

GILDA'S CLUB KANSAS CITY

FINANCIAL STATEMENTS

December 31, 2016 and 2015

IFFT & CO. PA

Certified Public Accountants

11030 Granada Lane • Suite 100 • Overland Park, Kansas 66211
Tel 913-345-1120 • Fax 913-345-0724 • E-mail info@ifftcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Gilda's Club Kansas City
Kansas City, Missouri

We have audited the accompanying financial statements of Gilda's Club Kansas City (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, the related statements of activities, 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.

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 from 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 Kansas City as of December 31, 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.

IFG + Co. PA

July 11, 2017

GILDA'S CLUB KANSAS CITY
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 77,162	24,918
Certificates of deposit	-	96,922
Contributions receivable	10,201	14,450
Prepaid expenses	333	1,198
Property and equipment, net of accumulated depreciation	<u>6,956</u>	<u>9,790</u>
 TOTAL ASSETS	 <u>\$ 94,652</u>	 <u>147,278</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 1,639	1,372
Accrued liabilities	8,657	8,007
Deferred revenue	<u>7,700</u>	<u>-</u>
TOTAL LIABILITIES	17,996	9,379
 NET ASSETS		
Unrestricted - undesignated	42,239	36,161
Unrestricted - Board designated	<u>29,440</u>	<u>96,922</u>
Total unrestricted	71,679	133,083
Temporarily restricted	<u>4,977</u>	<u>4,816</u>
TOTAL NET ASSETS	<u>76,656</u>	<u>137,899</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 94,652</u>	 <u>147,278</u>

The accompanying notes are an integral part of these financial statements.

GILDA'S CLUB KANSAS CITY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Support and revenues			
Contributions	\$ 157,398	29,050	186,448
Special events	158,985	-	158,985
In-kind contributions	62,769	-	62,769
Interest income	3,746	-	3,746
Net assets released from restrictions	<u>28,889</u>	<u>(28,889)</u>	<u>-</u>
	411,787	161	411,948
Expenses			
Program services	363,837	-	363,837
General and administrative	44,051	-	44,051
Fundraising	<u>65,303</u>	<u>-</u>	<u>65,303</u>
	<u>473,191</u>	<u>-</u>	<u>473,191</u>
 CHANGE IN NET ASSETS	 (61,404)	 161	 (61,243)
 NET ASSETS, BEGINNING OF YEAR	 <u>133,083</u>	 <u>4,816</u>	 <u>137,899</u>
 NET ASSETS, END OF YEAR	 <u>\$ 71,679</u>	 <u>4,977</u>	 <u>76,656</u>

The accompanying notes are an integral part of these financial statements.

**GILDA'S CLUB KANSAS CITY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Support and revenues			
Contributions	\$ 123,268	9,150	132,418
Special events	207,797	-	207,797
In-kind contributions	94,140	-	94,140
Interest income	2,646	-	2,646
Net assets released from restrictions	<u>20,931</u>	<u>(20,931)</u>	<u>-</u>
	448,782	(11,781)	437,001
Expenses			
Program services	392,705	-	392,705
General and administrative	34,483	-	34,483
Fundraising	<u>141,554</u>	<u>-</u>	<u>141,554</u>
	<u>568,742</u>	<u>-</u>	<u>568,742</u>
 CHANGE IN NET ASSETS	 (119,960)	 (11,781)	 (131,741)
 NET ASSETS, BEGINNING OF YEAR	 <u>253,043</u>	 <u>16,597</u>	 <u>269,640</u>
 NET ASSETS, END OF YEAR	 <u>\$ 133,083</u>	 <u>4,816</u>	 <u>137,899</u>

The accompanying notes are an integral part of these financial statements.

GILDA'S CLUB KANSAS CITY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2016

	<u>Program</u> <u>Services</u>	<u>General and</u> <u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 194,602	16,441	30,437	241,480
Payroll taxes	18,568	1,569	2,903	23,040
Employee benefits	<u>17,616</u>	<u>1,489</u>	<u>2,754</u>	<u>21,859</u>
	230,786	19,499	36,094	286,379
Program supplies	12,161	-	-	12,161
Postage	2,721	299	80	3,100
Licensed mental health contractor	7,222	-	-	7,222
Advertising and marketing	1,508	167	-	1,675
Office expense	2,990	600	2,942	6,532
Board and staff development	180	837	179	1,196
Depreciation	2,677	141	-	2,818
Dues and subscriptions	1,382	1,900	173	3,455
Affiliate licensing fee	5,500	-	-	5,500
Screening tool	3,500	-	-	3,500
Equipment repair and maintenance	8	-	-	8
Insurance	2,007	2,006	-	4,013
Meetings expense	408	272	-	680
Occupancy	26,417	1,390	-	27,807
Computer technology	151	32	32	215
Professional fees	-	8,238	-	8,238
Printing and copying	1,525	382	-	1,907
Telephone	1,510	1,510	-	3,020
Travel	1,553	3,624	-	5,177
Loss on disposal of property and equipment	-	16	-	16
Annual campaign	-	-	1,375	1,375
Special events expense	-	-	24,428	24,428
In-kind expense	<u>59,631</u>	<u>3,138</u>	<u>-</u>	<u>62,769</u>
Total	<u>\$ 363,837</u>	<u>44,051</u>	<u>65,303</u>	<u>473,191</u>

The accompanying notes are an integral part of these financial statements.

GILDA'S CLUB KANSAS CITY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2015

	<u>Program</u> <u>Services</u>	<u>General and</u> <u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 210,866	15,702	17,944	244,512
Payroll taxes	17,570	1,309	1,495	20,374
Employee benefits	<u>17,680</u>	<u>1,317</u>	<u>1,504</u>	<u>20,501</u>
	246,116	18,328	20,943	285,387
Program supplies	14,844	-	-	14,844
Postage	2,990	859	-	3,849
Licensed mental health contractor	6,650	-	-	6,650
Advertising and marketing	1,500	542	-	2,042
Office expense	2,540	1,735	2,583	6,858
Board and staff development	3,488	1,200	-	4,688
Depreciation	2,868	151	-	3,019
Dues and subscriptions	1,831	392	392	2,615
Affiliate licensing fee	5,500	-	-	5,500
Affiliate marketing fee	2,500	-	-	2,500
Screening tool	3,500	-	-	3,500
Insurance	1,858	1,858	-	3,716
Occupancy	22,064	1,161	-	23,225
Computer technology	55	12	12	79
Professional fees	12,121	2,597	2,597	17,315
Printing and copying	1,477	369	-	1,846
Telephone	2,680	536	-	3,216
Travel	1,724	990	-	2,714
Loss on disposal of property and equipment	159	8	-	167
Annual campaign	-	785	1,092	1,877
Special events expense	-	-	78,995	78,995
In-kind expense	<u>56,240</u>	<u>2,960</u>	<u>34,940</u>	<u>94,140</u>
Total	<u>\$ 392,705</u>	<u>34,483</u>	<u>141,554</u>	<u>568,742</u>

The accompanying notes are an integral part of these financial statements.

GILDA'S CLUB KANSAS CITY
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (61,243)	(131,741)
Adjustment to reconcile change in net assets to net cash used in operating activities		
Depreciation	2,818	3,019
Loss on disposal of property and equipment	16	167
Changes in operating assets and liabilities		
Grants receivable	-	8,280
Contributions receivable	4,249	(14,450)
Prepaid expenses	865	1,673
Accounts payable	267	(4,859)
Accrued liabilities	650	(1,820)
Deferred revenue	<u>7,700</u>	<u>-</u>
NET CASH USED IN OPERATING ACTIVITIES	(44,678)	(139,731)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvestment of certificates of deposit earnings	-	(1,602)
Redemption of certificates of deposit	<u>96,922</u>	<u>99,131</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>96,922</u>	<u>97,529</u>
 CHANGE IN CASH	52,244	(42,202)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>24,918</u>	<u>67,120</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 77,162</u>	<u>24,918</u>

The accompanying notes are an integral part of these financial statements.

GILDA'S CLUB KANSAS CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Gilda's Club Kansas City (the Organization) is a community based not-for-profit corporation. The Organization's mission is to ensure that all people impacted by cancer are empowered by knowledge, strengthened by action, and sustained by community. Its vision is that no one faces cancer alone. The Organization seeks to fulfill its mission and vision by creating a welcoming community of support, including professionally-led support groups, educational workshops, healthy lifestyle classes, social activities, and resources to all who have a cancer impact – including men, women, children, family, and friends. All programs are provided at no cost to the participant.

Basis of Presentation

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

The Organization 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. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets not subject to donor-imposed restrictions but may be subject to Board designations.
- Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time.
- Permanently restricted net assets - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. The Organization had no permanently restricted net assets at December 31, 2016 or 2015.

Revenue Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

GILDA'S CLUB KANSAS CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash Equivalents

The Organization considers all highly liquid investments purchased with initial maturities of less than three months to be cash equivalents.

Certificates of Deposit

Certificates of deposit represent longer term cash reserves, with maturity dates of more than one year.

Grants and Contributions Receivable

The Organization's receivables are due from grants and individual donors and are recorded at amounts due, net of an allowance for doubtful accounts. Grants and contributions receivable are generally due at the grantor's or donor's discretion. Amounts outstanding beyond the time agreed are considered past due. The Organization determines its allowance by considering a number of factors, including the length of time receivables are past due, the Organization's previous loss history, the grantor's or donor's current ability to pay its obligations to the Organization, and the condition of the general economy as a whole. The Organization writes off receivables when they become uncollectible. At December 31, 2016 and 2015, the Organization considered grants and contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts was recorded.

Property and Equipment

The Organization capitalizes all significant acquisitions of property and equipment, which are recorded at cost or fair value, if donated. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets.

Expenditures for repairs and maintenance are charged to expense as incurred. Expenditures that materially extend the life of an asset are capitalized.

In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair value of these in-kind contributions that exceed \$1,000.

GILDA'S CLUB KANSAS CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on management estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for income taxes has been included in the accompanying financial statements.

The Organization recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

The Organization is subject to income tax regulations in the U.S. federal jurisdiction and certain state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Organization is no longer subject to income tax examinations by the applicable tax authorities for the years before 2013. If any were to be incurred, the Organization's policy is to record penalties and interest assessed by income tax authorities as operating expenses.

Advertising and Marketing Costs

The Organization uses advertising to promote its programs and special events. The costs of advertising are expensed as incurred. Total advertising expense for the years ended December 31, 2016 and 2015 was \$2,405 and \$17,110, respectively, which included both paid and donated advertising. Paid advertising for the years ended December 31, 2016 and 2015 totaled \$2,405 and \$5,844, respectively, of which \$1,675 and \$2,042, respectively, was included in the advertising and marketing expense and \$730 and \$3,802, respectively, was included in the special events expense in the accompanying statements of functional expenses. There was no donated advertising for the year ended December 31, 2016. For the year ended December 31, 2015, donated advertising was \$11,266, which is included in in-kind expense in the accompanying statements of functional expenses. Also see Note 7.

**GILDA'S CLUB KANSAS CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through July 11, 2017, which is the date the financial statements were available to be issued.

NOTE 2 - TEMPORARILY RESTRICTED NET ASSETS

Temporary restricted net assets were as follows at December 31:

	<u>2016</u>	<u>2015</u>
Noogieland program for children and families living with cancer	\$ 477	4,816
Francis Family Art Program	<u>4,500</u>	<u>-</u>
	<u>\$ 4,977</u>	<u>4,816</u>

NOTE 3 - BOARD DESIGNATED NET ASSETS

The Board of Directors has designated certain net assets for reserve funds.

NOTE 4 - OPERATING LEASES

The Organization leases its office space under an operating lease expiring in August 2018 with a monthly payment for common area maintenance charges, insurance, and property tax only. The monthly payment associated with this lease was \$1,061 for the period January 1, 2015 through May 31, 2015, \$359 for the period June 1, 2015 through April 30, 2016, and \$1,577 for the period May 1, 2016 through December 31, 2016. These amounts were included in the occupancy expense in the accompanying statements of functional expenses. The rent portion is donated. See Note 7.

GILDA'S CLUB KANSAS CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 4 - OPERATING LEASES - Continued

The Organization also leases equipment under an operating lease expiring in May 2018. For the years ended December 31, 2016 and 2015, rent expense associated with this lease was \$1,800, which was included in office expense in the accompanying statements of functional expenses.

Future minimum lease payments under the equipment operating lease are as follows:

<u>Year ending</u> <u>December 31,</u>	<u>Amount</u>
2017	\$ 1,800
2018	<u>600</u>
Total	<u>\$ 2,400</u>

NOTE 5 - SHORT TERM BORROWING

In December 2015, the Organization entered into an overdraft protection line of credit agreement of up to \$1,000, at prime rate plus 8%, from its financial institution. Prime rate at December 31, 2016 and 2015 was 3.5%. The overdraft protection line of credit agreement terminates when the Organization's checking account closes. At December 31, 2016 and 2015, the Organization did not have an outstanding balance under this overdraft protection line of credit.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Furniture and equipment	\$ 10,241	10,301
Leasehold improvements	<u>18,568</u>	<u>18,568</u>
	28,809	28,869
Accumulated depreciation	<u>(21,853)</u>	<u>(19,079)</u>
	<u>\$ 6,956</u>	<u>9,790</u>

GILDA'S CLUB KANSAS CITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 7 - IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Office rent	\$ 59,200	59,200
Special event advertising	-	11,266
Special event venue	-	12,000
Special event catering	-	10,819
Miscellaneous	<u>3,569</u>	<u>855</u>
	<u>\$ 62,769</u>	<u>94,140</u>

NOTE 8 - RELATED PARTY TRANSACTIONS

The Organization is an affiliate of the Cancer Support Community (CSC), which strives to create welcoming communities of free support for everyone living with cancer. CSC provides the Organization with its program model and program development services in exchange for an administrative fee. Affiliate licensing fee expense was \$5,500 for each of the years ended December 31, 2016 and 2015. During each of the years ended December 31, 2016 and 2015, the Organization paid a fee in the amount of \$3,500 to CSC for use of Cancer Support Source (CSS), distress screening tool. During the year ended December 31, 2015, the Organization paid a marketing fee in the amount of \$2,500 to CSC. The Organization received \$3,000 and \$5,100 of grant contribution revenue from CSC during the years ended December 31, 2016 and 2015, respectively.

NOTE 9 - FUTURE OPERATIONS

The Organization had expenses in excess of support and revenues of (\$61,243) and (\$131,741) for the years ended December 31, 2016 and 2015, respectively. Management's plans to reduce these decreases in net assets include seeking additional revenue sources through increased grant applications and other fundraising activities.