

2017

Audited Financial Statements

Gilda's Club of Louisville

December 31, 2017



Audited Financial Statements

Gilda's Club of Louisville

December 31, 2017

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Independent Auditors' Report

Board of Directors
Gilda's Club of Louisville
Louisville, Kentucky

We have audited the accompanying financial statements of Gilda's Club of Louisville (the "Organization"), which are comprised of the statements of financial position as of December 31, 2017 and 2016, 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.

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes 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 auditors consider 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 of Louisville as of December 31, 2017 and 2016, 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.

Change in Accounting Principle

As discussed in Note B to the financial statements, in 2017 the Organization adopted new accounting guidance retrospectively which required that its statement of cash flows explain the change during the year in its total cash, including restricted cash. Our opinion is not modified with respect to this matter.

STROTHER AND COMPANY

Louisville, Kentucky
June 19, 2018

Statements of Financial Position

Gilda's Club of Louisville

	December 31	
	2017	2016
Assets		
Current Assets		
Cash	\$ 1,669,040	\$ 862,277
Certificates of deposit		500,000
Pledges receivable, current portion, net	432,436	334,633
Grants receivable, current portion	183,189	167,676
Prepaid expenses	18,252	7,373
	<hr/>	<hr/>
Total Current Assets	2,302,917	1,871,959
Property and Equipment, Net	5,515,780	2,347,577
Other Assets		
Endowment investments	3,098,628	2,743,422
Cash designated for endowment	389,411	369,411
Cash designated for building maintenance	225,222	195,222
Pledges receivable, less current portion	125,510	15,322
Grants receivable, less current portion	45,757	
	<hr/>	<hr/>
Total Other Assets	3,884,528	3,323,377
	<hr/>	<hr/>
Total Assets	<u>\$ 11,703,225</u>	<u>\$ 7,542,913</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,877	\$ 5,838
Accrued expenses	49,421	64,094
Note payable to bank	2,741,960	
	<hr/>	<hr/>
Total Current Liabilities	2,793,258	69,932
Net Assets		
Unrestricted		
Undesignated	4,989,706	3,887,926
Board designated for endowment	3,098,628	2,743,422
Board designated for building reserve	225,222	195,222
	<hr/>	<hr/>
	8,313,556	6,826,570
Temporarily restricted	192,000	242,000
Permanently restricted	404,411	404,411
	<hr/>	<hr/>
Total Net Assets	8,909,967	7,472,981
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 11,703,225</u>	<u>\$ 7,542,913</u>

See Notes to Financial Statements

Statements of Activities

Gilda's Club of Louisville

	Year Ended December 31							
	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support								
Contributions	\$ 1,292,975	\$ 310,203		\$ 1,603,178	\$ 393,623	\$ 346,464		\$ 740,087
Foundation grants	310,203			310,203	346,464			346,464
In-kind contributions	60,636			60,636	44,713			44,713
Special events, net expenses of \$155,534 and \$99,153, respectively	805,141			805,141	642,859			642,859
Total Support	2,468,955	310,203		2,779,158	1,427,659	346,464		1,774,123
Investment Income, net	366,394			366,394	109,654			109,654
Net Assets Released From Restrictions	360,203	(360,203)			462,379	(462,379)		
Total Support and Investment Income	3,195,552	(50,000)		3,145,552	1,999,692	(115,915)		1,883,777
Expenses								
Program services	1,344,831			1,344,831	1,309,188			1,309,188
General and administrative	170,254			170,254	167,056			167,056
Fundraising	193,481			193,481	186,556			186,556
Total Expenses	1,708,566			1,708,566	1,662,800			1,662,800
Increase (Decrease) in Net Assets	1,486,986	(50,000)		1,436,986	336,892	(115,915)		220,977
Net Assets Beginning of Year	6,826,570	242,000	\$ 404,411	7,472,981	6,489,678	357,915	\$ 404,411	7,252,004
Net Assets End of Year	\$ 8,313,556	\$ 192,000	\$ 404,411	\$ 8,909,967	\$ 6,826,570	\$ 242,000	\$ 404,411	\$ 7,472,981

See Notes to Financial Statements

Statement of Functional Expenses

Gilda's Club of Louisville

	Year Ended December 31, 2017			
	Program Services	General and Admini- strative	Fundraising	Total Expenses
Expenses				
Salaries and wages	\$ 669,929	\$ 105,778	\$ 105,778	\$ 881,485
Payroll taxes	56,530	8,926	8,926	74,382
Employee benefits	16,597	2,620	2,620	21,837
Marketing	15,411		4,096	19,507
Travel	6,607	661	991	8,259
Contract labor	53,756			53,756
Utilities	22,398			22,398
Telephone and internet	10,947	1,460	2,189	14,596
Office expense	10,013	650	2,341	13,004
Insurance	106,325	15,189	30,378	151,892
Janitorial	26,027			26,027
Security	2,700	300		3,000
Accounting fees	16,000	4,000		20,000
Pest control	565	18	12	595
Payroll service fee	3,709	1,590		5,299
Repairs and maintenance	5,176	163	109	5,448
Miscellaneous	12,170	716	1,432	14,318
Professional fees	20,016	1,741		21,757
Postage	6,346	453	2,267	9,066
Equipment lease	6,607	2,203	2,203	11,013
Software expense	10,396		3,466	13,862
Bank charges	2,209	5,300	1,325	8,834
Program expense	35,939			35,939
Meals	1,427	714	714	2,855
Staff development	32,310	5,102	5,102	42,514
Dues and subscriptions	4,878	488	732	6,098
Printing and copying	17,916	1,054	2,108	21,078
Donated materials	50,636			50,636
Fees paid to the Cancer Support Community	10,015			10,015
Bad debt	5,600	560	840	7,000
Amortization	1,286	129	193	1,608
Loss on disposal	6,526	653	979	8,158
Depreciation	97,864	9,786	14,680	122,330
Total Expenses	\$ 1,344,831	\$ 170,254	\$ 193,481	\$ 1,708,566

See Notes to Financial Statements

Statement of Functional Expenses

Gilda's Club of Louisville

Year Ended December 31, 2016

	Program Services	General and Admini- strative	Fundraising	Total Expenses
Expenses				
Salaries and wages	\$ 673,003	\$ 106,264	\$ 106,264	\$ 885,531
Payroll taxes	51,639	8,154	8,154	67,947
Employee benefits	14,347	2,265	2,265	18,877
Marketing	10,284		2,734	13,018
Travel	7,109	711	1,066	8,886
Contract labor	43,655			43,655
Utilities	20,582			20,582
Telephone and internet	12,806	1,707	2,561	17,074
Office expense	12,868	836	3,008	16,712
Insurance	78,759	11,251	22,503	112,513
Janitorial	20,821			20,821
Security	2,700	300		3,000
Accounting fees	14,000	3,500		17,500
Pest control	565	18	12	595
Payroll service fee	3,186	1,366		4,552
Repairs and maintenance	10,473	331	220	11,024
Miscellaneous	10,144	597	1,194	11,935
Professional fees	19,972	1,737		21,709
Postage	8,546	611	3,053	12,210
Equipment lease	2,806	936	936	4,678
Software expense	9,901		3,301	13,202
Bank charges	2,527	6,064	1,516	10,107
Program expense	45,229			45,229
Meals	1,597	799	799	3,195
Staff development	38,486	6,077	6,077	50,640
Dues and subscriptions	5,309	531	796	6,636
Printing and copying	20,263	1,192	2,384	23,839
Donated materials	36,413			36,413
Fees paid to the Cancer Support Community	13,111			13,111
Bad debt	3,755	376	563	4,694
Loss on disposal	9,507	951	1,426	11,884
Depreciation	104,825	10,482	15,724	131,031
Total Expenses	\$ 1,309,188	\$ 167,056	\$ 186,556	\$ 1,662,800

See Notes to Financial Statements

Statements of Cash Flows

Gilda's Club of Louisville

	Year Ended December 31	
	2017	2016
Operating Activities		
Increase in net assets	\$ 1,436,986	\$ 220,977
Adjustments		
Depreciation	122,330	131,031
Amortization	1,608	
Allowance for doubtful account		4,694
Loss on disposal of assets	8,158	11,884
Gain on endowment investments	(386,541)	(107,891)
Change in discount of pledges receivable	12,495	(4,449)
Change in discount of grants receivable	1,743	(5,867)
Changes in certain assets and liabilities		
Pledges receivable	(220,486)	59,579
Grants receivable	(63,013)	115,824
Prepaid expenses	(10,879)	(801)
Accounts payable	(3,961)	2,420
Accrued expenses	(14,673)	26,592
	<u>883,767</u>	<u>453,993</u>
Net Cash Provided By Operating Activities		
Investing Activities		
Purchase of property and equipment	(81,642)	(124,467)
Purchase of land and building	(467,049)	
Purchase of certificates of deposit		(500,000)
Proceeds of certificates of deposit	500,000	
Purchase of endowment investments	(391,137)	(645,045)
Proceeds from sale of endowment investments	422,472	646,651
	<u>(17,356)</u>	<u>(622,861)</u>
Net Cash Used In Investing Activities		
Financing Activities		
Costs incurred to obtain financing	(9,648)	
	<u>(9,648)</u>	
Net Increase (Decrease) in Cash		
	856,763	(168,868)
Cash Beginning of Year	<u>1,426,910</u>	<u>1,595,778</u>
Cash at End of Year	<u>\$ 2,283,673</u>	<u>\$ 1,426,910</u>
Cash	\$ 1,669,040	\$ 862,277
Restricted Cash for Endowment	389,411	369,411
Restricted Cash for Building Maintenance	225,222	195,222
Cash at End of Year	<u>\$ 2,283,673</u>	<u>\$ 1,426,910</u>
Supplemental Disclosure of Cash Flow Information		
Acquisition of land and building		
Cost of property	\$ 3,200,000	
Note payable to bank	(2,750,000)	
	<u>\$ 450,000</u>	
Cash paid for land and building	<u>\$ 450,000</u>	
Interest paid and capitalized as building renovation in progress	<u>\$ 17,049</u>	

See Notes to Financial Statements

Notes to Financial Statements

Gilda's Club of Louisville

December 31, 2017 and 2016

Note A--Nature of Organization

Gilda's Club of Louisville (the "Organization") is a non-profit public benefit organization. The Organization's mission is to provide a place where children and adults with cancer and their families and friends join with others to build social and emotional support as a supplement to medical care. Free of charge, Gilda's Club offers support and networking groups, lectures, workshops and social events in a nonresidential home-like setting. Funding is solicited from individuals, corporations and foundations.

The Organization is an affiliate of the Cancer Support Community, which strives to create welcoming communities of free support for everyone living with cancer. Cancer Support Community provides the Organization with marketing materials in exchange for an administrative fee.

Note B--Summary of Significant Accounting Policies

Basis of Accounting--The financial statements of the Organization are prepared on the accrual basis of accounting. The *Accounting Standards Codification* ("ASC") as produced by the Financial Accounting Standards Board is the sole source of authoritative generally accepted accounting principles.

Basis of Presentation--The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets--Net assets not subject to donor-imposed restrictions or stipulations as to purpose or use.

Temporarily Restricted Net Assets--Net assets that are subject to donor-imposed restrictions or stipulations that may or will be met either by actions of Organization or the passage of time.

Permanently Restricted Net Assets--Net assets that are subject to donor-imposed restrictions of investing the principal contribution in perpetuity and the investment income be used only for Organization's operations and programs.

Use of Estimates--The preparation of financial statements in accordance 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents--For the purpose of the statements of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash.

Foundation Grants--State and local grants are recognized in the same period as the grant criteria are met, which is typically when the related expense to the specific grant are incurred.

Continued

Notes to Financial Statements--Continued

Gilda's Club of Louisville

December 31, 2017 and 2016

Note B--Summary of Significant Accounting Policies--Continued

Pledges Receivable--Pledges receivable are recognized as support when the donor makes a pledge to the Organization that is, in substance, unconditional. Conditional pledges are recognized when the conditions on which they depend are substantially met. Pledges are recorded at net realizable value if expected to be collected in one year and if expected to be collected in more than one year then the pledge is discounted at an appropriate discount commensurate with the risk involved. Amortization of the discount is recorded as additional contribution or grant revenue. Pledges are reviewed periodically for collectability. The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's estimate of one percent of the pledges receivable balance. As of December 31, 2017 and 2016, management estimated the allowance for uncollectible accounts to be \$8,896.

Investments and Investment Return--Investments in equity securities having a readily determinable fair value and investments in all debt securities are at fair value. Investment income includes dividend, interest, and other investment income, realized and unrealized gains and losses on investments. Investment income is reported net of investment expenses. For the year ended December 31, 2017 and 2016, investment management fees were \$24,272 and \$22,824, respectively.

Property and Equipment--Purchased property and equipment is reported at cost. Contributed property and equipment is recorded at estimated fair value at the date of contribution. Such contributions are recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Property and equipment is depreciated over the estimated useful life of each class of depreciable asset using accelerated and straight-line methods. The Organization capitalizes all asset purchases of \$1,000 or more.

The estimated useful lives adopted for the purposes of computing depreciation are:

Building and improvements	5-39 years
Furniture	5-7 years
Office equipment	3-5 years

Designation of Unrestricted Net Assets--It is the policy of the Board of Directors of the Organization to designate appropriate sums of unrestricted net assets to be used in the future at the Board's discretion.

Contributions--Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are released to unrestricted net assets.

Donated Services--The Organization receives significant amounts of donated services related to its programs. Approximately 12,128 and 9,140 hours of donated services were received in 2017 and 2016, respectively, but were not recognized in the financial statements because they did not meet the criteria for recognition.

Continued

Notes to Financial Statements--Continued

Gilda's Club of Louisville

December 31, 2017 and 2016

Note B--Summary of Significant Accounting Policies--Continued

In-Kind Contributions--The Organization receives in-kind contributions in the form of contributed goods and services. The value of in-kind contributions was based on management's estimate of fair value of the contribution as of the time of donation. The Organization also receives various items for use in silent auctions at their special events. These items are valued at the cash value received for their sale and are not recorded separately.

Income Taxes--The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 141.010(1)(f) of the Kentucky Revised Statutes. The Organization had no unrelated business income for the years ended December 31, 2017 and 2016. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization follows generally accepted accounting principles which prescribe a comprehensive model for how an organization should measure, recognize, present and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. For the years ended December 31, 2017 and 2016, the Organization determined it did not have any uncertain tax positions and the Organization did not incur or accrue any associated interest or penalties related to those positions.

Expense Allocation--The Organization allocates expenses on a functional basis among three categories: direct program services, management and general, and fundraising. Certain expenses are allocated using a percentage basis. The percentage is based on management's best estimate.

New Accounting Pronouncement--In November, 2016, FASB issued ASU 2016-18, *Statement of Cash Flows: Restricted Cash*, which requires that a statement of cash flows explain the change during the year in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-year and end-of-end total amounts shown on the statements of cash flows. The Organization's adoption of this guidance in 2017 was applied retrospectively and did not have a material impact on its financial statements.

Subsequent Events--In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 19, 2018, the date the financial statements were available to be issued.

Note C--Concentrations

The Organization maintains bank accounts, cash equivalents, and certificates of deposits at several financial institutions. The bank accounts, cash equivalents, and certificates of deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Organization had uninsured balances of \$1,988,100 and \$1,362,600 as of December 31, 2017 and 2016, respectively.

During the year ended December 31, 2017, one donor accounted for approximately 33% of the Organization's total revenue. This revenue pertained to a one-time gift to the capital campaign. There was no revenue concentration during the year ended December 31, 2016.

Notes to Financial Statements--Continued

Gilda's Club of Louisville

December 31, 2017 and 2016

Note D--Investments

Investments consist of the following at December 31, 2017:

	<u>Fair Value</u>	<u>Cost</u>	<u>Cumulative Unrealized Gain (Loss)</u>
Endowment Investments			
Cash equivalents	\$ 43,942	\$ 43,942	
Equities	1,785,727	1,346,216	\$ 439,511
Fixed income	<u>1,268,959</u>	<u>1,276,188</u>	<u>(7,229)</u>
Total Endowment Investments	<u>\$ 3,098,628</u>	<u>\$ 2,666,346</u>	<u>\$ 432,282</u>

Investments consist of the following at December 31, 2016:

	<u>Fair Value</u>	<u>Cost</u>	<u>Cumulative Unrealized Gain (Loss)</u>
Endowment Investments			
Cash equivalents	\$ 30,341	\$ 30,341	
Equities	1,529,958	1,381,501	\$ 148,457
Fixed income	<u>1,183,123</u>	<u>1,199,227</u>	<u>(16,104)</u>
Total Endowment Investments	<u>\$ 2,743,422</u>	<u>\$ 2,611,069</u>	<u>\$ 132,353</u>

Total investment income is comprised of the following:

	<u>Year Ended December 31</u>	
	<u>2017</u>	<u>2016</u>
Interest and dividend income	\$ 4,125	\$ 1,763
Net realized and unrealized gains on investments reported at fair value	386,541	130,715
Investment fees	<u>(24,272)</u>	<u>(22,824)</u>
	<u>\$ 366,394</u>	<u>\$ 109,654</u>

Continued

Notes to Financial Statements--Continued

Gilda's Club of Louisville

December 31, 2017 and 2016

Note D--Investments--Continued

Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 unobservable inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. All of the Organizations investments were valued using Level 1 inputs as of December 31, 2017 and 2016.

Level 1 Fair Value Measurements

The fair value of mutual funds is based on quoted net asset values of the shares held by the Organization at year-end. The fair values of common stock, corporate bonds, and U.S. Government securities are based on quoted market prices.

Note E--Pledges Receivable

Pledges receivable consist of the following:

	December 31	
	2017	2016
Pledges receivable - Unrestricted	\$ 579,337	\$ 358,851
Less current portion	(432,436)	(334,633)
	146,901	24,218
Less unamortized discount	(12,495)	
Less allowance for uncollectible pledges	(8,896)	(8,896)
	<u>\$ 125,510</u>	<u>\$ 15,322</u>
Amounts due in:		
Less than one year	\$ 432,436	\$ 334,633
One to five years	146,901	24,218
	<u>\$ 579,337</u>	<u>\$ 358,851</u>

Pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using an applicable discount rate which is equivalent to the Organization's borrowing rate. The borrowing rate was 3.81% and 3.75% as of December 31, 2017 and 2016, respectively.

Notes to Financial Statements--Continued

Gilda's Club of Louisville

December 31, 2017 and 2016

Note F--Grants Receivable

Grants receivable consist of the following:

	December 31	
	2017	2016
Grants receivable	\$ 230,689	\$ 167,676
Less current portion	<u>(183,189)</u>	<u>(167,676)</u>
	47,500	-
Less unamortized discount	<u>(1,743)</u>	<u>-</u>
	<u>\$ 45,757</u>	<u>\$ -</u>
Amounts due in:		
Less than one year	\$ 183,189	\$ 167,676
One to five years	<u>47,500</u>	<u>-</u>
	<u>\$ 230,689</u>	<u>\$ 167,676</u>

Grants receivable due in more than one year are reflected at the present value of estimated future cash flows using an applicable discount rate which is equivalent to the Organization's borrowing rate. The borrowing rate was 3.81% and 3.75% as of December 31, 2017 and 2016, respectively.

Note G--Property and Equipment

During 2017, the Organization purchased a building as part of a larger capital campaign which involves creating a new support and administrative center in order to better serve those affected by cancer. The purchase of the building is included in building renovation in progress as well as \$17,049 of interest capitalized at December 31, 2017. The estimated cost of renovation required to place the asset into service is approximately \$6 million. The Organization is planning to raise the funds through private grants, donations, and pledges as well as acquiring debt to fund the renovation. It is anticipated that the Organization will sell their current building once the new building is occupied and use the proceeds from the sale towards the renovation costs.

Continued

Notes to Financial Statements--Continued

Gilda's Club of Louisville

December 31, 2017 and 2016

Note G--Property and Equipment--Continued

Property and equipment consists of the following:

	December 31	
	2017	2016
Land	\$ 455,000	\$ 135,000
Building and improvements	2,758,511	2,758,511
Furniture	522,197	536,993
Office equipment	162,222	246,946
	<u>3,897,930</u>	<u>3,677,450</u>
Less accumulated depreciation	<u>(1,317,596)</u>	<u>(1,329,873)</u>
	2,580,334	2,347,577
Building renovation in progress	<u>2,935,446</u>	<u> </u>
	<u><u>\$ 5,515,780</u></u>	<u><u>\$ 2,347,577</u></u>

Note H--Note Payable to Bank

Note payable to bank is due to Stock Yards Bank and Trust requiring monthly interest only payments at a rate of London Interbank Offered Rate ("LIBOR") plus 2.25% through November 2018 at which time principal will become due in full. The note payable is collateralized by the first mortgage of the Organization's building plus the assignment of the Organization's board designated unrestricted endowment fund investments with Stock Yards Bank and Trust. The note payable balance consists of principal of \$2,750,000 less loan costs of \$9,648 net of accumulated amortization of \$1,608 as of December 31, 2017.

Notes to Financial Statements--Continued

Gilda's Club of Louisville

December 31, 2017 and 2016

Note I--Temporarily Restricted Net Assets

The Organization receives certain contributions for which the use is restricted by the donor. For the year ended December 31, 2017 and 2016, the activity in temporarily restricted net assets consisted of the following:

	<u>Balance December 31, 2016</u>	<u>Restricted Contributions and Grants</u>	<u>Released from Restrictions</u>	<u>Balance December 31, 2017</u>
Various Grants - restricted for program costs, expiring through 2018	\$ 207,000	\$ 310,203	\$ 340,203	\$ 177,000
Various Pledges - restricted for program costs, expiring through 2019	<u>35,000</u>		<u>20,000</u>	<u>15,000</u>
	<u>\$ 242,000</u>	<u>\$ 310,203</u>	<u>\$ 360,203</u>	<u>\$ 192,000</u>
	<u>Balance December 31, 2015</u>	<u>Restricted Contributions and Grants</u>	<u>Released from Restrictions</u>	<u>Balance December 31, 2016</u>
Various Grants restricted for program costs, expiring through 2017	\$ 307,915	\$ 346,464	\$ 447,379	\$ 207,000
Various Pledges - restricted for program costs, expiring through 2019	<u>50,000</u>		<u>15,000</u>	<u>35,000</u>
	<u>\$ 357,915</u>	<u>\$ 346,464</u>	<u>\$ 462,379</u>	<u>\$ 242,000</u>

Note J--Retirement Plan

The Organization has a 401(k) plan to fund retirement for its employees. The Organization matches 100% of employees' contributions up to two percent of their compensation. The Organization made contributions of \$14,498 and \$13,039 for the years ended December 31, 2017 and 2016, respectively.

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Note K--Endowments

The Organization's endowment consists of individual funds and includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Law--The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Endowment Investment and Spending Policies--The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Organization's spending and investment policies are aligned to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. Each of the Organization's investments have a long-term objective to provide stability of principal and income. Each fund also has relative objectives that include generating a return in excess of the passive portfolio benchmark for each asset class, exceeding the rate of inflation, assumed to be approximately 3% over a five to ten year period, and exceeding the 50th percentile return of a universe comprised of funds or managers with similar objectives and/or styles. The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk parameters.

Funds with Deficiencies--From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2017 or December 31, 2016.

Continued

Notes to Financial Statements--Continued

Gilda's Club of Louisville

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Note K--Endowments--Continued

Changes in endowment net assets for the years ended December 31, 2017 and 2016 are as follows:

	<u>Board Designated</u>	<u>Donor- restricted</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	
Endowment Net Assets			
Balance at January 1, 2016	\$ 2,621,988	\$ 404,411	\$ 3,026,399
Additional funds designated	11,780		11,780
Gain on investments	109,654		109,654
Balance at December 31, 2016	2,743,422	404,411	3,147,833
Funds withdrawn	(11,188)		(11,188)
Gain on investments	366,394		366,394
Balance at December 31, 2017	<u>\$ 3,098,628</u>	<u>\$ 404,411</u>	<u>\$ 3,503,039</u>

Endowment assets consist of the following:

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Endowment investments	\$ 3,098,628	\$ 2,743,422
Cash designated for endowment	389,411	369,411
Pledges receivable	15,000	35,000
	<u>\$ 3,503,039</u>	<u>\$ 3,147,833</u>

Notes to Financial Statements--Continued

Gilda's Club of Louisville

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Note L--In-Kind Expenses

For the year ended December 31, 2017, the Organization received in-kind contributions of \$60,636. In-kind contributions related to the following functional expenses:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Donated materials	\$ 50,636		\$ -	\$ 50,636
Professional services	8,000	\$ 2,000		10,000
	<u>\$ 58,636</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 60,636</u>

For the year ended December 31, 2016, the Organization received in-kind contributions of \$44,713. In-kind contributions related to the following functional expenses:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Donated materials	\$ 36,413		\$ -	\$ 36,413
Professional services	6,640	\$ 1,660		8,300
	<u>\$ 43,053</u>	<u>\$ 1,660</u>	<u>\$ -</u>	<u>\$ 44,713</u>

Note M--Operating Lease Obligations

The Organization has a lease for their phone system. The lease is for five years with a minimum monthly payment of \$395. Future minimum lease payments under the non-cancellable operating lease are as follows:

<u>Year Ending December 31</u>	
2018	\$ 4,742
2019	4,742
2020	4,742
2021	3,557
	<u>\$ 17,783</u>