

Audited Financial Statements

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

December 31, 2019 and 2018

**CITIZENS UNION OF THE CITY OF NEW YORK  
FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Citizens Union of the City of New York (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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 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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citizens Union of the City of New York as of December 31, 2019 and 2018, 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 Marking & Justice LLP*

White Plains, New York  
October 13, 2020

**CITIZENS UNION OF THE CITY OF NEW YORK**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 118,836	\$ 58,159
Cash - investments	91,520	91,463
Contributions receivable	13,490	675
Prepaid expenses	2,274	2,313
Property and equipment - net	4,470	6,437
Total assets	\$ 230,590	\$ 159,047
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 15,792	\$ 12,664
Due to related party	739	813
Total liabilities	16,531	13,477
<b>Net Assets</b>		
Without donor restrictions	214,059	145,570
Total liabilities and net assets	\$ 230,590	\$ 159,047

See notes to financial statements

**CITIZENS UNION OF THE CITY OF NEW YORK  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS</b>		
Event income, net (Note 8)	\$ 261,344	\$ 173,751
Contributions	45,475	44,780
Membership support	12,325	11,373
Investment income, net	105	99
Total revenue and support without donor restrictions	319,249	230,003
<b>EXPENSES WITHOUT DONOR RESTRICTIONS</b>		
Program	174,571	152,741
Management and general	30,511	38,071
Fundraising	45,678	43,750
Total expenses without donor restrictions	250,760	234,562
In-kind revenue (Note 2)	127,800	251,398
In-kind expense (Note 2)	(127,800)	(251,398)
Changes in net assets without donor restrictions	68,489	(4,559)
Net assets, beginning of year	145,570	150,129
Net assets, end of year	\$ 214,059	\$ 145,570

See notes to financial statements

**CITIZENS UNION OF THE CITY OF NEW YORK  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>2019</b>				<b>2018</b>			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries, taxes and benefits	\$ 115,510	\$ 17,558	\$ 27,135	\$ 160,203	\$ 103,635	\$ 12,227	\$ 19,965	\$ 135,827
Program/events	149	156	-	305	1,220	234	-	1,454
Rent and related expenses	30,859	4,715	7,286	42,860	22,364	2,634	4,389	29,387
Professional fees	14,888	6,402	6,356	27,646	4,516	6,043	14,641	25,200
Printing and mailing	165	125	-	290	8,543	149	-	8,692
Office expense	4,920	756	2,616	8,292	4,352	3,820	2,392	10,564
Postage	265	40	460	765	1,427	22	715	2,164
Bad debt	-	-	-	-	-	12,275	-	12,275
Computer expense	1,519	-	588	2,107	1,125	209	619	1,953
Insurance	2,497	381	590	3,468	2,310	274	456	3,040
Travel and meetings	1,024	-	31	1,055	1,660	58	243	1,961
Telephone	1,234	162	281	1,677	1,589	126	330	2,045
Advertising	125	-	-	125	-	-	-	-
Depreciation and amortization	1,416	216	335	1,967	-	-	-	-
	<u>\$ 174,571</u>	<u>\$ 30,511</u>	<u>\$ 45,678</u>	<u>\$ 250,760</u>	<u>\$ 152,741</u>	<u>\$ 38,071</u>	<u>\$ 43,750</u>	<u>\$ 234,562</u>

See notes to financial statements

**CITIZENS UNION OF THE CITY OF NEW YORK**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets without donor restrictions	\$ 68,489	\$ (4,559)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,967	-
<sup>1</sup> Bad debt	-	12,275
(Increase) decrease in:		
Contributions receivable	(12,815)	3,290
Prepaid expenses	39	(26)
Increase (decrease) in:		
Accounts payable and accrued expenses	3,128	(9,293)
Due to related party	(74)	795
Net cash provided by operating activities	60,734	2,482
Net increase in cash and cash equivalents	60,734	2,482
Cash and cash equivalents, beginning of year	149,622	147,140
Cash and cash equivalents, end of year	\$ 210,356	\$ 149,622

See notes to financial statements



**CITIZENS UNION OF THE CITY OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 1 – Organization and Tax Status**

Founded in 1897, Citizens Union of the City of New York (“CU”) is incorporated under the New York Not-For-Profit Corporation Law. CU is exempt from federal income taxes under section 501(c)(4) of the United States Internal Revenue Code.

CU was formed as a union of the 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 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.

**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.

CU had no net assets with donor restrictions at December 31, 2019 and 2018.

**Cash and Cash Equivalents**

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

**CITIZENS UNION OF THE CITY OF NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**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, 2019 and 2018.

**Revenue and support**

Membership fees are recognized as income ratably over the membership term. Membership fees are recorded as income in the period for which the fees relate.

All contributions are considered available for the Organization'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.

**Advertising**

Advertising costs are expensed as incurred. Advertising costs was \$125 and \$-0- for the years ended December 31, 2019 and 2018, respectively.

**CITIZENS UNION OF THE CITY OF NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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

**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**

CU recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that CU had no uncertain tax positions that would require financial statement recognition or disclosure. CU is no longer subject to examinations by the applicable taxing jurisdictions for years prior to December 31, 2016.

**Fair Value Measurements**

CU 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 peoples with those skills, and would otherwise be purchased by CU, and are measurable. For the years ended December 31, 2019 and 2018, CU received donated professional services of \$127,800 and \$251,398, respectively.

**Concentration of Credit Risk**

CU 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. CU has not experienced any losses to date resulting from this policy.

**CITIZENS UNION OF THE CITY OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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

**New Accounting Pronouncement**

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statement of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. CU has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**Note 3 – Liquidity and Availability**

CU regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. CU has various sources of liquidity at its disposal, including cash and cash equivalents and receivables. For purposes of analyzing resources available to meet general expenditures over a twelve month period, CU 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, 2019 and 2018, CU’s financial assets available for general expenditures, and available to CU 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>2019</u>	<u>2018</u>
Cash and cash equivalents	\$118,836	\$ 58,159
Cash – investments	91,520	91,463
Contributions receivable	<u>13,490</u>	<u>675</u>
	<u>\$ 223,846</u>	<u>\$ 150,297</u>

**Note 4 – Investments**

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

CU’s investments as of December 31, 2019 and 2018 consist of cash in the amount of \$91,520 and \$91,463, categorized as Level 1 in the fair value hierarchy.

**CITIZENS UNION OF THE CITY OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 4 – Investments (continued)**

The composition of investment return, net as reported in the statements of activities for the year ended December 31, 2019 and 2018 is as follows:

	2019	2018
Interest and dividends	\$ 105	\$ 99

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

Property and equipment consists of the following at December 31:

	2019	2018
Leasehold improvements	\$ 1,180	\$ 1,180
Office furniture and equipment	12,239	12,239
Website development	6,436	6,436
	19,855	19,855
Less accumulated depreciation and amortization	(15,385)	(13,418)
	\$ 4,470	\$ 6,437

Depreciation and amortization expense was \$1,967 and \$-0- for the years ended December 31, 2019 and 2018, respectively.

**Note 6 – Board Designated Institutional Reserve Fund**

CU’s institutional reserve fund was designated by the Board of Directors, in an amount originally totaling \$75,000, 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 CU 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.

**CITIZENS UNION OF THE CITY OF NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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

CU 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, 2019 and 2018, CU received approximately 85% and 81% of its total revenue and support from its fundraising efforts.

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

CU is affiliated with the Citizens Union Foundation of the City of New York (“CUF”), a Not-for-Profit organization tax-exempt under Internal Revenue Code Section 501(c)(3). CUF is the non profit research, education and advocacy organization affiliated with CU. CUF conducts research and analyzes the impact of proposed public policy and legislation at the city and state level.

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 on each activity and allocate expenses based on employee hours.

For the years ended December 31, 2019 and 2018, CUF billed CU for shared operating expenses, excluding rent, of \$42,529 and \$48,240, respectively. The balance due to CUF was \$739 and \$813 as of December 31, 2019 and 2018, respectively. These balances due to CUF were paid in full in the subsequent year.

CU has entered into a sub-lease agreement with CUF for the use of office space. Rent expense was \$42,860 and \$29,387 for the years ended December 31, 2019 and 2018, respectively.

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

2020	\$ 38,886
2021	48,169
2022	49,518
2023	<u>37,914</u>
Total	<u>\$ 174,487</u>

**Note 9 – Events**

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

**CITIZENS UNION OF THE CITY OF NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 9 – Events (continued)**

	<u>2019</u>	<u>2018</u>
Event revenue	\$ 335,852	\$ 237,400
Event direct expenses	74,508	63,649
Event revenue, net	<u>\$ 261,344</u>	<u>\$ 173,751</u>

**Note 10 – Retirement Plan**

CU maintains a simplified employee pension plan (SEP-IRA). Upon one year of service, employees of CU who earn in excess of \$450 are eligible for contributions to the plan. At the discretion of the Board of Directors, CU may make a discretionary contribution equal to a percentage of the participants' salary. CU contributed 4% of each eligible employee's annual salary in 2019 and 2018. Expenses related to retirement were \$4,695 and \$3,223 for the years ended December 31, 2019 and 2018, respectively, and are included in salaries, taxes and benefits.

**Note 11 – Subsequent Events**

Management has evaluated subsequent events for potential recognition or disclosure in the financial statements through October 13, 2020, the date these financial statements were available to be issued. The Company had no material events requiring disclosure, except as noted below.

The Company's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Company's financial position, operations and cash flows.