

GILDA'S CLUB NEW YORK CITY, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2012 AND 2011

GILDA'S CLUB NEW YORK CITY, INC.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Gilda's Club New York City, Inc. (a not-for-profit corporation) as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Gilda's Club New York City, Inc. as of June 30, 2011 were audited by other auditors, whose report dated January 20, 2012, expressed an unqualified opinion on those statements.

We conducted our audit 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 audit provides 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, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Lutz + Carr, LLP

New York, New York
December 19, 2012

GILDA'S CLUB NEW YORK CITY, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and cash equivalents (Notes 1b and 3)	\$ 140,651	\$ 105,080
Unconditional promises to give (Notes 1c and 4)		
Unrestricted	267,899	61,837
Restricted	38,175	70,553
Accounts receivable	15,700	13,000
Prepaid expenses and other assets	37,085	66,724
Property and equipment, at cost, net of accumulated depreciation (Notes 1d, 5 and 7)	<u>3,619,629</u>	<u>3,718,801</u>
Total Assets	<u><u>\$4,119,139</u></u>	<u><u>\$4,035,995</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 95,015	\$ 132,012
Loan payable (Note 6)	16,000	25,000
Mortgage and line of credit payable (Note 7)	2,629,933	2,629,933
Deferred revenue (Note 1e)	18,047	26,146
Total Liabilities	<u>2,758,995</u>	<u>2,813,091</u>
Commitment (Note 8)		
Net Assets		
Unrestricted		
Property and equipment	1,008,808	1,113,443
Operating	<u>283,661</u>	<u>18,122</u>
Total Unrestricted	1,292,469	1,131,565
Temporarily restricted (Note 2)	<u>67,675</u>	<u>91,339</u>
Total Net Assets	<u>1,360,144</u>	<u>1,222,904</u>
Total Liabilities and Net Assets	<u><u>\$4,119,139</u></u>	<u><u>\$4,035,995</u></u>

See notes to financial statements.

GILDA'S CLUB NEW YORK CITY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2012 AND 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Changes in Net Assets						
Revenue and Other Support						
Contributions	\$ 912,698	\$ 51,675	\$ 964,373	\$ 394,027	\$ 128,095	\$ 522,122
Government grant	62,500	-	62,500	47,000	-	47,000
Special events income	1,026,718	-	1,026,718	1,292,699	-	1,292,699
Less: Direct expenses	(145,104)	-	(145,104)	(203,787)	-	(203,787)
Donated materials (Note 9)	11,203	-	11,203	65,493	-	65,493
Other income	10,826	-	10,826	1,593	-	1,593
Net assets released from restriction	75,339	(75,339)	-	182,963	(182,963)	-
Total Revenue and Other Support	1,954,180	(23,664)	1,930,516	1,779,988	(54,868)	1,725,120
Expenses						
Program Services	1,439,365	-	1,439,365	1,313,577	-	1,313,577
Supporting Services						
Management and general	143,183	-	143,183	187,549	-	187,549
Fundraising	210,728	-	210,728	274,083	-	274,083
Total Supporting Services	353,911	-	353,911	461,632	-	461,632
Total Expenses	1,793,276	-	1,793,276	1,775,209	-	1,775,209
Increase (decrease) in net assets	160,904	(23,664)	137,240	4,779	(54,868)	(50,089)
Net assets, beginning of year	1,131,565	91,339	1,222,904	1,126,786	146,207	1,272,993
Net Assets, End of Year	\$ 1,292,469	\$ 67,675	\$1,360,144	\$ 1,131,565	\$ 91,339	\$1,222,904

See notes to financial statements.

GILDA'S CLUB NEW YORK CITY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 137,240	\$ (50,089)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	114,566	125,479
Bad debt expense	1,107	37,991
(Increase) decrease in:		
Unconditional promises to give	(174,791)	25,623
Accounts receivable	(2,700)	(13,000)
Prepaid expenses and other assets	29,639	(20,084)
Increase (decrease) in:		
Accounts payable and accrued expenses	(36,997)	(27,719)
Deferred revenue	(8,099)	13,646
Net Cash Provided By Operating Activities	<u>59,965</u>	<u>91,847</u>
 Cash Flows From Investing Activities		
Acquisition of property and equipment	(15,394)	-
 Cash Flows From Financing Activities		
Principal payments on loan payable	<u>(9,000)</u>	<u>-</u>
Net increase in cash and cash equivalents	35,571	91,847
Cash and cash equivalents, beginning of year	<u>105,080</u>	<u>13,233</u>
 Cash and Cash Equivalents, End of Year	 <u><u>\$ 140,651</u></u>	 <u><u>\$105,080</u></u>
 Supplemental Disclosure		
Interest paid during the year	<u><u>\$ 164,092</u></u>	<u><u>\$ 138,180</u></u>

See notes to financial statements.

GILDA'S CLUB NEW YORK CITY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2012 AND 2011****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Gilda's Club New York City, Inc. ("GCNYC") is organized under the Not-For-Profit Corporation Law of the state of New York. 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 financial 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 nonresidential, home-like setting. GCNYC receives its support primarily from charitable donations and fundraising events.

b - Cash and Cash Equivalents

For financial reporting purposes, GCNYC considers all highly liquid debt instruments, including money market funds, purchased with a maturity of three months or less, to be cash equivalents.

c - Unconditional Promises to Give and Contributions

Contributions are recognized when the donor makes a promise to give to GCNYC, that is, in substance, unconditional. 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 or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

d - Property and Equipment

Property and equipment are recorded at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets.

e - Deferred revenue

Amounts received for special events that are to be held subsequent to the year-end are recorded as deferred revenue until the event takes place, at which time they are recognized as revenue.

f - Financial Statement Presentation

GCNYC 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.

GILDA'S CLUB NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

g - Estimates

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

h - Tax Status

GCNYC is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. Management has evaluated all income tax positions and concluded that no disclosures relating to uncertain tax positions were required in the financial statements. GCNYC's tax returns for years prior to fiscal year 2009 are generally no longer subject to examination by the taxing authorities.

i - Subsequent Events

GCNYC has evaluated subsequent events through December 19, 2012, the date that the financial statements are considered available to be issued.

Note 2 - Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30 are designated for future programs and periods as follows:

	<u>2012</u>	<u>2011</u>
Satellite support programs	\$51,675	\$32,423
Lecture series	-	13,250
Saturday programs	-	8,333
Future periods	<u>16,000</u>	<u>37,333</u>
Total	<u>\$67,675</u>	<u>\$91,339</u>

Note 3 - Concentration of Credit Risk

GCNYC maintains its cash and cash equivalents at a financial institution in New York. The balances, at times, may exceed federally insured limits.

GILDA'S CLUB NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

Note 4 - Unconditional Promises to Give

Unconditional promises to give are due within one year. Uncollectible promises to give are expected to be insignificant.

Approximately one-third (\$105,000) of the 2012 balance was from a bequest and was received subsequent to June 30, 2012.

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30:

	<u>Life</u>	<u>2012</u>	<u>2011</u>
Land	-	\$2,800,000	\$2,800,000
Building and improvements	20 years	1,882,485	1,867,091
Furniture and equipment	5-7 years	<u>295,741</u>	<u>295,741</u>
		4,978,226	4,962,832
Less: Accumulated depreciation		<u>(1,358,597)</u>	<u>(1,244,031)</u>
		<u>\$3,619,629</u>	<u>\$3,718,801</u>

Depreciation expense for the years ended June 30, 2012 and 2011 was \$114,566 and \$125,479, respectively.

Note 6 - Loan Payable

Loan payable is a non-interest bearing loan due to the estate of a former board member. As required, on October 1, 2011, GCNYC began making monthly \$1,000 repayments of the principal.

GILDA'S CLUB NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

Note 7 - Mortgage and Line of Credit Payable

The mortgage payable and line of credit consisted of the following as of June 30, 2012 and 2011:

	2012	2011
Mortgage payable:		
Through June 30, 2012, GCNYC made monthly interest payments at 6% in the amount of \$7,388. Principal was due in full at July 1, 2019. During November 2012, GCNYC refinanced the mortgage. The new agreement provides for interest of 4.2% through December 1, 2019, subsequent to which the rate will be the one-month LIBOR rate plus 2.4% per annum. Monthly payments of principal and interest in the amount of \$7,043 will commence on January 1, 2013 and continue until maturity on December 1, 2022.	\$1,430,000	\$1,430,000
Line of credit:		
Maximum borrowing of \$1,200,000, due as extended, on November 30, 2012. The interest rate was the greater of the prime rate or 7% and principal was due in full at the expiration date. During November 2012, GCNYC entered into a new line of credit agreement with another bank for a maximum borrowing of \$1,251,000. The proceeds of the new line were used to satisfy the previous line of credit. Interest is at the prime rate. The new line of credit expires on December 1, 2013.	<u>1,199,933</u>	<u>1,199,933</u>
	<u>\$2,629,933</u>	<u>\$2,629,933</u>

The mortgage payable is secured by GCNYC's property, and is also guaranteed by a board member.

Approximate minimum principal payments for the refinanced mortgage and new line of credit are as follows:

<u>Year Ending June 30,</u>	
2013	\$ 12,000
2014	1,225,000
2015	27,000
2016	28,000
2017	29,000
Thereafter through December 1, 2022	1,309,000

GILDA'S CLUB NEW YORK CITY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2012 AND 2011****Note 8 - Pension Plan**

GCNYC sponsors a defined contribution pension plan (the "Plan") under Internal Revenue code section 403(b) for its employees. Employees become eligible and vested for the benefits after one year of service. The Plan provides for an employer matching contribution of up to 4% of eligible employee salaries. Employees may also elect to contribute to the Plan through salary reductions. Pension expense for the years ended June 30, 2012 and 2011 was \$16,282 and \$7,838, respectively.

Note 9 - Donated Materials

GCNYC received donated materials with a value of \$11,203 for the fiscal year ended June 30, 2012. GCNYC received donated office supplies and special event items with values of \$3,797 and \$61,696, respectively, for the fiscal year ended June 30, 2011.

Note 10 - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

SUPPLEMENTARY INFORMATION



LUZ AND CARR

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**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

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

We have audited the financial statements of Gilda's Club New York City, Inc. as of and for the year ended June 30, 2012, and have issued our report thereon dated December 19, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended June 30, 2012 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The financial statements of Gilda's Club New York City, Inc. for the year ended June 30, 2011 were audited by other auditors and their report thereon dated January 20, 2012, which expressed an unqualified opinion on those financial statements. Their report on the Schedule of Functional Expenses stated that, in their opinion, such information was fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2011, as a whole.

Lutz + Carr, LLP

New York, New York
December 19, 2012

GILDA'S CLUB NEW YORK CITY, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE TOTALS FOR 2011

	Program Services	Supporting Services		2012	2011
		Management and General	Fundraising	Total Expenses	Total Expenses
Salaries	\$ 689,927	\$ 64,658	\$ 104,518	\$ 859,103	\$ 790,789
Payroll taxes and employee benefits	115,736	10,846	17,533	144,115	138,004
Total Personnel Expenses	<u>805,663</u>	<u>75,504</u>	<u>122,051</u>	<u>1,003,218</u>	<u>928,793</u>
Professional fees	151,483	36,964	7,450	195,897	209,133
Occupancy	35,461	2,364	1,576	39,401	41,369
Building repairs and maintenance	31,575	2,105	1,403	35,083	35,396
Office supplies	65,332	2,373	7,569	75,274	35,994
Insurance	25,551	1,703	1,136	28,390	31,023
Travel	5,352	-	1,038	6,390	4,580
Equipment leases	14,304	954	636	15,894	15,273
Dues and subscriptions	3,156	296	478	3,930	5,602
Postage and shipping	6,090	490	5,318	11,898	18,989
Telephone	5,478	365	243	6,086	7,331
Printing	8,918	352	17,075	26,345	35,084
Interest and mortgage fees	154,642	10,309	6,873	171,824	152,062
Miscellaneous	19,812	1,424	20,963	42,199	25,690
Bad debt expense	-	1,107	-	1,107	37,991
Fundraising event costs	3,438	-	12,336	15,774	65,420
Depreciation	<u>103,110</u>	<u>6,873</u>	<u>4,583</u>	<u>114,566</u>	<u>125,479</u>
Total Expenses, 2012	<u>\$1,439,365</u>	<u>\$ 143,183</u>	<u>\$ 210,728</u>	<u>\$1,793,276</u>	
Total Expenses, 2011	<u>\$1,313,577</u>	<u>\$ 187,549</u>	<u>\$ 274,083</u>		<u>\$1,775,209</u>

See independent auditors' report on supplementary information.