

CITIZENS UNION OF THE CITY OF NEW YORK

Financial Statements
December 31, 2022 and 2021

CITIZENS UNION OF THE CITY OF NEW YORK

Financial Statements December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
of Citizens Union of The City of New York

Opinion

We have audited the accompanying financial statements of Citizens Union of The City of New York (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. The financial statements of Citizens Union of The City of New York as of December 31, 2021, and for the year then ended were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated August 3, 2022.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Citizens Union of The City of New York and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Citizens Union of The City of New York's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Citizens Union of The City of New York 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Citizens Union of The City of New York 's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Berard + Associates CPA's PC

Berard & Associates, CPA's P.C.
Suffern, New York 10901
October 20, 2023

CITIZEN UNION OF THE CITY OF NEW YORK
 Statements of Financial Position
 December 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 261,594	\$ 284,776
Account receivable, net	1,350	5,530
Prepaid expenses	3,352	2,807
Total current assets	266,296	293,113
Noncurrent assets		
Property and equipment, net	-	180
Total noncurrent assets	-	180
Total assets	\$ 266,296	\$ 293,293
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 14,876	\$ 45,727
Due to Citizens Union Foundation of the City of New York	32	889
Total liabilities	14,908	46,616
Net Assets		
Without donor restrictions		
Undesignated	159,746	155,139
Board designated - operating reserve	91,642	91,538
Total net assets without donor restrictions	251,388	246,677
With donor restrictions		
Total net assets with donor restrictions	-	-
Total net assets	251,388	246,677
Total liabilities and net assets	\$ 266,296	\$ 293,293

See notes to financial statements

CITIZEN UNION OF THE CITY OF NEW YORK
 Statements of Activities
 Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
REVENUE SUPPORT						
Event income	\$ 156,438	\$ -	\$ 156,438	\$ 200,068	\$ -	\$ 200,068
Event expense	(29,166)	-	(29,166)	(28,833)	-	(28,833)
Contributions	30,240	-	30,240	34,680	-	34,680
Membership support	3,932	-	3,932	9,160	-	9,160
Investment income , net	123	-	123	28	-	28
Total support revenue	<u>161,567</u>	<u>-</u>	<u>161,567</u>	<u>215,103</u>	<u>-</u>	<u>215,103</u>
EXPENSES						
Program services	103,325	-	103,325	138,143	-	138,143
Management and general	26,523	-	26,523	27,967	-	27,967
Fundraising	27,008	-	27,008	39,501	-	39,501
Total expenses	<u>156,856</u>	<u>-</u>	<u>156,856</u>	<u>205,611</u>	<u>-</u>	<u>205,611</u>
In-kind revenue (note 12)	-	-	-	75,539	-	75,539
In-kind expenses (note 12)	-	-	-	(75,539)	-	(75,539)
Change in net assets	4,711	-	4,711	9,492	-	9,492
Net assets - beginning	<u>246,677</u>	<u>-</u>	<u>246,677</u>	<u>237,185</u>	<u>-</u>	<u>237,185</u>
Net assets - ending	<u>\$ 251,388</u>	<u>\$ -</u>	<u>\$ 251,388</u>	<u>\$ 246,677</u>	<u>\$ -</u>	<u>\$ 246,677</u>

See notes to financial statements

CITIZEN UNION OF THE CITY OF NEW YORK

Statement of Functional Expenses
Years Ended December 31, 2022 and 2021

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 63,917	\$ 10,556	\$ 15,835	\$ 90,308	\$ 76,375	\$ 13,042	\$ 19,564	\$ 108,981
Employee benefits	8,435	1,446	2,169	12,050	10,874	1,852	2,778	15,504
Payroll taxes	6,900	1,183	1,774	9,857	7,371	1,264	1,895	10,530
Total salaries and related costs	<u>79,252</u>	<u>13,185</u>	<u>19,778</u>	<u>112,215</u>	<u>94,620</u>	<u>16,158</u>	<u>24,237</u>	<u>135,015</u>
Office supplies	2,689	639	1,669	4,997	2,722	433	2,195	5,350
Professional fees and consultants	11,409	7,086	3,556	22,051	14,569	6,867	5,933	27,369
Rent and related expenses	-	-	-	-	19,015	3,259	4,889	27,163
Program	3,833	416	416	4,665	-	-	180	180
Computer expenses	2,534	83	514	3,131	1,753	127	429	2,309
Insurance	2,887	495	742	4,124	3,112	534	800	4,446
Travel	58	121	69	248	344	105	41	490
Telephone and communications	389	67	100	556	320	55	82	457
Postage	4	97	132	233	41	156	189	386
Bad debt expense	-	4,250	-	4,250	-	-	-	-
Printing and project supplies	144	62	-	206	145	16	140	301
Total expenses before depreciation	<u>103,199</u>	<u>26,501</u>	<u>26,976</u>	<u>156,676</u>	<u>136,641</u>	<u>27,710</u>	<u>39,115</u>	<u>203,466</u>
Depreciation	<u>126</u>	<u>22</u>	<u>32</u>	<u>180</u>	<u>1,502</u>	<u>257</u>	<u>386</u>	<u>2,145</u>
Total	<u>\$ 103,325</u>	<u>\$ 26,523</u>	<u>\$ 27,008</u>	<u>\$ 156,856</u>	<u>\$ 138,143</u>	<u>\$ 27,967</u>	<u>\$ 39,501</u>	<u>\$ 205,611</u>

See notes to financial statements

CITIZEN UNION OF THE CITY OF NEW YORK

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,711	\$ 9,492
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	180	2,145
Changes in operating assets and liabilities:		
(Increase) decrease in prepaid expenses	(545)	48
Decrease (increase) in accounts receivable	4,180	7,920
(Decrease) increase in accounts payable and accrued expenses	(30,851)	23,062
Increase in due to related parties	(857)	507
Net cash (used in) provided by operating activities	<u>(23,182)</u>	<u>43,174</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
None	<u>-</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
None	<u>-</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>-</u>	<u>-</u>
Net (decrease) increase in cash	<u>(23,182)</u>	<u>43,174</u>
Cash, beginning of year	<u>284,776</u>	<u>241,602</u>
Cash, end of year	<u>\$ 261,594</u>	<u>\$ 284,776</u>
Supplemental Disclosures:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements

CITIZEN UNION OF THE CITY OF NEW YORK

Notes to Financial Statements
December 31, 2022 and 2021

NOTE 1 - ORGANIZATION AND PURPOSE

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

The Organization 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. The Organization 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 Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications, with or without donor restrictions.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are subject to donor-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, such as those that the donor stipulates those resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

It is the policy of the Organization to account for donor-restricted funds, which are received and expended in the same year, to be recorded as unrestricted.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly-liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

CITIZEN UNION OF THE CITY OF NEW YORK

Notes to Financial Statements
December 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Purchases of property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Maintenance and repairs are charged to expense as incurred, while major renewals and betterments are capitalized. Depreciation is computed using the straight-line method over the useful lives of the assets, ranging from 3 to 10 years.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an assets may not be recoverable. No impairment was identified at December 31, 2022 and 2021.

Revenue and Revenue Recognition

Revenue is recognized when earned. 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 cash flows.

Donated Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The method used to determine the value is based on an hourly standard professional fee.

Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by nature and by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as personnel costs, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

CITIZEN UNION OF THE CITY OF NEW YORK

Notes to Financial Statements
December 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(4), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status: to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Reclassifications

Certain amounts in the 2021 financial statements may have been reclassified to conform to the current year's presentation.

NOTE 3 – PROGRAMS

The Organization works to improve the government and political system by endorsing and pushing for good government legislation. The Organization also conducts in-depth evaluations of candidates for city and state offices and makes recommendations to voters.

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles provide a framework for measuring fair value. The framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The Organization 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. The Organization maintains a “Designated by the Board” fund that it treats as an institutional reserve fund. A portion of the total investments is included in this fund.

As of December 31, 2022 and 2021, the Organization’s investments totaled \$91,642 and \$91,538, respectively, and invested in an insured deposit account. Investments are reported at fair value using a Level 1 measurement.

Net investment return for the years ended December 31, 2022 and 2021 consist of the following:

	2022	2021
Interest and dividends	\$ 104	\$ 9

CITIZEN UNION OF THE CITY OF NEW YORK

Notes to Financial Statements
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NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2022	2021
Leasehold improvement	\$ 1,180	\$ 1,180
Office furniture and equipment	12,239	12,239
Website development	6,436	6,436
Total assets	19,855	19,855
Accumulated depreciation	(19,855)	(19,675)
Net property and equipment	\$ -	\$ 180

Depreciation expense for the years ended December 31, 2022 and 2021 was \$180 and \$2,145, respectively.

NOTE 6 – BOARD DESIGNATED NET ASSETS

In October 2017, the Board of Directors designated \$91,000 to be invested into an Insured Deposit Account (IDA) to protect against any shortfalls in operating cash and to cover operating expenses authorized by the Board. As of December 31, 2022 and 2021, the Organization had \$91,642 and \$91,538, respectively, of unrestricted board-designated net assets. Since those amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as unrestricted net assets.

NOTE 7 – CONCENTRATION OF CREDIT RISK

The Organization received a substantial portion of its revenue from fundraising efforts in relation to its annual events. For the years ended December 31, 2022 and 2021, the Organization received approximately 84% and 82% of its total revenue and support from its fundraising efforts.

The Organization maintains cash balances in one bank. The balance at the financial institution is insured by the Federal Deposit Insurance Corporation limit of up to \$250,000. As of December 31, 2022 and 2021, cash accounts did not exceed the insured balance.

NOTE 8 – AFFILIATION WITH CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK AND RELATED PARTY TRANSACTIONS

Citizens Union of the City of New York ("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.

CITIZEN UNION OF THE CITY OF NEW YORK

Notes to Financial Statements
December 31, 2022 and 2021

NOTE 8 – AFFILIATION WITH CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK AND RELATED PARTY TRANSACTIONS – Continued

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 two organizations maintain records of the time spent on each activity and allocate expenses based on employee hours.

For the years ended December 31, 2022 and 2021, CUF billed CU for shared operating expenses of \$29,452 and \$38,151, respectively. The balance due to CUF was \$32 and \$889 as of December 31, 2022 and 2021, respectively. These balances due to CUF were paid in full in the subsequent year.

NOTE 9 – RETIREMENT PLAN

The Organization maintains a simplified employee pension plan (SEP-IRA). Upon one year of service, employees of the Organization who earn in excess of \$450 are eligible for contributions to the plan. At the discretion of the Board of Directors, the Organization may make a discretionary contribution equal to a percentage of the participants' salary. The Organization contributed 4% of each eligible employee's annual salary in 2022 and 2021. Expenses related to retirement were \$2,215 and \$3,538 for the years ended December 31, 2022 and 2021, respectively, and are included in salaries, taxes and benefits.

NOTE 10 – EVENTS

As part of its fundraising efforts, the Organization holds periodic events. Revenues for events are recognized in the period in which the event is held. For the years ended December 31, 2022 and 2021, gross income from events was \$156,438 and \$200,068 and direct expenses were \$29,166 and \$28,833, respectively.

NOTE 11 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, the Board of Directors has set aside the funds for specific reserve or long-term investments as the Board of Directors designated. The Board of Directors designations could be drawn upon if the Board of Directors approves that action.

	2022	2021
Cash and cash equivalents	\$ 169,951	\$ 193,238
Cash investments	91,642	91,538
Accounts receivable, net	1,350	5,530
Financial assets available to meet cash needs for general expenditure within one year	<u>262,943</u>	<u>290,306</u>

CITIZEN UNION OF THE CITY OF NEW YORK

Notes to Financial Statements
December 31, 2022 and 2021

NOTE 12 – DONATED SERVICES

The Organization pays for most services requiring specific expertise. However, some individuals and firms volunteer their time and perform a variety of tasks that assist the Organization. For the year ended December 31, 2022 and 2021, the Organization received donated services in the amount of \$0 and \$75,539, respectively.

A number of volunteers, including members of the Board of Directors, have made significant contributions of time to the Organization's policy-making, program and support functions. The value of time does not meet the criteria for recognition of contributed services under generally accepted accounting principles and, accordingly, is not reported in these financial statements.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events for potential recognition or disclosure in the financial statements through October 20, 2023, the date these financial statements were available to be issued.