

GILDA'S CLUB NEW YORK CITY, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2014 AND 2013

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, 2014 and 2013, 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, 2014 and 2013, 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
February 19, 2015

GILDA'S CLUB NEW YORK CITY, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and cash equivalents (Notes 1b and 3)	\$ 100,758	\$ 110,396
Unconditional promises to give (Notes 1c and 4)		
Unrestricted	130,905	62,516
Restricted	337,505	383,229
Accounts receivable	9,908	51,000
Prepaid expenses and other assets	47,772	38,665
Deferred financing costs, net of accumulated amortization of \$7,430 (2014) and \$2,579 (2013) (Note 1e)	80,622	41,638
Property and equipment, at cost, net of accumulated depreciation (Notes 1d, 5 and 7)	<u>3,426,199</u>	<u>3,520,565</u>
Total Assets	<u><u>\$4,133,669</u></u>	<u><u>\$4,208,009</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 118,161	\$ 86,080
Loan payable (Note 6)	4,000	5,000
Mortgage and line of credit payable (Note 7)	2,545,726	2,468,998
Deferred revenue (Note 1f)	<u>74,275</u>	<u>110,657</u>
Total Liabilities	<u>2,742,162</u>	<u>2,670,735</u>
Commitment (Note 8)		
Net Assets		
Unrestricted		
Property and equipment	961,095	1,093,205
Operating	<u>89,829</u>	<u>5,367</u>
Total Unrestricted	1,050,924	1,098,572
Temporarily restricted (Note 2)	<u>340,583</u>	<u>438,702</u>
Total Net Assets	<u>1,391,507</u>	<u>1,537,274</u>
Total Liabilities and Net Assets	<u><u>\$4,133,669</u></u>	<u><u>\$4,208,009</u></u>

See notes to financial statements.

GILDA'S CLUB NEW YORK CITY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2014 AND 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Changes in Net Assets						
Revenue and Other Support						
Contributions	\$ 537,748	\$ 61,141	\$ 598,889	\$ 532,264	\$ 374,690	\$ 906,954
Government grant	43,500	40,000	83,500	51,000	56,012	107,012
Special events income	1,381,957	-	1,381,957	1,074,402	-	1,074,402
Less: Direct expenses	(163,202)	-	(163,202)	(143,705)	-	(143,705)
Donated materials (Note 9)	973	-	973	12,488	-	12,488
Other income	181	-	181	1,170	-	1,170
	<u>1,801,157</u>	<u>101,141</u>	<u>1,902,298</u>	<u>1,527,619</u>	<u>430,702</u>	<u>1,958,321</u>
Net assets released from restrictions	199,260	(199,260)	-	59,675	(59,675)	-
	<u>2,000,417</u>	<u>(98,119)</u>	<u>1,902,298</u>	<u>1,587,294</u>	<u>371,027</u>	<u>1,958,321</u>
Total Revenue and Other Support						
Expenses						
Program Services	1,656,796	-	1,656,796	1,441,137	-	1,441,137
Supporting Services						
Management and general	118,051	-	118,051	117,923	-	117,923
Fundraising	273,218	-	273,218	222,131	-	222,131
Total Supporting Services	<u>391,269</u>	<u>-</u>	<u>391,269</u>	<u>340,054</u>	<u>-</u>	<u>340,054</u>
Total Expenses	<u>2,048,065</u>	<u>-</u>	<u>2,048,065</u>	<u>1,781,191</u>	<u>-</u>	<u>1,781,191</u>
Increase (decrease) in net assets	(47,648)	(98,119)	(145,767)	(193,897)	371,027	177,130
Net assets, beginning of year	<u>1,098,572</u>	<u>438,702</u>	<u>1,537,274</u>	<u>1,292,469</u>	<u>67,675</u>	<u>1,360,144</u>
Net Assets, End of Year	<u>\$ 1,050,924</u>	<u>\$ 340,583</u>	<u>\$1,391,507</u>	<u>\$ 1,098,572</u>	<u>\$ 438,702</u>	<u>\$1,537,274</u>

See notes to financial statements.

GILDA'S CLUB NEW YORK CITY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$(145,767)	\$ 177,130
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	99,217	120,755
Bad debt expense	8,000	-
(Increase) decrease in:		
Unconditional promises to give	(30,665)	(139,671)
Accounts receivable	41,092	(35,300)
Prepaid expenses and other assets	(9,107)	(20,692)
Increase (decrease) in:		
Accounts payable and accrued expenses	32,081	(8,935)
Deferred revenue	(36,382)	92,610
Net Cash Provided (Used) By Operating Activities	<u>(41,531)</u>	<u>185,897</u>
Cash Flows From Financing Activities		
Proceeds from borrowings under line of credit	101,340	51,067
Principal payments on mortgage payable	(24,612)	(212,002)
Principal payments on loan payable	(1,000)	(11,000)
Financing costs	(43,835)	(44,217)
Net Cash Provided (Used) By Financing Activities	<u>31,893</u>	<u>(216,152)</u>
Net decrease in cash and cash equivalents	(9,638)	(30,255)
Cash and cash equivalents, beginning of year	<u>110,396</u>	<u>140,651</u>
Cash and Cash Equivalents, End of Year	<u>\$ 100,758</u>	<u>\$ 110,396</u>
Supplemental Disclosure		
Interest paid during the year	<u>\$ 96,068</u>	<u>\$ 107,521</u>

See notes to financial statements.

GILDA'S CLUB NEW YORK CITY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2014 AND 2013****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Gilda's Club New York City ("GCNYC") is organized under the Not-for-Profit Corporation Law of the state of New York. Formerly, Gilda's Club, founded in 1995, it became GCNYC and an affiliate when the international office Gilda's Club Worldwide was formed in 1999. In 2009 Gilda's Club Worldwide merged with the Cancer Support Community. Although GCNYC is an affiliate of the Cancer Support Community, 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 support, educate and empower cancer patients and their families in the New York metropolitan area as a complement to comprehensive medical care. GCNYC offers support and networking groups, educational lectures and workshops, and social events for men, women, teens and children - free of charge at their clubhouse located in the West Village and offsite through their Gilda Comes to You program at medical centers throughout NYC. 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 Financing Costs

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

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, 2014 AND 2013

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 2013 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2014.

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 the date of filing.

k - Subsequent Events

GCNYC has evaluated subsequent events through February 19, 2015, 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>2014</u>	<u>2013</u>
Satellite support programs	\$ 43,740	\$ 59,189
Lecture series	8,089	11,534
Future periods	88,678	68,013
Patient centered research	200,076	272,526
Camp Sparkle sponsorship	<u>-</u>	<u>27,440</u>
Total	<u>\$340,583</u>	<u>\$438,702</u>

GILDA'S CLUB NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

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>2014 Total</u>	<u>2013 Total</u>
Due within one year	\$130,905	\$ -	\$130,905	\$228,180
Due within one to five years	<u>-</u>	<u>346,818</u>	<u>346,818</u>	<u>234,210</u>
	130,905	346,818	477,723	462,390
Less: Discount	<u>-</u>	<u>(9,313)</u>	<u>(9,313)</u>	<u>(16,645)</u>
Total 2014	<u>\$130,905</u>	<u>\$337,505</u>	<u>\$468,410</u>	
Total 2013	<u>\$ 62,516</u>	<u>\$383,229</u>		<u>\$445,745</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.

Approximately 51% of unconditional promises to give at June 30, 2014 are from one foundation.

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30:

	<u>Life</u>	<u>2014</u>	<u>2013</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>(1,552,027)</u>	<u>(1,457,661)</u>
		<u>\$3,426,199</u>	<u>\$3,520,565</u>

Depreciation expense for the years ended June 30, 2014 and 2013 was \$94,366 and \$99,064, respectively.

GILDA'S CLUB NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 6 - Loan Payable

Loan payable is a non-interest bearing loan due to the estate of a former Board member. Monthly \$1,000 repayments of the principal are required. During the year ended June 30, 2014, only one monthly payment was made.

Note 7 - Mortgage and Line of Credit Payable

The mortgage payable and line of credit consisted of the following as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
<i>Mortgage Payable</i>		
During November 2012, GCNYC refinanced its 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.	\$1,393,386	\$1,417,998
<i>Line of Credit</i>		
During November 2012, GCNYC entered into a new line of credit agreement with its mortgage lender 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 due monthly at the prime rate. As extended, the line expires on December 1, 2022.	<u>1,152,340</u>	<u>1,051,000</u>
	<u>\$2,545,726</u>	<u>\$2,468,998</u>

The mortgage payable and line of credit are secured by GCNYC's property and the mortgage payable is guaranteed by a Board member.

GILDA'S CLUB NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

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

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

<u>Year Ending June 30,</u>	
2015	\$ 27,000
2016	28,000
2017	29,000
2018	30,000
2019	31,000
Thereafter, through December 1, 2022	2,401,000

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, 2014 and 2013 was \$23,873 and \$20,405, respectively.

Note 9 - Donated Materials

GCNYC received donated materials with a value of \$973 and \$12,488 during the years ended June 30, 2014 and 2013, 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



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 years ended June 30, 2014 and 2013, and our report thereon dated February 19, 2015, 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, 2014 with comparative totals for 2013 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
February 19, 2015

GILDA'S CLUB NEW YORK CITY, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE TOTALS FOR 2013

	Program Services	Supporting Services		2014	2013 *
		Management and General	Fundraising	Total Expenses	Total Expenses
Salaries	\$ 856,630	\$ 47,634	\$ 137,889	\$1,042,153	\$ 884,772
Payroll taxes and employee benefits	145,649	8,089	23,441	177,179	150,595
Total Personnel Expenses	<u>1,002,279</u>	<u>55,723</u>	<u>161,330</u>	<u>1,219,332</u>	<u>1,035,367</u>
Professional fees	201,187	36,348	4,935	242,470	187,759
Occupancy	34,352	2,290	1,527	38,169	33,152
Building repairs and maintenance	52,481	3,499	2,332	58,312	31,959
Office supplies	49,993	3,176	12,085	65,254	54,038
Insurance	27,858	1,857	1,238	30,953	29,374
Travel	11,112	-	61	11,173	5,832
Equipment leases	18,681	1,245	830	20,756	12,117
Dues and subscriptions	5,165	287	831	6,283	19,585
Postage and shipping	8,511	445	4,578	13,534	13,213
Telephone	7,395	493	329	8,217	5,596
Printing	16,196	14	14,813	31,023	34,433
Interest	86,462	5,763	3,843	96,068	107,521
Miscellaneous	32,029	958	25,085	58,072	75,377
Bad debt expense	8,000	-	-	8,000	-
Fundraising event costs	5,800	-	35,432	41,232	15,113
Depreciation and amortization	<u>89,295</u>	<u>5,953</u>	<u>3,969</u>	<u>99,217</u>	<u>120,755</u>
Total Expenses, 2014	<u>\$1,656,796</u>	<u>\$ 118,051</u>	<u>\$ 273,218</u>	<u>\$2,048,065</u>	
Total Expenses, 2013	<u>\$1,441,137</u>	<u>117,923</u>	<u>222,131</u>		<u>\$1,781,191</u>

* Certain amounts have been reclassified for comparative purposes.

See independent auditors' report on supplementary information.