

GILDA'S CLUB NEW YORK CITY, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2013 AND 2012

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 financial statements of Gilda's Club New York City, Inc. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gilda's Club New York City, Inc. as of June 30, 2013 and 2012, 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.

Lotz + Carr, LLP

New York, New York
December 19, 2013

GILDA'S CLUB NEW YORK CITY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and cash equivalents (Notes 1b and 3)	\$ 110,396	\$ 140,651
Unconditional promises to give (Notes 1c and 4)		
Unrestricted	62,516	267,899
Restricted	383,229	38,175
Accounts receivable	51,000	15,700
Prepaid expenses and other assets	38,665	17,973
Deferred mortgage costs, net of accumulated amortization of \$2,579 (2013) and \$8,193 (2012) (Note 1e)	41,638	19,112
Property and equipment, at cost, net of accumulated depreciation (Notes 1d, 5 and 7)	<u>3,520,565</u>	<u>3,619,629</u>
 Total Assets	 <u><u>\$4,208,009</u></u>	 <u><u>\$4,119,139</u></u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 86,080	\$ 95,015
Loan payable (Note 6)	5,000	16,000
Mortgage and line of credit payable (Note 7)	2,468,998	2,629,933
Deferred revenue (Note 1f)	110,657	18,047
Total Liabilities	<u>2,670,735</u>	<u>2,758,995</u>
 Commitment (Note 8)		
Net Assets		
Unrestricted		
Property and equipment	1,093,205	1,008,808
Operating	5,367	283,661
Total Unrestricted	<u>1,098,572</u>	<u>1,292,469</u>
Temporarily restricted (Note 2)	438,702	67,675
Total Net Assets	<u>1,537,274</u>	<u>1,360,144</u>
 Total Liabilities and Net Assets	 <u><u>\$4,208,009</u></u>	 <u><u>\$4,119,139</u></u>

See notes to financial statements.

GILDA'S CLUB NEW YORK CITY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2013 AND 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Changes in Net Assets						
Revenue and Other Support						
Contributions	\$ 532,264	\$ 374,690	\$ 906,954	\$ 912,698	\$ 51,675	\$ 964,373
Government grant	51,000	56,012	107,012	62,500	-	62,500
Special events income	1,074,402	-	1,074,402	1,026,718	-	1,026,718
Less: Direct expenses	(143,705)	-	(143,705)	(145,104)	-	(145,104)
Donated materials (Note 9)	12,488	-	12,488	11,203	-	11,203
Other income	1,170	-	1,170	10,826	-	10,826
Net assets released from restriction	59,675	(59,675)	-	75,339	(75,339)	-
Total Revenue and Other Support	1,587,294	371,027	1,958,321	1,954,180	(23,664)	1,930,516
Expenses						
Program Services	1,441,137	-	1,441,137	1,439,365	-	1,439,365
Supporting Services						
Management and general	117,923	-	117,923	143,183	-	143,183
Fundraising	222,131	-	222,131	210,728	-	210,728
Total Supporting Services	340,054	-	340,054	353,911	-	353,911
Total Expenses	1,781,191	-	1,781,191	1,793,276	-	1,793,276
Increase (decrease) in net assets	(193,897)	371,027	177,130	160,904	(23,664)	137,240
Net assets, beginning of year	1,292,469	67,675	1,360,144	1,131,565	91,339	1,222,904
Net Assets, End of Year	\$ 1,098,572	\$ 438,702	\$1,537,274	\$ 1,292,469	\$ 67,675	\$1,360,144

See notes to financial statements.

GILDA'S CLUB NEW YORK CITY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 177,130	\$ 137,240
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	120,755	117,298
Bad debt expense	-	1,107
(Increase) decrease in:		
Unconditional promises to give	(139,671)	(174,791)
Accounts receivable	(35,300)	(2,700)
Prepaid expenses and other assets	(20,692)	26,907
Increase (decrease) in:		
Accounts payable and accrued expenses	(8,935)	(36,997)
Deferred revenue	92,610	(8,099)
Net Cash Provided By Operating Activities	<u>185,897</u>	<u>59,965</u>
 Cash Flows From Investing Activities		
Acquisition of property and equipment	<u>-</u>	<u>(15,394)</u>
 Cash Flows From Financing Activities		
Proceeds from borrowings under mortgage and line of credit payable	51,067	-
Principal payments on mortgage and line of credit payable	(212,002)	-
Principal payments on loan payable	(11,000)	(9,000)
Mortgage costs	(44,217)	-
Net Cash Used By Financing Activities	<u>(216,152)</u>	<u>(9,000)</u>
 Net increase (decrease) in cash and cash equivalents	(30,255)	35,571
Cash and cash equivalents, beginning of year	<u>140,651</u>	<u>105,080</u>
 Cash and Cash Equivalents, End of Year	<u><u>\$ 110,396</u></u>	<u><u>\$ 140,651</u></u>
 Supplemental Disclosure		
Interest paid during the year	<u><u>\$ 107,522</u></u>	<u><u>\$ 164,092</u></u>

See notes to financial statements.

GILDA'S CLUB NEW YORK CITY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2013 AND 2012****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.

Approximately 64% of unconditional promises to give for the year ended June 30, 2013 came from one foundation.

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 Mortgage Costs

Costs incurred in connection with obtaining mortgage financing are deferred and amortized over the life of the mortgage.

f - 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.

GILDA'S CLUB NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

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

g - 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.

h - 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.

i - Prior Year Information

For comparability, certain 2012 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2013.

j - 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 are generally subject to examination by taxing authorities for a period of three years from filing.

k - Subsequent Events

GCNYC has evaluated subsequent events through December 19, 2013, 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>2013</u>	<u>2012</u>
Satellite support programs	\$ 59,189	\$51,675
Lecture series	11,534	-
Camp Sparkle sponsorship	27,440	-
Future periods	<u>340,539</u>	<u>16,000</u>
Total	<u>\$438,702</u>	<u>\$67,675</u>

GILDA'S CLUB NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

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.

Note 4 - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>	<u>2012 Total</u>
Due within one year	\$ 62,516	\$165,664	\$228,180	\$306,074
Due in one to five years	-	234,210	234,210	-
	<u>62,516</u>	<u>399,874</u>	<u>462,390</u>	<u>306,074</u>
Less: Discount	<u>-</u>	<u>(16,645)</u>	<u>(16,645)</u>	<u>-</u>
Total 2013	<u>\$ 62,516</u>	<u>\$383,229</u>	<u>\$445,745</u>	
Total 2012		<u>\$ 38,175</u>		<u>\$306,074</u>

Uncollectible promises are expected to be immaterial. Unconditional promises to give due after one year are discounted to net present value using a discount rate of 3% per annum.

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30:

	<u>Life</u>	<u>2013</u>	<u>2012</u>
Land	-	\$2,800,000	\$2,800,000
Building and improvements	20 years	1,882,485	1,882,485
Furniture and equipment	5-7 years	<u>295,741</u>	<u>295,741</u>
		4,978,226	4,978,226
Less: Accumulated depreciation		<u>(1,457,661)</u>	<u>(1,358,597)</u>
		<u>\$3,520,565</u>	<u>\$3,619,629</u>

Depreciation expense for the years ended June 30, 2013 and 2012 was \$99,064 and \$114,566, respectively.

GILDA'S CLUB NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

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.

Note 7 - Mortgage and Line of Credit Payable

The mortgage payable and line of credit consisted of the following as of June 30, 2013 and 2012:

	2013	2012
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 commenced on January 1, 2013 and continue until maturity on December 1, 2022, when the unpaid principal balance is due.	\$1,417,998	\$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 January 1, 2014. GCNYC expects the expiration date to be extended until December 1, 2014.	<u>1,051,000</u>	<u>1,199,933</u>
	<u>\$2,468,998</u>	<u>\$2,629,933</u>

GILDA'S CLUB NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

Note 7 - Mortgage and Line of Credit Payable (continued)

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>	
2014	\$1,076,000
2015	27,000
2016	28,000
2017	29,000
2018	30,000
Thereafter through December 1, 2022	1,279,000

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, 2013 and 2012 was \$20,405 and \$16,282, respectively.

Note 9 - Donated Materials

GCNYC received donated materials with a value of \$12,488 and \$11,203, for the fiscal year ended June 30, 2013 and 2012, respectively.

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



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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 years ended June 30, 2013 and 2012, and our report thereon dated December 19, 2013, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted 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, 2013, with comparative totals for 2012 is presented for 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 audits 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.

Lutz + Carr, LLP

New York, New York
December 19, 2013

GILDA'S CLUB NEW YORK CITY, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE TOTALS FOR 2012

	Program Services	Supporting Services		2013	2012 *
		Management and General	Fundraising	Total Expenses	Total Expenses
Salaries	\$ 713,877	\$ 57,963	\$ 112,932	\$ 884,772	\$ 859,103
Payroll taxes and employee benefits	121,507	9,866	19,222	150,595	144,115
Total Personnel Expenses	<u>835,384</u>	<u>67,829</u>	<u>132,154</u>	<u>1,035,367</u>	<u>1,003,218</u>
Professional fees	160,810	23,304	3,645	187,759	195,897
Occupancy	29,837	1,989	1,326	33,152	39,401
Building repairs and maintenance	28,763	1,918	1,278	31,959	35,083
Office supplies	47,122	1,566	5,350	54,038	75,274
Insurance	26,437	1,762	1,175	29,374	28,390
Travel	4,692	-	1,140	5,832	6,390
Equipment leases	10,905	727	485	12,117	15,894
Dues and subscriptions	15,802	1,283	2,500	19,585	3,930
Postage and shipping	7,540	571	5,102	13,213	11,898
Telephone	5,036	336	224	5,596	6,086
Printing	20,157	437	13,839	34,433	26,345
Interest and mortgage fees	96,769	6,451	4,301	107,521	169,092
Miscellaneous	39,071	2,505	33,801	75,377	42,199
Bad debt expense	-	-	-	-	1,107
Fundraising event costs	4,132	-	10,981	15,113	15,774
Depreciation and amortization	<u>108,680</u>	<u>7,245</u>	<u>4,830</u>	<u>120,755</u>	<u>117,298</u>
Total Expenses, 2013	<u>\$1,441,137</u>	<u>\$ 117,923</u>	<u>\$ 222,131</u>	<u>\$1,781,191</u>	
Total Expenses, 2012	<u>\$1,439,365</u>	<u>\$ 143,183</u>	<u>\$ 210,728</u>		<u>\$1,793,276</u>

* Certain amounts have been reclassified for comparative purposes.

See independent auditors' report on supplementary information.