

Gilda's Club Chicago

Independent Auditor's Report and Financial Statements

December 31, 2017 and 2016

Gilda's Club Chicago
December 31, 2017 and 2016

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Independent Auditor's Report

Board of Directors
Gilda's Club Chicago
Chicago, Illinois

We have audited the accompanying financial statements of Gilda's Club Chicago (an Illinois corporation), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses 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.

Auditor's 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 auditor's 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.

Board of Directors
Gilda's Club Chicago
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gilda's Club Chicago as of December 31, 2017 and 2016, 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.

BKD, LLP

Oakbrook Terrace, Illinois
July 20, 2018

Gilda's Club Chicago
Statements of Financial Position
December 31, 2017 and 2016

Assets

	2017	2016
Cash and cash equivalents	\$ 483,725	\$ 498,761
Accounts receivable	160,880	-
Pledges receivable	67,617	132,084
Prepaid expenses	13,953	5,114
	<u>726,175</u>	<u>635,959</u>
 Property and Equipment		
Land	725,000	725,000
Building and building improvements	1,470,245	1,470,245
Furniture, fixtures and equipment	415,408	415,408
Website	103,445	103,445
	<u>2,714,098</u>	<u>2,714,098</u>
Less accumulated depreciation and amortization	1,654,896	1,571,060
	<u>1,059,202</u>	<u>1,143,038</u>
Net property and equipment	<u>1,059,202</u>	<u>1,143,038</u>
Total assets	<u>\$ 1,785,377</u>	<u>\$ 1,778,997</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 86,904	\$ 73,970
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Net Assets

Unrestricted	1,589,373	1,543,236
Temporarily restricted	109,100	161,791
	<u>1,698,473</u>	<u>1,705,027</u>
Total net assets	<u>1,698,473</u>	<u>1,705,027</u>
Total liabilities and net assets	<u>\$ 1,785,377</u>	<u>\$ 1,778,997</u>

Gilda's Club Chicago
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Individual contributions	\$ 327,039	\$ -	\$ 327,039
Corporate and foundation grants	315,031	358,888	673,919
Special events and sponsorship, net of \$227,415 direct benefits to donors	944,955	-	944,955
Interest income	2,102	-	2,102
In-kind donations	70,000	-	70,000
Net assets released from restrictions	411,579	(411,579)	-
	<u>2,070,706</u>	<u>(52,691)</u>	<u>2,018,015</u>
Expenses			
Program services			
Support for people with cancer and their families	<u>1,552,527</u>	<u>-</u>	<u>1,552,527</u>
Support services			
Management and general	104,386	-	104,386
Fundraising	<u>367,656</u>	<u>-</u>	<u>367,656</u>
Total support services	<u>472,042</u>	<u>-</u>	<u>472,042</u>
Total expenses	<u>2,024,569</u>	<u>-</u>	<u>2,024,569</u>
Change in Net Assets	46,137	(52,691)	(6,554)
Net Assets, Beginning of Year	<u>1,543,236</u>	<u>161,791</u>	<u>1,705,027</u>
Net Assets, End of Year	<u>\$ 1,589,373</u>	<u>\$ 109,100</u>	<u>\$ 1,698,473</u>

Gilda's Club Chicago
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
Revenue			
Individual contributions	\$ 216,720	\$ -	\$ 216,720
Corporate and foundation grants	133,500	626,222	759,722
Special events and sponsorship, net of \$196,129 direct benefits to donors	768,029	-	768,029
Interest income	2,040	-	2,040
In-kind donations	7,000	-	7,000
Net assets released from restrictions	580,083	(580,083)	-
	<u>1,707,372</u>	<u>46,139</u>	<u>1,753,511</u>
Total revenue			
Expenses			
Program services			
Support for people with cancer and their families	1,320,860	-	1,320,860
Support services			
Management and general	111,249	-	111,249
Fundraising	345,329	-	345,329
	<u>456,578</u>	<u>-</u>	<u>456,578</u>
Total support services			
Total expenses	<u>1,777,438</u>	<u>-</u>	<u>1,777,438</u>
Change in Net Assets	(70,066)	46,139	(23,927)
Net Assets, Beginning of Year	<u>1,613,302</u>	<u>115,652</u>	<u>1,728,954</u>
Net Assets, End of Year	<u>\$ 1,543,236</u>	<u>\$ 161,791</u>	<u>\$ 1,705,027</u>

Gilda's Club Chicago
Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services	Support Services		Total
		Management and General	Fundraising	
Salaries and Related Expenses				
Salaries	\$ 781,012	\$ 58,929	\$ 208,243	\$ 1,048,184
Payroll taxes	66,720	4,242	12,110	83,072
Health insurance	62,455	3,925	11,711	78,091
Employee benefits	13,587	886	2,548	17,021
Total salaries and related expenses	923,774	67,982	234,612	1,226,368
Program	268,520	-	-	268,520
Payroll services fees	2,493	1,071	467	4,031
Contractual services	166,318	375	5,250	171,943
Advertising	-	-	2,570	2,570
Computer	4,559	565	3,835	8,959
Supplies	2,765	244	3,154	6,163
Postage and shipping	2,563	333	4,357	7,253
Insurance	17,263	1,079	3,237	21,579
Seminars and education	1,828	1,559	535	3,922
Telephone	10,360	612	2,637	13,609
Travel	14,204	694	2,003	16,901
Repairs and maintenance	21,801	1,531	3,217	26,549
Utilities	11,053	1,433	2,077	14,563
Miscellaneous	39,103	16,485	5,864	61,452
Professional fees	-	5,945	80,406	86,351
Total expenses before depreciation and amortization	1,486,604	99,908	354,221	1,940,733
Depreciation and Amortization	65,923	4,478	13,435	83,836
	<u>\$ 1,552,527</u>	<u>\$ 104,386</u>	<u>\$ 367,656</u>	<u>\$ 2,024,569</u>

Gilda's Club Chicago
Statement of Functional Expenses
Year Ended December 31, 2016

	Program Services	Support Services		Total
		Management and General	Fundraising	
Salaries and Related Expenses				
Salaries	\$ 694,591	\$ 52,258	\$ 198,646	\$ 945,495
Payroll taxes	59,003	4,426	12,007	75,436
Health insurance	70,690	4,433	13,265	88,388
Employee benefits	13,956	1,034	2,825	17,815
Total salaries and related expenses	838,240	62,151	226,743	1,127,134
Program	56,559	3,374	62,568	122,501
Payroll services fees	-	1,614	-	1,614
Contractual services	201,269	-	-	201,269
Advertising	-	-	3,155	3,155
Computer	1,454	543	73	2,070
Supplies	4,676	286	(30)	4,932
Postage and shipping	3,889	349	1,204	5,442
Insurance	20,880	1,706	3,404	25,990
Seminars and education	3,277	3,686	480	7,443
Telephone	9,762	521	1,939	12,222
Travel	13,567	300	1,690	15,557
Repairs and maintenance	20,132	2,750	2,876	25,758
Utilities	10,528	2,321	2,267	15,116
Miscellaneous	14,168	11,974	5,224	31,366
Professional fees	53,532	7,126	29,583	90,241
Bad debt expense	2,000	-	-	2,000
Total expenses before depreciation and amortization	1,253,933	98,701	341,176	1,693,810
Depreciation and Amortization	<u>66,927</u>	<u>12,548</u>	<u>4,153</u>	<u>83,628</u>
	<u>\$ 1,320,860</u>	<u>\$ 111,249</u>	<u>\$ 345,329</u>	<u>\$ 1,777,438</u>

Gilda's Club Chicago
Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Activities		
Revenue collected		
Contributions and grants	\$ 1,000,958	\$ 976,442
Special events and sponsorship	848,542	800,729
Other	2,102	2,040
	<u>1,851,602</u>	<u>1,779,211</u>
Payments for expenses		
Compensation and related expenses	1,226,368	1,127,134
Other	640,270	577,469
	<u>1,866,638</u>	<u>1,704,603</u>
Net cash provided by (used in) operating activities	(15,036)	74,608
Investing Activities		
Purchase of property and equipment	-	(1,388)
Net Increase (Decrease) in Cash and Cash Equivalents	(15,036)	73,220
Cash and Cash Equivalents, Beginning of year	<u>498,761</u>	<u>425,541</u>
Cash and Cash Equivalents, End of Year	<u>\$ 483,725</u>	<u>\$ 498,761</u>
Reconciliation of Change in Net Assets to Net Cash		
Used in Operating Activities		
Change in net assets	\$ (6,554)	\$ (23,927)
Items not requiring cash		
Depreciation and amortization expense	83,836	83,628
Change in accounts payable and accrued expenses	12,934	(19,620)
Change in prepaid expenses	(8,839)	1,827
Change in receivables	(96,413)	32,700
	<u>(15,036)</u>	<u>74,608</u>
Net cash provided by (used in) operating activities	<u>\$ (15,036)</u>	<u>\$ 74,608</u>

Gilda's Club Chicago
Notes to Financial Statements
December 31, 2017 and 2016

Note 1: Nature of Operations

Gilda's Club Chicago (Organization) provides a place where men, women and children with cancer and their families and friends join with others to build social and emotional support as a supplement to medical care.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

Net assets and revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets.

Use of 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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Gilda's Club Chicago
Notes to Financial Statements
December 31, 2017 and 2016

Property and Equipment

Purchased property and equipment are stated at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation and amortization are calculated based on estimated useful lives using the straight-line method, ranging from 3 to 25 years. The Organization's policy is to capitalize all expenditures for improvements, property and equipment in excess of \$500 if the expenditure is expected to prolong the life of the asset.

Maintenance and repair costs are expensed as incurred.

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2017 and 2016.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is unconditional. Contributions that are restricted by the donor 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.

Income Taxes

The Organization claims exemption from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions of state tax codes. The Organization recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination.

Functional Allocation of Expenses

The costs of providing program services and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Gilda's Club Chicago
Notes to Financial Statements
December 31, 2017 and 2016

Receivables

Receivables are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of balances. It is reasonably possible that management's estimate of the allowance will change.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with an initial maturity of three months or less. At December 31, 2017 and 2016, cash equivalents consisted primarily of money market accounts.

At December 31, 2017, the Organization's cash accounts exceeded federally insured limits by approximately \$244,000.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Volunteers provide various program services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Gilda’s Club Chicago
Notes to Financial Statements
December 31, 2017 and 2016

Note 3: Temporarily Restricted Net Assets and Reclassification

Temporarily restricted net assets are available for the following purposes:

	December 31,	
	2017	2016
Future year operations	\$ 95,000	\$ 100,000
Specific grant programs	14,100	61,791
	\$ 109,100	\$ 161,791

Net assets of \$411,579 and \$580,083 were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by the donors during the years ended December 31, 2017 and 2016, respectively.

Note 4: Donated Services, Property and Equipment

The Organization received donated use of space and services in the amounts of \$70,000 and \$7,000 in 2017 and 2016, respectively, to assist in the Organization’s program services. These amounts have been recognized in the accompanying statements of activities and changes in net assets as in-kind donations because the criteria for recognition of such services have been satisfied.

On April 2, 2002, the Ann and Robert H. Lurie Foundation transferred title and ownership of the property located at 537 North Wells Street, Chicago, Illinois, to Gilda’s Club Chicago. Prior to April 2, 2002, the Organization had leased the property from the Foundation at an annual rate of \$1 per year.

Note 5: 401(k) Savings Plan

The Organization sponsors a 401(k) plan for eligible employees. Employee elective deferrals are matched by the Organization at the rate of 50% up to 6% of compensation. The Organization contributed \$17,021 and \$17,815 to the plan during 2017 and 2016, respectively.

Gilda's Club Chicago
Notes to Financial Statements
December 31, 2017 and 2016

Note 6: Pledges Receivable

Pledges receivable at December 31, 2017 and 2016, are due to be collected in the following periods:

Year Ending December 31,	2017	2016
2017	\$ -	\$ 75,000
2018	72,533	62,500
2019	6,000	7,000
2020	2,500	2,250
2021	1,250	-
	82,283	146,750
Less unamortized discount at 3.25%	4,666	4,666
Less allowance for uncollectible accounts	10,000	10,000
	<u>\$ 67,617</u>	<u>\$ 132,084</u>

Note 7: Line of Credit

In 2016 the Organization entered into a \$200,000 revolving line of credit expiring in 2018. At December 31, 2017 and 2016, there was no amount borrowed against this line. The line is collateralized by substantially all of the Organization's assets. Interest varies with the bank's prime rate, which was 4.5% on December 31, 2017, and is payable monthly.

Note 8: Future Changes in Accounting Principles

Not-for-Profit Accounting Standard for Financial Reporting

The Financial Accounting Standards Board (FASB) recently issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The standard distinguishes between two new classes of net assets, requires presentation of expenses by both nature and function, permits use of the indirect or direct method of reporting cash flows, requires certain information about liquidity and requires additional disclosures. The Organization expects to first apply the ASU during its fiscal year ending December 31, 2018, through retrospective application to previous years' statements for comparative purposes. The impact of applying the ASU has not yet been determined.

Gilda's Club Chicago
Notes to Financial Statements
December 31, 2017 and 2016

Revenue Recognition

The FASB amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for nonpublic entities for annual periods beginning after December 15, 2018, and any interim periods within annual reporting periods that begin after December 15, 2019. The Organization is in the process of evaluating the impact the amendment will have on the financial statements.

Note 9: Subsequent Events

Subsequent events have been evaluated through July 20, 2018, which is the date the financial statements were available to be issued.