

Financial Statements

for

**GILDA'S CLUB KENTUCKIANA, INC.**

Years Ended December 31, 2025 and 2024  
with Independent Auditor's Report



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## **Independent Auditor's Report**

Board of Directors  
Gilda's Club Kentuckiana, Inc.  
Louisville, Kentucky

### **Opinion**

We have audited the accompanying financial statements of Gilda's Club Kentuckiana, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2025 and 2024, 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 the Organization as of December 31, 2025 and 2024, 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 the Organization'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 the Organization'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.

*Dean Dotson Allen Ford, PLLC*

Louisville, Kentucky  
April 23, 2026

**GILDA'S CLUB KENTUCKIANA, INC.**

Statements of Financial Position

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,172,889	\$ 965,264
Pledges receivable, current portion	281,770	519,351
Grants receivable, current portion	310,463	86,500
Inventory	4,040	5,340
Prepaid expenses and other current assets	<u>6,988</u>	<u>140,106</u>
Total current assets	1,776,150	1,716,561
Endowment investments	8,942,932	7,653,486
Property and equipment, net	9,330,064	9,654,469
Right-of-use asset - operating lease	96,883	127,701
Cash designated for building maintenance	106,678	92,664
Pledges receivable, less current portion, net	58,727	19,271
Grants receivable, less current portion, net	<u>170,405</u>	<u>-</u>
Total assets	<u>\$ 20,481,839</u>	<u>\$ 19,264,152</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 41,353	\$ 49,350
Accrued liabilities	59,900	76,700
Operating lease liability, current	<u>33,166</u>	<u>39,394</u>
Total current liabilities	134,419	165,444
Operating lease liability, noncurrent	<u>67,242</u>	<u>92,794</u>
Total liabilities	201,661	258,238
Net assets:		
Without donor restrictions:		
Undesignated	1,181,910	1,321,363
Invested in property and equipment	9,330,064	9,654,469
Board designated for endowment	8,538,521	7,249,075
Board designated for building fund	<u>106,678</u>	<u>92,664</u>
Total net assets without donor restrictions	19,157,173	18,317,571
With donor restrictions	<u>1,123,005</u>	<u>688,343</u>
Total net assets	<u>20,280,178</u>	<u>19,005,914</u>
Total liabilities and net assets	<u>\$ 20,481,839</u>	<u>\$ 19,264,152</u>

See accompanying notes.

**GILDA'S CLUB KENTUCKIANA, INC.**

Statements of Activities

Years ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support:						
Contributions	\$ 1,335,631	\$ 525,713	\$ 1,861,344	\$ 1,248,444	\$ 147,500	\$ 1,395,944
Grant income	232,771	134,478	367,249	601,577	98,029	699,606
Special events	1,049,035	-	1,049,035	1,445,561	-	1,445,561
In-kind contributions	74,872	-	74,872	166,108	-	166,108
Rental income	16,962	-	16,962	17,821	-	17,821
Net assets released from restrictions	<u>225,529</u>	<u>(225,529)</u>	<u>-</u>	<u>149,727</u>	<u>(149,727)</u>	<u>-</u>
Total support	<b>2,934,800</b>	<b>434,662</b>	<b>3,369,462</b>	3,629,238	95,802	3,725,040
Expenses:						
Program services	2,838,112	-	2,838,112	2,714,557	-	2,714,557
General and administrative	294,328	-	294,328	411,788	-	411,788
Fundraising	457,385	-	457,385	304,308	-	304,308
Cost of direct benefits to donors	<u>150,234</u>	<u>-</u>	<u>150,234</u>	<u>145,819</u>	<u>-</u>	<u>145,819</u>
Total expenses	<b>3,740,059</b>	<b>-</b>	<b>3,740,059</b>	3,576,472	-	3,576,472
Other income:						
Net investment return	1,636,675	-	1,636,675	1,332,505	-	1,332,505
Interest income	8,186	-	8,186	21,454	-	21,454
Gain from insurance and settlement proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,427</u>	<u>-</u>	<u>21,427</u>
Total other income	<u><b>1,644,861</b></u>	<u><b>-</b></u>	<u><b>1,644,861</b></u>	<u>1,375,386</u>	<u>-</u>	<u>1,375,386</u>
Change in net assets	<b>839,602</b>	<b>434,662</b>	<b>1,274,264</b>	1,428,152	95,802	1,523,954
Net assets, beginning of year	<u>18,317,571</u>	<u>688,343</u>	<u>19,005,914</u>	<u>16,889,419</u>	<u>592,541</u>	<u>17,481,960</u>
Net assets, end of year	<u><b>\$ 19,157,173</b></u>	<u><b>\$ 1,123,005</b></u>	<u><b>\$ 20,280,178</b></u>	<u><b>\$ 18,317,571</b></u>	<u><b>\$ 688,343</b></u>	<u><b>\$ 19,005,914</b></u>

See accompanying notes.

**GILDA'S CLUB KENTUCKIANA, INC.**

Statement of Functional Expenses

Year ended December 31, 2025

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Cost of Direct Benefits to Donors</u>	<u>Total Expenses</u>
Salaries and related expenses:					
Salaries and wages	\$ 1,215,444	\$ 137,750	\$ 267,398	\$ -	\$ 1,620,592
Health insurance	174,891	19,821	38,476	-	233,188
Payroll taxes	90,572	10,265	19,926	-	120,763
Employee benefits	25,836	2,928	5,684	-	34,448
Payroll service fees	<u>9,835</u>	<u>1,115</u>	<u>2,164</u>	-	<u>13,114</u>
 Total salaries and related expenses	 1,516,578	 171,879	 333,648	 -	 2,022,105
Depreciation	345,849	34,585	51,877	-	432,311
Program activities	216,215	-	-	-	216,215
Fundraising events	-	-	-	150,234	150,234
Contract services	124,550	-	-	-	124,550
Professional fees	86,430	8,643	12,964	-	108,037
Travel	84,795	8,480	12,719	-	105,994
Office expense	71,938	7,194	10,791	-	89,923
Repairs and maintenance	63,601	6,360	9,540	-	79,501
Donated materials and supplies	74,872	-	-	-	74,872
Insurance	47,385	9,571	6,385	-	63,341
Advertising	51,989	-	-	-	51,989
Utilities	31,911	3,191	4,787	-	39,889
Computer and software	29,644	2,964	4,447	-	37,055
Bad debt expense	-	34,173	-	-	34,173
Fees paid to the Cancer Support Community	30,428	-	-	-	30,428
Miscellaneous	22,995	2,300	3,449	-	28,744
Staff development	12,264	2,477	1,653	-	16,394
Telephone and internet	10,903	1,090	1,635	-	13,628
Printing and copying	10,329	1,033	1,549	-	12,911
Postage	<u>5,436</u>	<u>388</u>	<u>1,941</u>	-	<u>7,765</u>
 Total expenses	 <u>\$ 2,838,112</u>	 <u>\$ 294,328</u>	 <u>\$ 457,385</u>	 <u>\$ 150,234</u>	 <u>\$ 3,740,059</u>

See accompanying notes.

**GILDA'S CLUB KENTUCKIANA, INC.**

Statement of Functional Expenses

Year ended December 31, 2024

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Cost of Direct Benefits to Donors</u>	<u>Total Expenses</u>
Salaries and related expenses:					
Salaries and wages	\$ 1,139,384	\$ 230,131	\$ 153,522	\$ -	\$ 1,523,037
Health insurance	125,610	25,371	16,925	-	167,906
Payroll taxes	83,136	16,792	11,202	-	111,130
Employee benefits	27,404	5,535	3,692	-	36,631
Payroll service fees	<u>8,811</u>	<u>1,780</u>	<u>1,187</u>	<u>-</u>	<u>11,778</u>
 Total salaries and related expenses	 1,384,345	 279,609	 186,528	 -	 1,850,482
Depreciation	335,090	33,509	50,263	-	418,862
Program activities	177,145	-	-	-	177,145
Fundraising events	-	-	-	145,819	145,819
Contract services	131,300	-	-	-	131,300
Professional fees	87,809	8,781	13,171	-	109,761
Travel	17,033	1,703	2,555	-	21,291
Office expense	69,221	6,922	10,383	-	86,526
Repairs and maintenance	59,145	5,915	8,872	-	73,932
Donated materials and supplies	166,108	-	-	-	166,108
Insurance	30,156	6,091	4,063	-	40,310
Advertising	40,886	-	-	-	40,886
Utilities	31,678	3,168	4,752	-	39,598
Computer and software	67,738	6,774	10,161	-	84,673
Bad debt expense	-	49,002	-	-	49,002
Fees paid to the Cancer Support Community	30,563	-	-	-	30,563
Miscellaneous	26,496	2,650	3,972	-	33,118
Staff development	17,661	3,567	2,380	-	23,608
Telephone and internet	15,681	1,568	2,352	-	19,601
Printing and copying	22,248	2,225	3,337	-	27,810
Postage	<u>4,254</u>	<u>304</u>	<u>1,519</u>	<u>-</u>	<u>6,077</u>
 Total expenses	 <u>\$ 2,714,557</u>	 <u>\$ 411,788</u>	 <u>\$ 304,308</u>	 <u>\$ 145,819</u>	 <u>\$ 3,576,472</u>

See accompanying notes.

**GILDA'S CLUB KENTUCKIANA, INC.**

Statements of Cash Flows

Years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,274,264	\$ 1,523,954
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	432,311	418,862
Bad debt expense	34,173	49,002
Gain from insurance and settlement proceeds	-	(21,427)
Gain on endowment investments	(1,548,782)	(1,267,206)
Change in discount of pledges receivable	(8,910)	213
Change in discount of grants receivable	(14,845)	-
Lease expense	30,818	28,792
Increase (decrease) in cash due to changes in:		
Pledges receivable	172,862	(201,071)
Grants receivable	(379,523)	(74,500)
Prepaid expenses and other assets	133,119	(101,339)
Inventory	1,300	(5,340)
Accounts payable	(7,997)	(41,683)
Accrued liabilities	(16,800)	18,000
Operating lease liability	<u>(31,780)</u>	<u>(27,296)</u>
Net cash provided by operating activities	70,210	298,961
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(107,907)	(351,535)
Proceeds from disposal of assets	-	25,697
Purchase of endowment investments	(2,565,002)	(1,826,350)
Sale of endowment investments	<u>2,824,338</u>	<u>1,749,869</u>
Net cash provided by (used in) investing activities	<u>151,429</u>	<u>(402,319)</u>
Net increase (decrease)	221,639	(103,358)
Cash and cash equivalents, beginning of year	<u>1,057,928</u>	<u>1,161,286</u>
Cash and cash equivalents, end of year	\$ <u>1,279,567</u>	\$ <u>1,057,928</u>
<b>Reconciliation to statements of financial position:</b>		
Cash and cash equivalents	\$ 1,172,889	\$ 965,264
Cash designated for building maintenance	<u>106,678</u>	<u>92,664</u>
Cash and cash equivalents, end of year	\$ <u>1,279,567</u>	\$ <u>1,057,928</u>
<b>Supplemental disclosures of cash flow information:</b>		
Noncash investing and financing transactions:		
Addition of right-of-use assets with operating lease liability	\$ <u>-</u>	\$ <u>33,319</u>

See accompanying notes.

# GILDA'S CLUB KENTUCKIANA, INC.

## Notes to the Financial Statements

### 1. Description of the Organization

Gilda's Club Kentuckiana, Inc. (the Organization) is a non-profit public benefit organization serving the states of Kentucky and Indiana. 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, the Organization offers support and networking groups, lectures, workshops and social events in a nonresidential home-like setting. Funding is solicited from individuals, corporations, foundations, and government agencies.

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.

### 2. Summary of Significant Accounting Policies

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) which require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Organization in the preparation of its financial statements:

#### Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** include net assets that are not subject to donor-imposed stipulations. Net assets may be designated for specific purposes by action of the Board of Directors (the Board).

Undesignated: These net assets represent the portion of expendable funds available in operation of the Organization.

Invested in Property and Equipment: These net assets represent cumulative resources expended for property and equipment, less accumulated depreciation recorded and net of related debt.

Board Designated - Endowment: These net assets represent funds without donor restrictions designated by the Board to be used as endowments. This designation can only be released or revised in the future, to the extent not externally restricted, as a result of Board approval.

Board Designated - Building Fund: These net assets represent funds without donor restrictions designated by the Board to be used for building repairs and maintenance.

## GILDA'S CLUB KENTUCKIANA, INC.

Notes to the Financial Statements, continued

### 2. Summary of Significant Accounting Policies, continued

#### Basis of Presentation, continued

**Net Assets With Donor Restrictions** include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the corpus funds be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions. The Organization treats certain individual donor restricted contributions whose restrictions are met in the same reporting period as net assets without donor restrictions.

#### Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Organization considers all highly liquid investments with a maturity, at time of purchase, of three months or less to be cash equivalents.

The Organization has a concentration of credit risk in that it periodically maintains cash deposits in financial institutions in excess of federally insured limits. Management considers it very unlikely that any loss will result from the cash balance in excess of federal insurance limits.

#### Pledges and Grants Receivable

Unconditional promises to give and grants receivable are reported on the statements of financial position as pledges or grants receivable and the statements of activities as increases in the appropriate net asset category, based on donor or grantor imposed restrictions, if any. Pledges and grants due after one year are recorded after discounting to the present value of the future cash flows.

The Organization provides an allowance for uncollectible pledges and grants based upon the anticipated collectability of each specific pledge or grant. In evaluating the collectability of receivables, the Organization considers a number of factors, including historical loss rates, the age of the receivables, changes in collection patterns, and general economic conditions. Actual collections in subsequent periods may require changes in the estimated provisions. Changes in the estimates are charged or credited to the changes in net assets in the period of change. Amounts are considered past due based upon the due dates on the respective pledge card or grant agreement, and are written off when deemed uncollectible. The Organization does not charge interest on pledges or grants receivable.

## GILDA'S CLUB KENTUCKIANA, INC.

Notes to the Financial Statements, continued

### 2. Summary of Significant Accounting Policies, continued

#### Investments

The Organization's investments consist principally of money market funds, marketable securities, and mutual funds. These investments are subject to the risks common to financial markets, including interest rate risks, credit risks, and overall market risks. The Organization's investments are subject to potential loss arising from adverse changes in quoted market prices. The Organization's management will continue to monitor its investment holdings as it has done in the past, but has no immediate plans to change its investment portfolio. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 7 for discussion of fair value measurements. Donated investments are recorded as contributions at the quoted fair value of the investment at the time of donation.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. All gains and losses, including unrealized gains and losses, are reported in the statements of activities.

#### Property and Equipment

Property and equipment is recorded at cost. Contributed property and equipment is recorded at estimated fair value at date of contribution. Such contributions are recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	5 - 39 years
Land improvements	15 years
Furniture	5 - 7 years
Office equipment	3 - 5 years
Vehicles	3 - 5 years

#### Leases

Lease assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines if an arrangement is, or contains, a lease at inception of the agreement, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

## GILDA'S CLUB KENTUCKIANA, INC.

Notes to the Financial Statements, continued

### 2. Summary of Significant Accounting Policies, continued

#### Leases, continued

The Organization has made an accounting policy election not to recognize right-of-use (ROU) assets and lease liabilities for leases with a term of twelve months or less. Lease expense for such leases is recognized on a straight-line basis over the lease term. For all other leases, they are classified as either finance or operating leases.

Operating leases are included in ROU asset, and operating lease liabilities (current and non-current) in the statements of financial position. Operating lease expense is recognized on a straight-line basis over the lease term.

Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of future lease payments over the lease term. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date of the lease, and are reduced by any lease incentives.

As most of the Organization's leases do not provide an implicit rate, the Organization uses an incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at the commencement date.

Lease terms may include options to extend or terminate the lease. Where management concludes that it is reasonably certain that a renewal or termination option will be exercised, that renewal period or termination option is used to determine the lease term and the related payments that are reflected in the ROU asset and lease liability.

Some of the Organization's leases include variable lease payments. Variable lease payments are only included in measuring ROU assets and lease liabilities if they depend on an index or a rate, or are in substance fixed payments. Variable payments that are not included in measuring the ROU assets are expensed when incurred. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

Lease agreements with lease and non-lease components are generally accounted for separately based upon the standalone price of the separate lease and non-lease components at the commencement date of the lease. The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for the Organization's real estate leases. The non-lease components generally relate to the separate payments made to the lessor based on the lessor's property and casualty insurance costs and the property taxes assessed on the property, as well as a portion of the common area maintenance costs associated with the property. The non-lease components are variable in nature and are recorded in variable lease expense in the period incurred.

## **GILDA'S CLUB KENTUCKIANA, INC.**

Notes to the Financial Statements, continued

### **2. Summary of Significant Accounting Policies, continued**

#### Revenue and Revenue Recognition

The Organization recognizes the amount of revenue to which it expects to be entitled based on the grant, contract or the transfer of promised goods or services. The Organization has the following four primary sources of revenue.

#### Contributions Revenue

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

#### Grant Income

Grants are considered to be non-exchange transactions in which the grantor requires the performance of specified activities related to the Organization's mission. State and local grants are recognized in the same period as the grant criteria are met, which is typically when the related expenses to the specific grant are incurred.

#### Special Events Revenue

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. The Organization recognizes revenue from ticket sales at the time of admission.

#### Donated Services and In - Kind Contributions

Volunteers contribute significant amounts of time to the program services, however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by GAAP. The Organization receives in-kind contributions in the form of contributed goods and services. The value of in-kind contributions are based on management's estimate of the fair value of the contribution at the time of donation (see Note 12).

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Organization are summarized on a functional basis in the accompanying statements of activities and functional expenses. Directly identifiable expenses are charged to the applicable program or supporting services. Certain expenses are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization, and require allocation between functions on a reasonable basis that is consistently applied.

**GILDA'S CLUB KENTUCKIANA, INC.**

Notes to the Financial Statements, continued

**2. Summary of Significant Accounting Policies, continued**

Functional Allocation of Expenses, continued

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and related expenses	Time and effort
Depreciation	Square footage
Office expense	Time and effort
Repairs and maintenance	Square footage
Professional fees	Time and effort
Utilities	Square footage
Telephone and internet	Square footage
Printing and copying	Time and effort
Travel	Time and effort
Insurance	Time and effort
Staff development	Time and effort
Computer and software	Time and effort
Postage	Time and effort
Miscellaneous	Time and effort

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising expenses were \$51,989 and \$40,886 for the years ended December 31, 2025 and 2024, respectively.

Income Taxes

The Organization is a not-for-profit entity exempt from income taxes under Section 501(c)(3) of the IRC. Although the Organization is exempt from income taxes, any income generated from activities unrelated to its exempt purpose is subject to tax under IRC Section 511. There was \$16,962 and \$17,821 of rental income for the years ended December 31, 2025 and 2024, respectively, that is consider unrelated business income.

Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through April 23, 2026, the date that the financial statements were available to be issued.

## GILDA'S CLUB KENTUCKIANA, INC.

Notes to the Financial Statements, continued

### 3. Liquidity and Availability

As of December 31, 2025 and 2024, the Organization had the following financial assets available at year end to meet its general expenditures over the next twelve months:

	<u>2025</u>	<u>2024</u>
Total assets	\$ <b>20,481,839</b>	\$ 19,264,152
Less: Property and equipment, net	<b>(9,330,064)</b>	(9,654,469)
Less: Inventory	<b>(4,040)</b>	(5,340)
Less: Prepaid expenses	<b>(6,988)</b>	(140,106)
Less: Right-of-use asset - operating lease	<u><b>(96,883)</b></u>	<u>(127,701)</u>
Financial assets at December 31	<b>11,043,864</b>	9,336,536
Less: Restricted by donor	<b>(1,123,005)</b>	(688,343)
Less: Board designated assets	<b>(8,645,199)</b>	(7,341,739)
Less: Long-term pledges receivable	<b>(58,727)</b>	(19,271)
Less: Long-term grants receivable	<u><b>(170,405)</b></u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><b>\$ 1,046,528</b></u>	<u>\$ 1,287,183</u>

The Organization has a goal to maintain financial assets, and specifically cash on hand to meet 90 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event the need arises to utilize the Board designated funds for liquidity purposes, the Organization can utilize them upon Board approval.

### 4. Pledges Receivable

Pledges receivable due after one year are recorded after discounting to the present value of future cash flows. The discounts on those amounts are computed using the Organization's borrowing rate of 6.50% and 7.50% as of December 31, 2025 and 2024, respectively.

**GILDA'S CLUB KENTUCKIANA, INC.**

Notes to the Financial Statements, continued

**4. Pledges Receivable, continued**

Unconditional promises to give are expected to be realized in the following periods:

	<u>2025</u>	<u>2024</u>
Amounts due within:		
One year or less	\$ <b>281,770</b>	\$ 519,351
One to five years	<u>70,000</u>	<u>21,634</u>
	<b>351,770</b>	540,985
Less discount for pledges to be collected in more than one year	<u>11,273</u>	<u>2,363</u>
Pledges receivable, net	<u>\$ <b>340,497</b></u>	<u>\$ 538,622</u>

**5. Grants Receivable**

Grants receivable due after one year, if applicable, are recorded after discounting to the present value of future cash flows. The discounts on those amounts are computed using the Organization's borrowing rate of 6.50% and 7.50% as of December 31, 2025 and 2024, respectively.

Grants receivable are as follows:

	<u>2025</u>	<u>2024</u>
Amounts due within:		
One year or less	\$ <b>310,463</b>	\$ 86,500
One to five years	<u>185,250</u>	<u>-</u>
	<b>495,713</b>	86,500
Less discount for grants to be collected in more than one year	<u>14,845</u>	<u>-</u>
Grants receivable, net	<u>\$ <b>480,868</b></u>	<u>\$ 86,500</u>

## GILDA'S CLUB KENTUCKIANA, INC.

Notes to the Financial Statements, continued

### 6. Property and Equipment

Property and equipment are summarized as follows at December 31:

	<u>2025</u>	<u>2024</u>
Land	\$ 320,000	\$ 320,000
Land improvements	69,602	69,602
Building and improvements	10,179,529	10,170,614
Furniture	1,288,447	1,226,753
Office equipment	329,731	344,643
Vehicles	<u>27,157</u>	<u>27,157</u>
	<u>12,214,466</u>	12,158,769
Less accumulated depreciation	<u>2,884,402</u>	<u>2,504,300</u>
	<u>\$ 9,330,064</u>	<u>\$ 9,654,469</u>

Depreciation expense during the years ended December 31, 2025 and 2024 was \$432,311 and \$418,862, respectively.

### 7. Investments and Fair Value Measurements

The Organization classifies its investments based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available), and Level 3 (valued based on significant unobservable inputs). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value on a recurring basis:

*Money market funds:* Valued at cost, plus accrued interest, which approximates fair value.

*Marketable securities:* Valued at unadjusted quoted prices for identical assets in active markets.

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

There have been no changes in the valuation methodologies used at December 31, 2025 and 2024.

**GILDA'S CLUB KENTUCKIANA, INC.**

Notes to the Financial Statements, continued

**7. Investments and Fair Value Measurements, continued**

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

To assess the appropriate classification of investments within the fair value hierarchy, the availability of market data is monitored. Changes in economic conditions or valuation techniques may require the transfer of investments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. Management evaluates the significance of transfers between levels based upon the nature of the investment and size of the transfer. For the years ended December 31, 2025 and 2024, there were no transfers in or out of Level 3.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31:

	Level 1	Level 2	Level 3	Total
<b><u>2025</u></b>				
Money market funds	\$ 357,959	\$ -	\$ -	\$ 357,959
Mutual funds and marketable securities:				
Fixed income	1,299,562	-	-	1,299,562
Equity	<u>7,285,411</u>	<u>-</u>	<u>-</u>	<u>7,285,411</u>
Total mutual funds and marketable securities	<u>8,584,973</u>	<u>-</u>	<u>-</u>	<u>8,584,973</u>
Total investments	<u>\$ 8,942,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,942,932</u>
<b><u>2024</u></b>				
Money market funds	\$ 369,083	\$ -	\$ -	\$ 369,083
Mutual funds and marketable securities:				
Fixed income	1,210,782	-	-	1,210,782
Equity	<u>6,073,621</u>	<u>-</u>	<u>-</u>	<u>6,073,621</u>
Total mutual funds and marketable securities	<u>7,284,403</u>	<u>-</u>	<u>-</u>	<u>7,284,403</u>
Total investments	<u>\$ 7,653,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,653,486</u>

## GILDA'S CLUB KENTUCKIANA, INC.

Notes to the Financial Statements, continued

### 7. Investments and Fair Value Measurements, continued

Net investment return is comprised of the following for the years ending December 31:

	<u>2025</u>	<u>2024</u>
Interest and dividend income	\$ 141,557	\$ 127,943
Net realized and unrealized gains on investments reported at fair value	1,548,782	1,256,024
Investment fees	<u>(53,664)</u>	<u>(51,462)</u>
Net investment return	<u>\$ 1,636,675</u>	<u>\$ 1,332,505</u>

### 8. Leases

The Organization leases several buildings and offices through operating leases expiring from December 2026 through August 2029. The Organization's operating leases generally do not contain any material restrictive covenants or residual value guarantees. Some of the leases include one or more options to renew, generally at the Organization's sole discretion. The renewal terms can extend the lease terms for up to 5 years, which has been reflected in the lease liability shown below. The weighted average interest rate on the operating leases was 7.00% as of December 31, 2025 and 2024, and the weighted average remaining term of the leases was 3.29 and 3.30 years as of December 31, 2025 and 2024, respectively. Lease expense for the years ended December 31, 2025 and 2024 was \$30,818 and \$28,792, respectively.

The maturity of the lease liability as of December 31, 2025 was as follows:

2026	\$ 39,394
2027	27,034
2028	27,034
2029	<u>18,022</u>
Total lease payments	111,484
Less imputed interest	<u>(11,076)</u>
Total	100,408
Amount due in one year	<u>33,166</u>
Total long-term	<u>\$ 67,242</u>

### 9. Retirement Plan

The Organization has a 401(k) plan to fund retirement for its employees. The Organization matches 100% of employees' contributions up to three percent of their compensation. The Organization made contributions of \$33,451 and \$31,612 for the years ended December 31, 2025 and 2024, respectively.

## GILDA'S CLUB KENTUCKIANA, INC.

Notes to the Financial Statements, continued

### 10. Endowment Investments and Spending Policies

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

State law allows the Board to appropriate as much of the net appreciation as is prudent for the uses, benefits, purposes and duration for which the endowment fund is established. The Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of historic dollar 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 net assets with restrictions: (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 donor-restricted endowment funds is classified as net assets with time or purpose restrictions with those amounts appropriated for expenditure by the Organization in a manner consistent with the standards 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:

- Duration and preservation of the fund;
- Purposes of the donor-restricted endowment funds;
- General economic conditions;
- Possible effect of inflation and deflation;
- Expected total return from investment income and appreciation or depreciation of investments;
- Other resources of the Organization; and
- Investment policies of the Organization.

**GILDA'S CLUB KENTUCKIANA, INC.**

Notes to the Financial Statements, continued

**10. Endowment Investments and Spending Policies, continued**

The endowment net assets consist solely of investments. Changes in endowment net assets during the years ended December 31, 2025 and 2024 were as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Balance at December 31, 2023	\$ 5,905,388	\$ 404,411	\$ 6,309,799
Purchases	1,826,350	-	1,826,350
Sales	(1,749,869)	-	(1,749,869)
Gain on investments	<u>1,267,206</u>	<u>-</u>	<u>1,267,206</u>
Balance at December 31, 2024	7,249,075	404,411	7,653,486
Purchases	<b>2,565,002</b>	-	<b>2,565,002</b>
Sales	<b>(2,824,338)</b>	-	<b>(2,824,338)</b>
Gain on investments	<u><b>1,548,782</b></u>	<u>-</u>	<u><b>1,548,782</b></u>
Balance at December 31, 2025	<u><b>\$ 8,538,521</b></u>	<u><b>\$ 404,411</b></u>	<u><b>\$ 8,942,932</b></u>

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Organization is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. There were no such deficiencies as of December 31, 2025 or December 31, 2024.

The Organization has adopted investment spending policies, approved by the Board, 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 and/or styles. The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk parameters.

## GILDA'S CLUB KENTUCKIANA, INC.

Notes to the Financial Statements, continued

### 11. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
Restricted for program costs	\$ 718,594	\$ 283,932
Investment in perpetuity	<u>404,411</u>	<u>404,411</u>
Total net assets with restrictions	<u>\$ 1,123,005</u>	<u>\$ 688,343</u>

Net assets totaling \$225,529 and \$149,727 for the years ended December 31, 2025 and 2024, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors. All of the released assets related to grants that were restricted for program costs.

### 12. In-kind Contributions

The Organization received the following contributions of nonfinancial assets for the year ended December 31:

	<u>2025</u>	<u>2024</u>
Auction items	\$ 63,247	\$ 155,490
Supplies	7,863	9,775
Gift cards	3,542	667
Miscellaneous	<u>220</u>	<u>176</u>
Total in-kind contributions	<u>\$ 74,872</u>	<u>\$ 166,108</u>

The Organization receives items to be sold at its event auctions. Contributed auction items are valued at the gross selling price received and are recorded as in-kind contribution revenue. Contributed supplies, gift cards, and miscellaneous items received by the Organization are also recorded as in-kind contribution revenue. The Organization values these items at the wholesale prices that would be received for selling similar products. There were no donor restrictions on in-kind contributions.

### 13. Related Party Transactions

Certain members of the Board and immediate family members have provided financial support to the Organization in the form of contributions. Cash contributions and pledges totaled \$213,506 and \$586,704 for the years ended December 31, 2025 and 2024, respectively. Pledges receivable from related parties at December 31, 2025 and 2024 totaled \$89,800 and \$160,806, respectively.