



Gilda's Club New York City
Annual Report 2005

LIVING WITH CANCER?
COME AS YOU ARE.

The mission of Gilda's Club New York City is to provide meeting places where men, women and children living with cancer – and their families and friends – can join with others to build social and emotional support as a supplement to medical care. Free of charge and non-profit, GCNYC offers support and networking groups, lectures, workshops and social events in a nonresidential, homelike setting.

A LETTER FROM THE CHAIRMAN OF OUR BOARD OF DIRECTORS:

As Gilda's Club New York City enters its 11th year in existence, our membership, donor base and the scope of our program all continue to grow. Here are some highlights from the past year:



Robert Easton
Chairman, Board of Directors

- We now have over 350 members at our Brooklyn Clubhouse, which opened in 2003. Brooklyn has grown much faster than did the Manhattan Clubhouse when it first opened. New York Methodist Hospital has made our Brooklyn community possible by donating the use of a brownstone on their campus in Park Slope.
- We have begun to rent out our Manhattan Clubhouse space for parties and other gatherings during times when it is not in use for program activities. Along with providing GCNYC with a new revenue stream, we hope that this initiative will promote a greater awareness of our mission among everyone who visits our space.
- On September 15, 2005, West Houston Street between Sixth Avenue and Varick Street, where our Manhattan Clubhouse resides, was renamed "Gilda Radner Way" at a ceremony hosted by Joel Siegel.
- Partnering with Johnson & Johnson, GCNYC hosted "Celebrating Survivors," a daylong workshop for ovarian cancer survivors. Participants generated Coping Tips which are now featured on Johnson & Johnson's website.
- GCNYC has been named a recipient of a Breast and Ovarian Cancer Action Grant, as part of the disbursement of funds from a settlement obtained by the New York State Attorney General's Office. This grant will allow us to develop a presence at free mammography screenings at two Manhattan hospitals, to host conferences for oncology professionals to educate them about the benefits of social and emotional support, and to begin Saturday programming for women and their families living with breast and ovarian cancer.



It has been another exciting and challenging year for GCNYC, and with the staff and Board of Directors, I look forward to leading GCNYC into the future. Please come visit us on Gilda Radner Way!



Clockwise from upper left: children singing at our 2005 holiday party, a group room in our Manhattan clubhouse, members receiving makeovers from the staff at Christian Dior, a support group meeting

MEMBER PROFILE:

Jay Russell



In July of 2004, actor Jay Russell had just closed a show at the prestigious Public Theater in Greenwich Village. Shortly thereafter, he discovered a lump in his neck which his doctor told him was most likely harmless. A biopsy, however, showed the lump to be Squamous Cell Carcinoma. While the prognosis was very good for an eventual recovery, Jay's course of treatment would include radiation, chemotherapy, neck surgery and the insertion of a feeding tube. His voice might be permanently altered, making it impossible to act onstage again. "I thought my career was over," he explained.

"For about three months I felt like I had no sense of humor and no joy at all. I was skinny, freezing cold, and I didn't want to do anything. . . I was miserable. I felt like that feeling was going to be there for the rest of my life," he said.

Jay first came to Gilda's Club a week after being diagnosed, and he was placed in a group before his treatment even began. He had never been in a support group of any kind before, but from the outset, he said "I knew that I needed to be with as many people as possible with a

similar experience." Members of Jay's group were able to share information about the types of treatment he was going through – firsthand accounts of what to expect from chemotherapy, and of the difficulty of getting sufficient nutrition from a feeding tube. His group was also there to help him with the emotional side of his cancer experience, the depression he faced during his months in treatment and his anxiety about the future. "We're all from different places," he said of his group, "but we all have this bond – we all root for each other."

Both Jay's health and his voice have recovered fully, and he was able to return to acting in May of 2005. His acting career is flourishing, with theater and television work, including a role in the upcoming season of *The Sopranos*. He still attends his Wellness group every week, now with wisdom of his own to share with new members just beginning to learn to live with cancer. Summing up his experience, Jay said, "It reminds me that I want to be living life to the fullest – I looked at my own mortality and came out on the other side. I wish I didn't have to go through it, but it's given me a new lease on life in so many ways."



Clockwise from upper left: members at our Brooklyn clubhouse's 1st birthday party, Administrative Coordinator Eileen Jackson at the Revlon Run/Walk for Women 2005, staff at our Brooklyn clubhouse, art instructor Judy Tulin

MEMBER PROFILE:

Caitlin Goddard



Caitlin Goddard was a graduate student at NYU, just beginning a teaching career, when her mother was diagnosed with advanced lung cancer in July of 2002. Hospitalized immediately, her mother died of sepsis in September of that year. In the months that followed, Caitlin and her father supported each other through the grieving process, both of them stunned that Caitlin’s mother was gone so suddenly.

When Caitlin’s father was diagnosed with non-Hodgkin’s lymphoma a year later, he was initially given a very positive prognosis. Still, Caitlin made the trip from her Jersey City apartment to her family’s home in Massachusetts every weekend to visit her father and to take care of things around the house. Despite the initial outlook, his condition gradually deteriorated. Caitlin took a leave of absence from work and became her father’s primary caregiver. The swiftness of her mother’s death had left her acutely aware of how special every moment she spent with him was. “You see all the important things about your family when you’re losing them,” she explained. “You see all the small, beautiful things.”

Caitlin’s father died in early 2005.

Caitlin returned to New Jersey having lost both her parents to cancer at the age of 25, and having spent several months taking care of her father around the clock. She knew that she needed a resource to help her grieve, and to help her transition back to her everyday life and work. As she explained, “Death is all that matters at the time that it happens, and then you’re left lost and bewildered.” Her aunt had suggested Gilda’s Club, and she joined a bereavement group shortly after her return. Her group provided her with the support that she needed. “The loss is incommunicable to someone who hasn’t gone through it. . . I remember seeing in [a group member’s] eyes that she knew what I was going through.”

Caitlin still attends her group weekly as she works to process the loss of her parents. This is how she summed up her experience at Gilda’s Club: “Death. . . is so specific for all of us, so visceral. . . Things I didn’t remember, I started remembering – talking about it was so liberating. We’re all so different, our stories are so different, but we all speak the same language.”

GILDA RADNER WAY

unveiled September 15, 2005



Clockwise from upper left: Miss USA 2005 Chelsea Cooley; Joel Siegel hosting the event; Paul Shaffer from *The Late Show with David Letterman*, Ann Russo, Chelsea Cooley, a *Hairspray* cast member and Gilda's Club founder Joanna Bull holding our new street sign; a local fireman from Ladder 5 unveiling the sign

FINANCIAL STATEMENTS

June 30, 2005

Independent Auditors' Report

The Board of Directors
Gilda's Club New York City, Inc.

We have audited the accompanying statements of financial position of Gilda's Club New York City, Inc. ("GCNYC") as of June 30, 2005 and 2004, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of GCNYC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and

significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gilda's Club New York City, Inc. as of June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Marks Paneth + Shron LLP

Marks Paneth & Shron, LLP
New York, NY
December 2, 2005

Gilda's Club New York City, Inc.

Statements of Financial Position

As of June 30, 2005 and 2004

ASSETS

	2005	2004
Cash and Cash equivalents (Note 2D)	\$ 33,356	\$ 17,200
Accounts receivable- government (Note 2H)	47,501	42,484
Pledges receivable (Notes 2F, 2H and 3)	196,173	261,279
Prepaid Expenses and other assets	27,475	74,221
Contribution in kind receivable (Note 10)	60,100	68,300
Property and equipment, net (Notes 2C and 4)	4,381,596	4,377,494
TOTAL ASSETS	4,746,201	4,840,978

LIABILITIES

Accounts payable and accrued expenses	\$ 90,154	\$ 151,352
Accrued vacation	9,517	29,252
Accrued pension	14,839	17,469
Line of credit payable (Note 6)	375,000	250,000
Loans payable (Notes 2G and 7)	25,000	115,000
Mortgages payable (note 8)	972,895	981,240
TOTAL LIABILITIES	1,487,405	1,544,313

COMMITMENTS (Note 9)

NET ASSETS (Note 2B):

Unrestricted:		
Net investment in property and equipment	3,408,701	3,396,254
Operations (deficit) (Note 12)	(344,151)	(292,889)
Total unrestricted	3,064,550	3,103,365
Temporarily restricted (Note 11)	194,246	193,300
TOTAL NET ASSETS	3,258,796	3,296,665
TOTAL LIABILITIES AND NET ASSETS	\$ 4,746,201	\$ 4,840,978

The accompanying notes are an integral part of these financial statements.

Gilda's Club New York City, Inc.

Statements of Activities

For the years ended June 30, 2005 and 2004

	Year ended June 30, 2005			Year ended June 30, 2004		
	Unrestricted	Temporarily Restricted	Total 2005	Unrestricted	Temporarily Restricted	Total 2004
SUPPORT AND REVENUE:						
Public Support:						
Special events income	\$ 780,983	\$ -	\$ 780,983	\$ 506,989	\$ -	\$ 506,989
Special events direct expenses (Note 2E)	(146,410)	-	(146,410)	(162,117)	-	(162,117)
Special events, net	634,573	-	634,573	344,872	-	344,872
Contributions	644,309	74,146	718,455	896,218	125,000	1,021,218
Contributions in kind (Notes 2E and 10)	17,716	-	17,716	272,153	-	272,153
Net assets released from restrictions (Note 2B)	73,200	(73,200)	-	8,200	(8,200)	-
Total Public Support	1,369,798	946	1,370,744	1,521,443	116,800	1,638,243
Government Support:						
Government grant	181,966	-	181,966	198,575	-	198,575
Total Government Support	181,966	-	181,966	198,575	-	198,575
Revenue:						
Interest	420	-	420	224	-	224
Miscellaneous	1,071	-	1,071	7,602	-	7,602
Total Revenue	1,491	-	1,491	7,826	-	7,826
TOTAL SUPPORT AND REVENUE	1,553,255	946	1,554,201	1,727,844	116,800	1,844,644
EXPENSES:						
Program services	1,019,038	-	1,019,038	1,131,430	-	1,131,430
Fundraising	254,924	-	254,924	356,319	-	356,319
Administrative and general	318,108	-	318,108	213,901	-	213,901
TOTAL EXPENSES	1,592,070	-	1,592,070	1,701,650	-	1,701,650
CHANGE IN NET ASSETS (Note 12)	(38,815)	946	(37,869)	26,194	116,800	142,994
Net assets - beginning of year	3,103,365	193,300	3,296,665	3,077,171	76,500	3,153,671
NET ASSETS - END OF YEAR	\$ 3,064,550	\$ 194,246	\$ 3,258,796	\$ 3,103,365	\$ 193,300	\$ 3,296,665

The accompanying notes are an integral part of these financial statements.

Gilda's Club New York City, Inc.

Statements of Functional Expenses

For the years ended June 30, 2005 and 2004

	For the Year ended June 30, 2005				For the Year ended June 30, 2004			
	Program Services	Fundraising	Administrative and General	Total 2005	Program Services	Fundraising	Administrative and General	Total 2004
Salaries	\$ 403,884	\$ 89,181	\$ 146,028	\$ 639,093	\$ 530,789	\$ 185,995	\$ 63,375	\$780,159
Payroll taxes and employee benefits (Note 5)	90,230	18,453	31,730	140,413	110,918	24,414	14,365	149,697
Total Salaries and Related Costs	494,114	107,634	177,758	779,506	641,707	210,409	77,740	929,856
Occupancy (Notes 2E and 10)	44,719	1,685	3,222	49,626	45,282	4,769	2,574	52,625
Office, supplies, etc.	38,328	11,107	10,067	59,502	29,653	26,814	4,432	60,899
Professional fees	19,871	59,115	95,782	174,768	39,704	50,957	94,147	184,808
Clinical consultant fees	94,800	-	-	94,800	75,425	-	-	75,425
Insurance	38,403	1,853	8,819	49,075	23,071	2,057	7,555	32,683
Travel	80	131	322	533	1,265	3,690	672	5,627
Equipment leases (Note 9)	13,246	589	883	14,718	21,438	1,743	1,074	24,255
Dues and subscriptions	973	272	63	1,308	716	606	-	1,322
Building repairs and maintenance	23,481	4,034	5,159	32,674	11,677	731	3,322	15,730
Promotional and direct mail	-	10,198	-	10,198	574	27,050	-	27,624
Postage and shipping	17,773	7,094	2,510	27,377	14,609	4,631	1,919	21,159
Telephone	13,642	1,244	1,915	16,801	13,378	1,468	1,061	15,907
Printing	23,726	43,040	1,119	67,885	44,168	8,053	208	52,429
Interest	70,706	3,143	5,214	79,063	67,582	8,957	4,886	81,425
Miscellaneous	24,665	-	-	24,665	2,304	864	9,031	12,199
Depreciation	100,511	3,785	5,275	109,571	98,877	3,520	5,280	107,677
Fundraising events costs (Note 2E)	-	146,410	-	146,410	-	162,117	-	162,117
Sub-total	1,019,038	401,334	318,108	1,738,480	1,131,430	518,436	213,901	1,863,767
Less: special events direct expenses	-	(146,410)	-	(146,410)	-	(162,117)	-	(162,117)
TOTAL EXPENSES	\$ 1,019,038	\$ 254,924	\$ 318,108	\$ 1,592,070	\$ 1,131,430	\$ 356,319	\$ 213,901	\$ 1,701,650

The accompanying notes are an integral part of these financial statements.

Gilda's Club New York City, Inc.

Statements of Cash Flows

For the years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (37,869)	\$ 142,994
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	109,571	107,677
Contributions to purchase property and equipment	(70,876)	
Contribution in kind - building improvements	-	(252,500)
Donated investments	(972)	-
Realized loss on investments	46	-
Sub-total	<u>(100)</u>	<u>(1,829)</u>
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable - government	(5,017)	(67,051)
Pledges receivable	65,106	(186,730)
Prepaid expenses and other assets	46,746	(27,385)
Contribution in kind receivable	8,200	8,200
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(61,198)	67,706
Accrued vacation	(19,735)	5,623
Accrued pension	(2,630)	8,693
Net Cash Provided (Used) by Operating Activities	<u>31,372</u>	<u>(192,773)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Fixed asset acquisitions	(113,673)	(37,640)
Proceeds from investment sales	926	2,735
Net Cash Used by Investing Activities	<u>(112,747)</u>	<u>(34,905)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions to purchase property and equipment	70,876	-
Proceeds from loans	125,000	190,000
Principal repayments of loans	(90,000)	-
Principal repayments of mortgages	(8,345)	(6,593)
Net Cash Provided by Financing Activities	<u>97,531</u>	<u>183,407</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,156	(44,271)
Cash and cash equivalents - beginning of year	17,200	61,471
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 33,356</u>	<u>\$ 17,200</u>
Supplemental Cash Flow Information:		
Cash paid during the year for interest	\$ 79,063	\$ 81,425

The accompanying notes are an integral part of these financial statements.

Gilda's Club New York City, Inc.

Notes to Financial Statements

June 30, 2005 and 2004

NOTE 1- ORGANIZATION AND NATURE OF ACTIVITIES

Gilda's Club New York City, Inc. ("GCNYC") is organized under the Not-For-Profit Corporation Law of the State of New York. GCNYC has been classified as a public charity and is exempt from Federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. Formed in March 1999, it became operational on May 1, 1999. GCNYC's program had previously been operated by Gilda's Club, Inc. ("Gilda's Club"), which is the international office of the Gilda's Club movement. Although GCNYC is an affiliate of Gilda's Club, there is no legal relationship between the two entities other than an agreement to license certain intellectual property and the name and logo associated with Gilda's Club. GCNYC's mission is to provide a place where people with cancer and their families and friends in the New York metropolitan area join with others to build social and emotional support as a supplement to medical care. Free of charge, GCNYC offers support and networking groups, lectures, workshops and social events in a non-residential, home-like setting. GCNYC receives its support primarily from charitable donations and fundraising events.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. GCNYC's financial statements have been prepared on the accrual basis of accounting. GCNYC adheres to accounting policies generally accepted in the United States of America which include some specialized requirements set

forth in publications of the Financial Accounting Standards Board and the American Institute of Certified Public Accountants.

- B. GCNYC reports gifts of cash and other assets as temporarily or permanently 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, GCNYC reports the support as unrestricted.
- C. Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. GCNYC capitalizes property and equipment with a cost of \$1,000 or more and a useful life greater than one year. Property and equipment is depreciated using the straight-line method over the useful lives of the assets.
- D. GCNYC considers cash and cash equivalents to be all highly liquid investments with original maturities of 90 days or less.
- E. GCNYC records contributed items at their fair value on the date of receipt. GCNYC also receives contributed services that are an integral part of its operations and they are recorded as contributions in kind (at their fair value) provided they meet the criteria for recognition. Donated services and rent received are estimated at \$17,716 and \$272,153 for the years ended June 30, 2005 and 2004, respectively, and are reflected as contributions-in-kind income, building improvements, fundraising events costs, and office supplies in the accompanying financial statements. Donated rent received are estimated at \$8,200 for the years ended June 30, 2005 and 2004, respectively,

and are included in the net asset released from restriction and occupancy expense (see Note 10).

F. Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unless material, GCNYC does not discount to present value pledges that are expected to be collected in future years. Conditional pledges are not included as support until the conditions are substantially met.

G. Unless material, GCNYC does not impute interest on below market loans.

H. GCNYC has determined that no allowance for uncollectible accounts is necessary as of June 30, 2005 and 2004, relative to its government grants and pledges receivable. Such estimates are based on management's estimates of current economic conditions, the credit worthiness of donors and other resource providers as well as historical information.

I. The preparation of financial statements in conformity 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 disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

NOTE 3- PLEDGES RECEIVABLE

Pledges receivable consist of the following as of June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Amounts due in:		
Less than one year	\$ 146,173	\$ 144,030
One to five years	40,000	50,000
More than five years	<u>10,000</u>	<u>10,000</u>
	<u>\$ 196,173</u>	<u>\$ 204,030</u>

As of June 30, 2005 and 2004, GCNYC determined that discounting to present value was not materially different than the amount pledged.

NOTE 4- PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2004 and 2003:

	<u>2005</u>	<u>2004</u>	<u>Estimated Useful Lives</u>
Land	\$2,800,000	\$2,800,000	
Building and improvements	1,850,000	1,850,000	20 Years
Furniture and equipment	<u>221,226</u>	<u>107,553</u>	5 -7 Years
Total Cost	4,871,226	4,757,553	
Less: accumulated depreciation	<u>489,630</u>	<u>380,059</u>	
Net book value	<u>\$4,381,596</u>	<u>\$4,377,494</u>	

NOTE 5- PENSION PLAN

GCNYC sponsors a defined contribution pension plan under Internal Revenue Code Section 403(b). The plan provides for an employer contribution of 5% of eligible employee salaries. Employees may also elect to contribute to the plan through salary reductions. Pension expense for the years ended June 30, 2005 and 2004 amounted to \$13,048 and \$19,938, respectively.

NOTE 6- LINE OF CREDIT PAYABLE

GCNYC has a line of credit with a financial institution for \$250,000, which bears interest at the bank's prime rate plus 1% (7.25% as of June 30, 2005) and is guaranteed by four members of the Board of Directors. This line of credit expired September 1, 2004 and has been renewed for another year. As of June 30, 2005, this line of credit had an outstanding balance of \$250,000. In August 2005, this line of credit was completely paid off with proceeds from a new mortgage (see Note 8).

GCNYC has a second line of credit with a financial institution for \$200,000, which bears fixed interest rate at 3.13% and is guaranteed by two members of the Board

Directors. Interest payments commenced October 1, 2004 and are due the first of each subsequent month. This line of credit expires March 1, 2007 at which time all unpaid principal and interest balances are due. As of June 30, 2005, this line of credit had an outstanding balance of \$125,000. In August 2005, this line of credit was completely paid off with proceeds from a new mortgage (see Note 8).

NOTE 7- LOANS PAYABLE

GCNYC's loans consist of the following as of June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>	<u>Annual Interest Rate</u>	<u>Due Date</u>
Fund for the City of New York, Inc.	-	60,000	None	None
To a board member. An unsecured and interest free loan.	-	10,000	None	None
To a board member. An unsecured and interest free loan.	-	20,000	None	None
To an employee. An unsecured and interest free loan.	<u>25,000</u>	<u>25,000</u>	None	None
	<u>\$ 25,000</u>	<u>\$ 115,000</u>		

NOTE 8- MORTGAGES PAYABLE

The mortgages payable consist of the following as of June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
First mortgage	\$ 574,895	\$ 583,240
Second mortgage	<u>398,000</u>	<u>398,000</u>
	<u>\$ 972,895</u>	<u>\$ 981,240</u>

Both mortgages are payable to a bank, and are secured by GCNYC's property. The first mortgage is amortized over thirty years, but payable with a balloon payment due in ten years (due 2011). The interest rate was fixed at 8.2% for the first five years, and thereafter adjustable monthly at 2.75% plus an index. The index is the average of the London Interbank Offered Rate ("LIBOR"). This mortgage was refinanced with a lower interest rate of 6.35% on December 1, 2003. As of June 30, 2005 and 2004, the interest rate was 6.35%. The second mortgage is a line of credit (with a maximum borrowing amount of \$398,000) payable within five years (due 2006). The interest rate is prime plus .5% (with a floor of 5% as of June 30, 2005). As of June 30, 2005 and 2004, the interest rate was 6.75% and 5%, respectively.

Subsequent to June 30, 2005, GCNYC entered into a new mortgage agreement for \$1,430,000 and paid off the first and second mortgages and the two lines of credit with the proceeds from this new mortgage. This mortgage bears a fixed interest rate of 6% and is guaranteed by three members of the Board of Directors. Interest payments commenced September 1, 2005 and are due the first of each subsequent month. This mortgage term ends on March 1, 2008 at which time all unpaid principal and interest balances are due.

Future annual principal payments of GCNYC's mortgage payable is as follows for the years ended after June 30, 2005

2006	\$ -
2007	-
2008	<u>972,895</u>
	<u>\$ 972,895</u>

NOTE 9- COMMITMENTS

GCNYC is obligated under several equipment operating leases to approximate minimum future lease payments for the fiscal years ended after June 30, 2005. The minimum future lease payments are as follows:

2006	\$ 12,800
2007	12,800
2008	12,800
2009	<u>6,300</u>
	<u>\$ 44,700</u>

Equipment lease expense amounted to \$14,718 and \$24,255 for the years ended June 30, 2005 and 2004, respectively.

NOTE 10- CONTRIBUTION IN KIND

GCNYC opened a clubhouse in Brooklyn in June 2003. The clubhouse leased for a period of ten years (beginning October 2002), for which it pays rent at substantially less than fair value. The lease provides for GCNYC to pay the landlord \$1 per year. The fair value of this contribution for the lease term is \$82,000 and such amount was recorded as a temporarily restricted contribution during the year ended June 30, 2003. The fair value associated with the use of the property is amortized equally over the term of the lease.

Beginning with fiscal 2004, GCNYC reflects 10% of the 10 year commitment as net assets released from restrictions and rent expense. The unamortized amount is included in temporarily restricted net assets and contribution in kind receivable and will be released from the restriction ratably over the term of the lease. The contribution is recorded at its fair value and was not discounted for present value. The contributed rent expense recognized for the year ended June 30, 2005 and 2004 amounted to \$8,200 and is included in occupancy expense in the accompanying financial statements.

As of June 30, 2005, the contribution receivable is expected to be received as follows:

Less than one year	\$ 8,200
One to five years	41,000
More than five years	<u>10,900</u>
	<u>\$60,100</u>

NOTE 11- TEMPORARILY RESTRICTED NET ASSETS

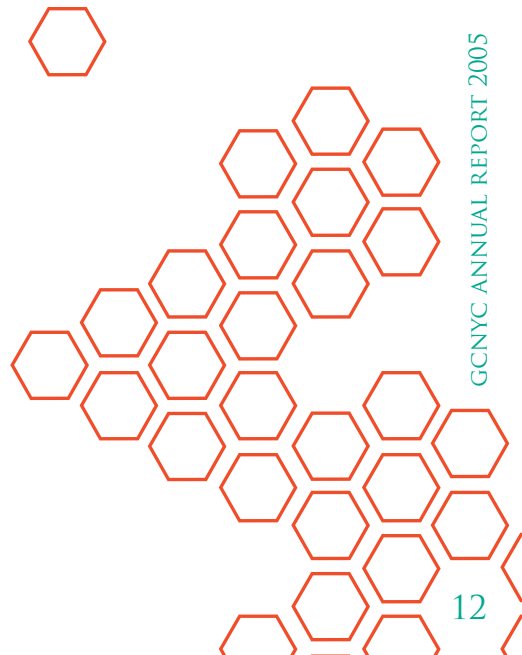
Temporarily restricted net assets of \$73,200 and \$8,200 were released from donor restrictions during the years ended June 30, 2005 and 2004 respectively, by incurring expenses satisfying the restricted purpose of providing program expenses.

Temporarily restricted net assets consist of the following as of June 30, 2005 and 2004, respectively:

	<u>2005</u>	<u>2004</u>
Purpose restricted net assets:		
Purchase of property and equipment	\$ 64,368	\$ -
Renovation of club house	6,508	-
Teen night program	3,270	-
Time restricted assets:		
2005	-	65,000
2006	10,000	10,000
2007	10,000	10,000
2008	10,000	10,000
2009	10,000	10,000
2010	10,000	10,000
2011	10,000	10,000
Purpose and time restrictions:		
Use of rental property (See Note 10)	<u>60,100</u>	<u>68,300</u>
	<u>\$ 194,246</u>	<u>\$ 193,300</u>

NOTE 12- DEFICIT OPERATIONS

GCNYC had a deficit unrestricted net asset balance (excluding amounts invested in property and equipment, net of related debt) of \$344,151 and \$292,889 as of June 30, 2005 and 2004, respectively. In addition, GCNYC had negative working capital of approximately \$251,805 and \$228,000 as of June 30, 2005 and 2004, respectively. In an ongoing effort to ensure the continued viability of GCNYC, board and management implemented a comprehensive strategic plan in April 2005 to ensure continuing operation and to diversify and strengthen its revenue sources. The plan focuses on new business development in the areas of contracts of service (including Employee Assistance Program Services), healthcare partnerships, corporate partnerships, foundation partnerships, insurance reimbursement and enhanced philanthropy systems. Subsequent to June 30, 2005, GCNYC entered into a new mortgage agreement for \$1,430,000 and paid off the first and second mortgages and the two lines of credit with the proceeds from this new mortgage (See Note 8).



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The following individuals, corporations, foundations and organizations have generously donated \$250 or more between January 1st and December 31st, 2005. Thank you!

\$100,000+

The City of New York,
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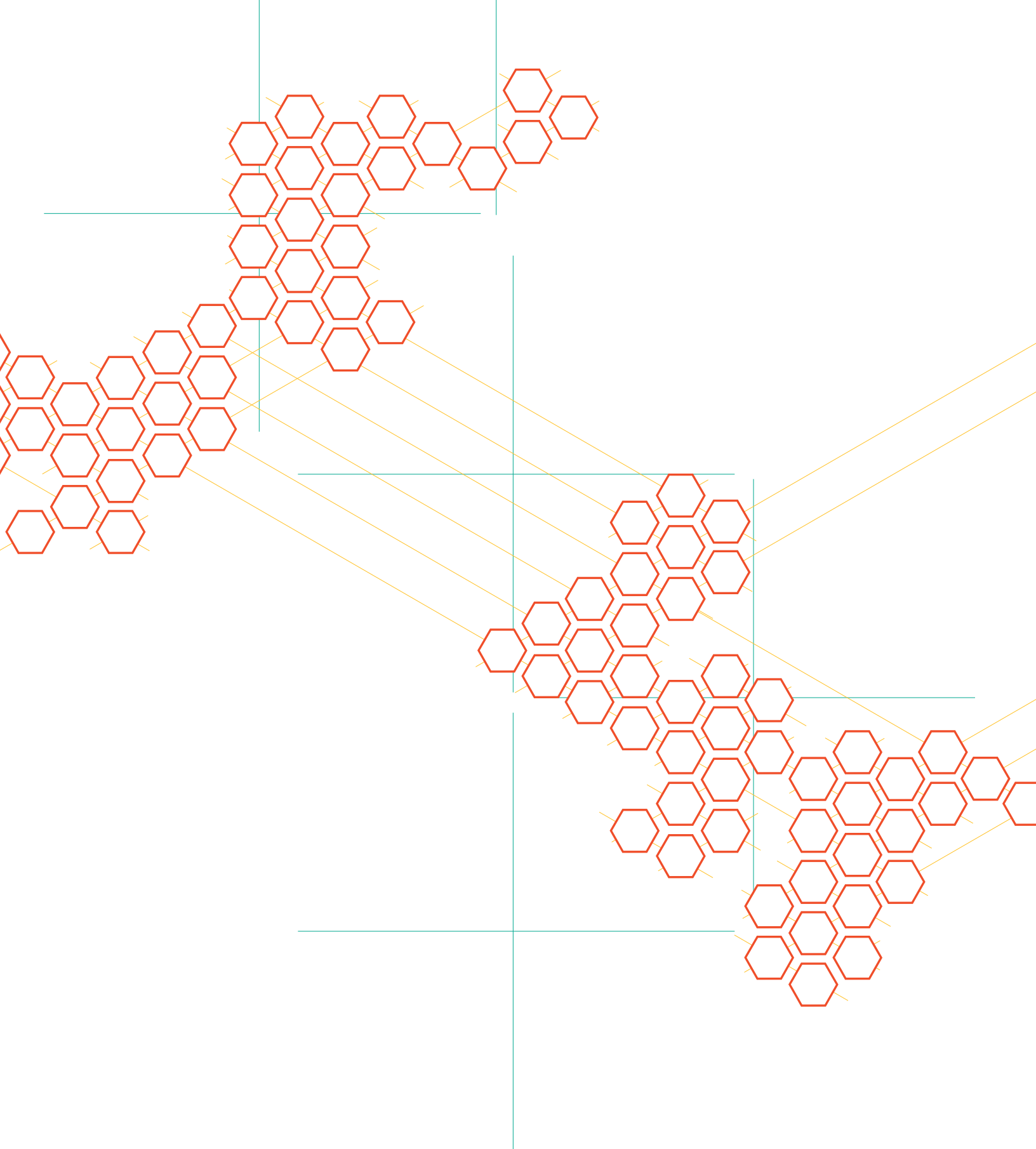
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