

Audited Financial Statements

**Citizens Union Foundation of the  
City of New York**

December 31, 2020 and 2019

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

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MAIER  
MARKEY &  
JUSTIC LLP  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Citizens Union Foundation of the City of New York

We have audited the accompanying financial statements of Citizens Union Foundation of the City of New York (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and 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.

### *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 audits 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 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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citizens Union Foundation of the City of New York as of December 31, 2020 and 2019, 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.

*Main Manby & Justice LLP*

White Plains, New York  
October 18, 2021

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 380,557	\$ 428,916
Cash - investments	116,876	117,696
Investments	391,041	378,729
Contributions receivable	207,355	142,622
Prepaid expenses	14,917	10,929
Due from related party	383	739
Security deposits	44,491	43,287
Property and equipment - net	7,026	13,785
Total assets	\$ 1,162,646	\$ 1,136,703
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 106,177	\$ 72,222
Straight-line rent liability	43,368	45,526
PPP loan payable	161,420	-
Total liabilities	310,965	117,748
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	441,559	613,016
Designated by the Board for operating reserve	410,122	405,939
Total net assets	851,681	1,018,955
Total liabilities and net assets	\$ 1,162,646	\$ 1,136,703

See notes to financial statements

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS</b>		
Event income, net (Note 9)	\$ 398,059	\$ 760,710
Contributions	403,408	167,350
Grant revenue	232,833	278,000
Rental income	49,851	52,360
Investment income, net	11,658	15,237
Advertising income	95	1,205
Total revenue and support without donor restrictions	1,095,904	1,274,862
<b>EXPENSES WITHOUT DONOR RESTRICTIONS</b>		
Program services		
Gotham Gazette	493,650	478,324
Other activities	498,825	466,580
Management and general	119,989	113,744
Fundraising	150,714	160,784
Total expenses without donor restrictions	1,263,178	1,219,432
In-kind revenue (Note 2)	87,967	198,656
In-kind expense (Note 2)	(87,967)	(198,656)
Changes in net assets without donor restrictions	(167,274)	55,430
Net assets, beginning of year	1,018,955	963,525
Net assets, end of year	\$ 851,681	\$ 1,018,955

See notes to financial statements

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Gotham Gazette</u>	<u>Other</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries, taxes and benefits	\$ 321,447	\$ 268,605	\$ 66,962	\$ 89,283	\$ 746,297
Program event	-	1,500	-	-	1,500
Rent and related expenses	114,744	96,065	24,016	32,021	266,846
Professional fees	23,754	77,007	16,047	14,298	131,106
Bad debt	810	-	2,439	2,000	5,249
Office expense	15,006	14,183	3,841	8,377	41,407
Telephone	4,321	3,970	724	1,070	10,085
Depreciation and amortization	676	4,664	608	811	6,759
Travel and meetings	-	3,307	1,163	145	4,615
Computer expense	8,084	24,747	679	945	34,455
Printing and mailing	-	596	611	194	1,401
Insurance	4,630	3,877	969	1,292	10,768
Postage	178	304	1,930	278	2,690
	<u>\$ 493,650</u>	<u>\$ 498,825</u>	<u>\$ 119,989</u>	<u>\$ 150,714</u>	<u>\$ 1,263,178</u>

See notes to financial statements

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Gotham Gazette</u>	<u>Other</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries, taxes and benefits	\$ 312,782	\$ 272,271	\$ 66,096	\$ 88,128	\$ 739,277
Program event	110	250	811	36	1,207
Rent and related expenses	110,248	97,124	23,625	31,499	262,496
Professional fees	24,559	68,443	15,834	29,268	138,104
Office expense	9,788	12,437	2,274	7,822	32,321
Telephone	4,765	3,148	593	888	9,394
Depreciation and amortization	1,460	4,308	658	876	7,302
Travel and meetings	1,023	3,805	965	455	6,248
Computer expense	7,965	603	-	188	8,756
Printing and mailing	742	-	1,744	-	2,486
Insurance	4,526	3,987	970	1,293	10,776
Postage	356	204	174	331	1,065
	<u>\$ 478,324</u>	<u>\$ 466,580</u>	<u>\$ 113,744</u>	<u>\$ 160,784</u>	<u>\$ 1,219,432</u>

See notes to financial statements



**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets without donor restrictions	\$ (167,274)	\$ 55,430
Adjustments to reconcile change in net assets to net cash (used by) operating activities:		
Depreciation and amortization	6,759	7,302
Unrealized (gain) loss on investments	(4,614)	(5,914)
Realized gain on investments	-	(177)
Bad debt	5,249	-
(Increase) decrease in:		
Contributions receivable	(69,982)	(101,669)
Prepaid expenses	(3,988)	(1,631)
Due from related party	356	74
Security deposits	(1,204)	(1,168)
Increase (decrease) in:		
Accounts payable and accrued expenses	33,955	1,955
Straight-line rent liability	(2,158)	24,384
Net cash used by operating activities	(202,901)	(21,414)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(7,698)	(158,133)
Sales of investments	-	177
Net cash used by investing activities	(7,698)	(157,956)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP loan payable	161,420	-
Net cash provided by financing activities	161,420	-
Net decrease in cash and cash equivalents	(49,179)	(179,370)
Cash and cash equivalents, beginning of year	546,612	725,982
Cash and cash equivalents, end of year	\$ 497,433	\$ 546,612

See notes to financial statements

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 1 – Organization and Tax Status**

Founded in 1948, Citizens Union Foundation of the City of New York (“CUF”) is incorporated under the New York Not-For-Profit Corporation Law. CUF is exempt from federal income taxes under section 501(c)(3) of the United States Internal Revenue Code and is classified as a public charity by the Internal Revenue Service.

CUF is a nonprofit research, education and advocacy organization. CUF seeks a municipal and state government that is open, transparent, and responsive to the interests of the citizens of New York and undertakes efforts to increase civic participation and knowledge among the citizenry. CUF conducts research and analyzes the impact of proposed public policy and legislation at the city and state level

**Note 2 – Summary of Significant Accounting Policies**

**Basis of Presentation and Use of Estimates**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Accordingly actual results could differ from those estimates.

**Net Assets Presentation**

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

CUF had no net assets with donor restrictions at December 31, 2020 and 2019.

**Cash and Cash Equivalents**

CUF considers depository accounts and investments purchased with a maturity date of three months or less to be cash and cash equivalents.

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Investment return, net is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment fees.

**Contributions Receivable**

Contributions receivable consist of unconditional promises to give, all of which are expected to be collected within one year.

**Property and Equipment**

Property and equipment are recorded at cost, or if donated, at fair value on the date of donation. Maintenance and repairs are charged to expense as incurred, while major renewals and betterments are capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to its fair value. There were no asset impairment loss incurred for the years ended December 31, 2020 and 2019.

**Straight Line Rent**

CUF records its rent in accordance with U.S. GAAP whereby all rental payments, including fixed rent increases are recognized on a straight-line basis. The difference between the straight-line rent expense and the required lease payments, as well as any unamortized lease incentives, is reflected in straight-line rent liability in the accompanying statements of financial position.

**Revenue and Support**

All contributions are considered available for the CUF's general programs unless specifically restricted by the donor. Unconditional promises to give are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**Advertising**

Advertising costs are expensed as incurred. Advertising costs was \$-0- and \$5,724 for the years ended December 31, 2020 and 2019, respectively.

**Functional Expense Allocation**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Whenever possible, direct expenses are charged directly to applicable programs.

**Income Taxes**

CUF recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that CUF had no uncertain tax positions that would require financial statement recognition or disclosure. CUF is no longer subject to examinations by the applicable taxing jurisdictions for years prior to December 31, 2017.

**Fair Value Measurements**

CUF follows U.S. GAAP guidance on fair value measurements of financial instruments which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

**In-kind Services**

Donated services are recognized as contributions in accordance with GAAP if the services create or enhance non-financial assets, require specialized skills, are performed by people with those skills, and would otherwise be purchased by CUF, and are measurable. For the years ended December 31, 2020 and 2019, CUF received donated professional services of \$87,967 and \$198,656, respectively.

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
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**Note 2 – Summary of Significant Accounting Policies (continued)**

**Concentration of Credit Risk**

CUF maintains its cash and cash equivalents in accounts that are insured by the U.S. Federal Deposit Insurance Corporation (“FDIC”). Throughout the year the bank balances may exceed the limit insured by the FDIC. CUF has not experienced any losses to date resulting from this policy.

**New Accounting Pronouncement**

In February 2016, FASB issued a new leasing standard in ASU 2016-02 (“Topic 842”) for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use (“ROU”) assets and related lease liabilities on the statement of financial position for all arrangements with terms longer than 12 months. The pattern of expense recognition in the income statement will depend on a lease’s classification. The provisions of this update are effective for fiscal years beginning after December 15, 2021. Management is evaluating the new accounting pronouncements and its applicability to CUF.

**Note 3 – Liquidity and Availability**

CUF regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. CUF has various sources of liquidity at its disposal, including cash and cash equivalents, investments and receivables. For purposes of analyzing resources available to meet general expenditures over a twelve month period, CUF considers all expenditures related to its ongoing activities, as well as services undertaken to support those activities to be general expenditures.

As of December 31, 2020 and 2019, CUF’s financial assets available for general expenditures, and available to CUF over the next twelve months, that is, without donor or other restrictions that limit their use, within one year of the statement of financial position, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 380,557	\$ 428,916
Cash – investments	116,876	117,696
Investments	391,041	378,729
Contributions receivable	<u>207,355</u>	<u>142,622</u>
	1,095,829	1,067,963
Less: spendable net assets designated by the Board	<u>(410,122)</u>	<u>(405,939)</u>
	<u>\$ 685,707</u>	<u>\$ 662,024</u>

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 4 – Investments**

CUF has adopted an investment policy consistent with the standards of prudent management of investment assets set forth in New York Prudent Management of Institutional Funds Act. CUF maintains a “Designated by the Board” fund that it treats as an institutional reserve fund. A significant portion of that fund has been invested according to the policy.

The following is a summary of investments at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Exchange traded funds	<u>\$ 391,041</u>	<u>\$ 378,729</u>

As of December 31, 2020 and 2019 all investments were considered Level 1 in the fair value hierarchy.

Included in investments is \$116,876 and \$117,696 in cash for the years ended December 31, 2020 and 2019, respectively.

The composition of investment return, net as reported in the statements of activities for the year ended December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 7,044	\$ 9,146
Realized gains—net	-	177
Unrealized gain (loss)—net	4,614	5,914
Net investment income	<u>\$ 11,658</u>	<u>\$ 15,237</u>

**Note 5 – Property and Equipment - net**

Property and equipment - net consists of the following at December 31:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 41,901	\$ 41,901
Computers	48,074	48,074
Software	17,158	17,158
Furniture and fixtures	30,057	30,057
Leasehold improvements	4,720	4,720
Website development	<u>19,309</u>	<u>19,309</u>
	161,219	161,219
Less accumulated depreciation and amortization	<u>(154,193)</u>	<u>(147,434)</u>
	<u>\$ 7,026</u>	<u>\$ 13,785</u>

Depreciation and amortization expense was \$6,759 and \$7,302 for the years ended December 31, 2020 and 2019, respectively.

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 6 – Board Designated Institutional Reserve Fund**

CUF's institutional reserve fund was designated by the Board of Directors, in an amount originally totaling \$500,000, as a separate organizational fund to be invested in accordance with its investment policy (see Note 4) and used for purposes approved by the Board.

Strategies Employed for Achieving Return Objectives

The investment strategy of CUF is based on a disciplined, consistent and diversified approach utilizing multiple asset classes, as appropriate. The intent is to accommodate and consider diverse strategies deemed reasonable and prudent. Invested assets are managed with the goal of protecting principal while generating income appropriate to an investment strategy generally characterized by investment advisors as "Moderate" or "Moderate Growth."

Spending Policy

Decisions with respect to spending from the Institutional Reserve Fund shall be made by the Board in compliance with prudence standards.

**Note 7 – Concentration of Revenue and Support**

CUF received a substantial portion of its revenue from fundraising efforts in relation to its annual dinner and spring events. For the years ended December 31, 2020 and 2019, CUF received approximately 40% and 65% of its total revenue and support from its fundraising efforts.

**Note 8 – Affiliation with Citizens Union of the City of New York and Related Party Transactions**

CUF is affiliated with Citizens Union of the City of New York ("CU"), a Not-for-Profit organization tax-exempt under Internal Revenue Code Section 501(c)(4). CU was formed as a union of citizens of New York City, without regard to political party, for the purpose of securing the honest and efficient government of the City of New York.

CU and CUF have entered into an agreement to share common facilities and certain expenses in accordance with conditions and formulas set for the purpose. The staffs of the two organizations maintain records of the time spent of each activity and allocate expenses based upon employee hours.

For the years ended December 31, 2020 and 2019, CUF billed CU for shared operating expenses excluding rent of \$40,740 and \$42,529, respectively. The balance due from CU was \$383 and \$739 as of December 31, 2020 and 2019, respectively. The balance due from CU was paid in full in the subsequent year.

CUF has entered into a sub-lease agreement with CU for the use of office space. Rental income was \$40,351 and \$42,860 for the years ended December 31, 2020 and 2019, respectively.

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**Note 8 – Affiliation with Citizens Union of the City of New York and Related Party Transactions  
(continued)**

The estimated future minimum rental income payments under the sub-lease for the years ended December 31, is as follows:

2021	\$ 48,169
2022	49,518
2023	<u>37,914</u>
Total	<u>\$ 135,601</u>

**Note 9 – Events**

As part of its fundraising efforts, CUF holds periodic events. Revenues for events are recognized in the period in which the event is held. Direct expenses associated with events are netted against such revenue as follows:

	<u>2020</u>	<u>2019</u>
Event revenue	\$ 455,107	\$ 959,962
Event direct expenses	<u>57,048</u>	<u>192,252</u>
Event revenue, net	<u>\$ 398,059</u>	<u>\$ 760,710</u>

**Note 10 – Commitments**

Facility Lease

On August 2, 2018, CUF entered into a 5 year operating lease for office space beginning on October 1, 2018 and ending on September 30, 2023. The lease provides for rent escalations and CUF is responsible for electricity and real estate taxes.

The future minimum payments under the lease for the years ended December 31 is as follows:

2021	\$ 267,603
2022	275,098
2023	<u>210,633</u>
Total	<u>\$ 753,334</u>

CUF recognizes rent expense on a straight-line basis over the term of the lease. Rent expense in excess of payments will be recorded as straight-line rent in the accompanying statement of financial position. Rent expense was \$266,846 and \$262,496 for the years ended December 31, 2020 and 2019, respectively.



**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
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**Note 11 – Retirement Plan**

CUF maintains a simplified employee pension plan (SEP-IRA). Upon one year of service, employees of CUF who earn in excess of \$450 are eligible for contributions to the plan. At the discretion of the Board of Directors, CUF may make a discretionary contribution equal to a percentage of the participants' salary. CUF contributed 4% of each eligible employee's annual salary in 2020 and 2019. Expenses related to retirement contributions were \$22,638 and \$21,470 for the years ended December 31, 2020 and 2019, respectively, and are included in salaries, taxes and benefits.

**Note 12 – PPP Loan Payable**

On May 5, 2020, CUF qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$161,420 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.00% per annum, with the first six months of interest deferred, and has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon CUF's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by CUF.

Subsequently, CUF applied for and received partial forgiveness of the loan in the amount of \$133,261 from the Small Business Administration on August 4, 2021. On August 19, 2021, CUF entered into an Amended and Restated Promissory Note with their lender for the unforgiven portion of principal of \$28,159. This Amended and Restated Promissory Note bears interest at a fixed rate of 1.00% per annum and has a five-year term.

Principal payments on the Amended and Restated Promissory Note will be as follows:

	2021	\$	5,019
	2022		7,630
	2023		7,707
	2024		7,782
	2025		21
Total Amended and Restated Note Payable		\$	28,159

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 13 – COVID-19 pandemic**

In March, 2020 the World Health Organization (“WHO”) declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on our business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and restrictive measures taken to contain or prevent their further spread, among others. Accordingly, CUF cannot predict the extent to which the financial condition and results of operations will be affected.

**Note 14 – Subsequent Events**

On June 16, 2021, CUF entered into a Surrender Agreement with 299 Broadway LLC (the “Landlord”) to terminate the facility lease as disclosed in Note 10. The effective date of the surrender was June 8, 2021 and CUF agreed to pay termination compensation in the amount of \$225,200 to the Landlord. The termination compensation included the forfeiture of the entire security deposit.

Management has evaluated subsequent events for potential recognition or disclosure in the financial statements through October 18, 2021, the date these financial statements were available to be issued.