

GILDA'S CLUB NEW YORK CITY, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2016 AND 2015

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, 2016 and 2015, 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, 2016 and 2015, 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
March 23, 2017

GILDA'S CLUB NEW YORK CITY, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents (Notes 1b and 3)	\$ 123,161	\$ 35,094
Unconditional promises to give (Notes 1c and 4)		
Unrestricted	70,649	158,671
Restricted	40,547	120,832
Accounts receivable	5,000	13,800
Prepaid expenses and other assets	37,508	36,263
Deferred financing costs, net of accumulated amortization of \$26,587 (2016) and \$17,008 (2015) (Note 1e)	61,465	71,044
Property and equipment, at cost, net of accumulated depreciation (Notes 1d, 5 and 7)	<u>3,256,894</u>	<u>3,350,104</u>
Total Assets	<u>\$3,595,224</u>	<u>\$3,785,808</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 109,563	\$ 111,074
Loan payable (Note 6)	-	4,000
Mortgage and line of credit payable (Note 7)	1,886,410	2,313,046
Deferred revenue (Note 1f)	<u>44,625</u>	<u>52,335</u>
Total Liabilities	<u>2,040,598</u>	<u>2,480,455</u>
Commitment (Note 8)		
Net Assets		
Unrestricted		
Property and equipment	1,431,949	1,108,102
Operating	<u>70,996</u>	<u>(39,374)</u>
Total Unrestricted	1,502,945	1,068,728
Temporarily restricted (Note 2)	<u>51,681</u>	<u>236,625</u>
Total Net Assets	<u>1,554,626</u>	<u>1,305,353</u>
Total Liabilities and Net Assets	<u>\$3,595,224</u>	<u>\$3,785,808</u>

See notes to financial statements.

GILDA'S CLUB NEW YORK CITY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Changes in Net Assets						
Revenue and Other Support						
Contributions	\$ 606,044	\$ 46,316	\$ 652,360	\$ 635,122	\$ 49,658	\$ 684,780
Government grant	11,572	-	11,572	8,800	50,619	59,419
Special events income	2,027,449	-	2,027,449	1,496,952	-	1,496,952
Less: Direct expenses	(211,713)	-	(211,713)	(199,135)	-	(199,135)
Donated materials (Note 9)	1,538	-	1,538	1,864	-	1,864
Other income (loss)	2,199	-	2,199	(107)	-	(107)
	<u>2,437,089</u>	<u>46,316</u>	<u>2,483,405</u>	<u>1,943,496</u>	<u>100,277</u>	<u>2,043,773</u>
Net assets released from restrictions	231,260	(231,260)	-	204,235	(204,235)	-
	<u>2,668,349</u>	<u>(184,944)</u>	<u>2,483,405</u>	<u>2,147,731</u>	<u>(103,958)</u>	<u>2,043,773</u>
Total Revenue and Other Support						
Expenses						
Program Services	1,803,137	-	1,803,137	1,722,676	-	1,722,676
Supporting Services						
Management and general	135,723	-	135,723	130,073	-	130,073
Fundraising	295,272	-	295,272	277,178	-	277,178
Total Supporting Services	430,995	-	430,995	407,251	-	407,251
	<u>2,234,132</u>	<u>-</u>	<u>2,234,132</u>	<u>2,129,927</u>	<u>-</u>	<u>2,129,927</u>
Total Expenses						
Increase (decrease) in net assets	434,217	(184,944)	249,273	17,804	(103,958)	(86,154)
Net assets, beginning of year	1,068,728	236,625	1,305,353	1,050,924	340,583	1,391,507
	<u>\$ 1,502,945</u>	<u>\$ 51,681</u>	<u>\$1,554,626</u>	<u>\$ 1,068,728</u>	<u>\$ 236,625</u>	<u>\$1,305,353</u>
Net Assets, End of Year						

See notes to financial statements.

GILDA'S CLUB NEW YORK CITY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$249,273	\$ (86,154)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	108,193	104,203
Bad debt expense	15,508	12,000
(Increase) decrease in:		
Unconditional promises to give	152,799	176,907
Accounts receivable	8,800	(3,892)
Prepaid expenses and other assets	(1,245)	11,509
Decrease in:		
Accounts payable and accrued expenses	(1,511)	(7,087)
Deferred revenue	(7,710)	(21,940)
Net Cash Provided By Operating Activities	<u>524,107</u>	<u>185,546</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	<u>(5,404)</u>	<u>(18,530)</u>
Cash Flows From Financing Activities		
Principal payments on line of credit payable	(450,000)	(207,000)
Principal payments on mortgage payable	(26,636)	(25,680)
Proceeds from borrowings under line of credit	50,000	-
Principal payments on loan payable	(4,000)	-
Financing costs	-	-
Net Cash Used By Financing Activities	<u>(430,636)</u>	<u>(232,680)</u>
Net increase (decrease) in cash and cash equivalents	88,067	(65,664)
Cash and cash equivalents, beginning of year	<u>35,094</u>	<u>100,758</u>
Cash and Cash Equivalents, End of Year	<u><u>\$123,161</u></u>	<u><u>\$ 35,094</u></u>
Supplemental Disclosure		
Interest paid during the year	<u><u>\$ 81,066</u></u>	<u><u>\$ 92,592</u></u>

See notes to financial statements.

GILDA'S CLUB NEW YORK CITY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2016 AND 2015****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, 2016 AND 2015

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 - 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.

j - Subsequent Events

GCNYC has evaluated subsequent events through March 23, 2017, 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>2016</u>	<u>2015</u>
Satellite support programs	\$46,316	\$ 42,195
Future periods	5,365	74,193
Patient centered research	<u>-</u>	<u>120,237</u>
Total	<u>\$51,681</u>	<u>\$236,625</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, 2016 AND 2015

Note 4 - Unconditional Promises to Give

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

Approximately 31% of unconditional promises to give at June 30, 2016 are from one foundation.

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30:

	<u>Life</u>	<u>2016</u>	<u>2015</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	310,771	310,771
Website	5-7 years	<u>8,904</u>	<u>3,500</u>
		5,002,160	4,996,756
Less: Accumulated depreciation		<u>(1,745,266)</u>	<u>(1,646,652)</u>
		<u>\$3,256,894</u>	<u>\$3,350,104</u>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$98,614 and \$94,625, respectively.

Note 6 - Loan Payable

Loan payable was a non-interest bearing loan due to the estate of a former Board member which was paid in full at June 30, 2016.

GILDA'S CLUB NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Note 7 - Mortgage and Line of Credit Payable

The mortgage payable and line of credit consisted of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</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.	\$1,341,070	\$1,367,706
<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>545,340</u>	<u>945,340</u>
	<u>\$1,886,410</u>	<u>\$2,313,046</u>

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

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

<u>Year Ending June 30,</u>	
2017	\$ 29,000
2018	30,000
2019	31,000
2020	32,000
Thereafter, through December 1, 2022	1,764,000

GILDA'S CLUB NEW YORK CITY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2016 AND 2015****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, 2016 and 2015 was \$31,680 and \$29,754, respectively.

Note 9 - Donated Materials

GCNYC received donated materials with a value of \$1,538 and \$1,864 during the years ended June 30, 2016 and 2015, 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



LUTZ 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, 2016 and 2015, and our report thereon dated March 23, 2017, 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, 2016 with comparative totals for 2015 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
March 23, 2017

GILDA'S CLUB NEW YORK CITY, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS 2015

	Program Services	Supporting Services		2016	2015
		Management and General	Fundraising	Total Expenses	Total Expenses
Salaries	\$ 997,101	\$ 65,009	\$ 152,399	\$1,214,509	\$1,138,882
Payroll taxes and employee benefits	187,218	12,207	28,615	228,040	212,609
Total Personnel Expenses	1,184,319	77,216	181,014	1,442,549	1,351,491
Professional fees	177,703	30,497	5,234	213,434	200,519
Occupancy	27,361	1,824	1,216	30,401	39,545
Building repairs and maintenance	43,220	2,880	1,921	48,021	37,721
Office supplies	61,709	3,968	17,250	82,927	80,353
Insurance	30,923	2,062	1,374	34,359	32,248
Travel	14,707	-	1,101	15,808	9,551
Equipment leases	18,355	1,223	816	20,394	21,369
Dues and subscriptions	14,501	946	2,216	17,663	17,495
Postage and shipping	7,837	469	5,081	13,387	15,713
Telephone	12,073	804	537	13,414	11,377
Printing	12,270	52	17,565	29,887	32,100
Interest	72,960	4,863	3,243	81,066	92,592
Miscellaneous	10,419	2,428	38,836	51,683	52,484
Bad debt expense	15,508	-	-	15,508	12,000
Fundraising event costs	1,898	-	13,540	15,438	19,166
Depreciation and amortization	97,374	6,491	4,328	108,193	104,203
Total Expenses, 2016	<u>\$1,803,137</u>	<u>\$ 135,723</u>	<u>\$ 295,272</u>	<u>\$2,234,132</u>	
Total Expenses, 2015	<u>\$1,722,676</u>	<u>\$ 130,073</u>	<u>\$ 277,178</u>		<u>\$2,129,927</u>

See independent auditors' report on supplementary information.