for the loans or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balances.