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CITIZENS COMMITTEE FOR NEW YORK CITY, INC.

Audited Financial Statements

September 30, 2010

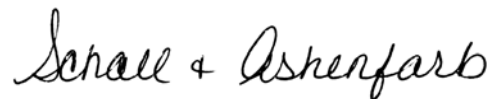
INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Citizens Committee for New York City, Inc.

We have audited the accompanying statement of financial position of Citizens Committee for New York City, Inc. ("Citizens") as of September 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Citizens' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citizens Committee for New York City, Inc as of September 30, 2010 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Schall & Ashenfarb
Certified Public Accountants, LLC

April 12, 2011

**CITIZENS COMMITTEE FOR NEW YORK CITY, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2010**

Assets

Current assets:

Cash and cash equivalents (Notes 2d and 2e)	\$317,842
Investments (Notes 2g and 3)	1,904,474
Government grants receivable	73,976
Pledges receivable (Note 2f)	31,953
Prepaid expenses and other receivables	10,124
Charitable remainder unitrust (Note 5)	342,000
Fixed assets (net of accumulated depreciation) (Notes 2h and 4)	<u>27,552</u>

Total assets	<u><u>\$2,707,921</u></u>
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Liabilities and Net Assets

Liabilities:

Accounts payable and accrued expenses	<u>\$111,734</u>
Total liabilities	<u>111,734</u>

Net assets: (Note 2b)

Unrestricted	2,102,119
Temporarily restricted (Note 5)	<u>494,068</u>
Total net assets	<u>2,596,187</u>

Total liabilities and net assets	<u><u>\$2,707,921</u></u>
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The attached notes and auditors' report are an integral part of these financial statements.

CITIZENS COMMITTEE FOR NEW YORK CITY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Unrestricted	Temporarily Restricted (Note 5)	Total
Public support:			
Corporations	\$108,500	\$175,000	\$283,500
Foundations	127,750	75,000	202,750
Individuals	28,092		28,092
Charitable remainder unitrust (Note 5)		24,000	24,000
Fundraising events (net of expenses where donors received benefits of \$113,852)	1,115,243		1,115,243
Government grants	223,050		223,050
In-kind donations (Note 2j)	159,621		159,621
Total public support	1,762,256	274,000	2,036,256
Revenue:			
Rental income	32,768		32,768
Investment income (Note 3)	5,102		5,102
Miscellaneous income	7,755		7,755
Total revenue	45,625	0	45,625
Net assets released from restriction	97,932	(97,932)	0
Total public support and revenue	1,905,813	176,068	2,081,881
Expenses:			
Program services	1,296,418		1,296,418
Management and general	213,345		213,345
Fundraising	217,622		217,622
Total expenses	1,727,385	0	1,727,385
Change in net assets from operations	178,428	176,068	354,496
Non-operating activity:			
Gain on sale of property (Note 9)	2,012,530	0	2,012,530
Change in net assets	2,190,958	176,068	2,367,026
Net assets - beginning of year - restated (Note 8)	(88,839)	318,000	229,161
Net assets - end of year	\$2,102,119	\$494,068	\$2,596,187

The attached notes and auditors' report are an integral part of these financial statements.

CITIZENS COMMITTEE FOR NEW YORK CITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Programs Services			Management and General	Fundraising	Total
	Neighborhood Resources	Partner Programs	Total Program Services			
Salaries	\$377,401	\$133,730	\$511,131	\$66,622	\$89,414	\$667,167
Payroll taxes & benefits	111,606	39,547	151,153	19,702	26,442	197,297
Awards and grants	145,314	30,142	175,456			175,456
Professional fees	161,668	10,380	172,048	49,988	2,114	224,150
Travel	9,379		9,379			9,379
Telephone	15,095	863	15,958	3,450	2,156	21,564
Occupancy	106,897	6,108	113,005	24,434	15,271	152,710
Interest	40,053	2,289	42,342	14,877		57,219
Postage and shipping	26,484		26,484	584		27,068
Insurance	9,132	522	9,654	3,392		13,046
Indirect fundraising expenses			0		75,010	75,010
Office supplies	13,967	798	14,765	3,193	1,995	19,953
Advertising and marketing	4,893	280	5,173	1,118	699	6,990
Meetings and training	1,555	466	2,021			2,021
Miscellaneous	14,412	163	14,575	18,873		33,448
Depreciation	31,466	1,808	33,274	7,112	4,521	44,907
Total	\$1,069,322	\$227,096	\$1,296,418	\$213,345	\$217,622	\$1,727,385

The attached notes and auditors' report are an integral part of these financial statements.

CITIZENS COMMITTEE FOR NEW YORK CITY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Cash flows from operating activities:	
Change in net assets	\$2,367,026
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:	
Depreciation and amortization	44,907
Appreciation of charitable remainder unitrust	(24,000)
Unrealized gain on sale of investments	(4,447)
(Increase)/decrease in assets:	
Government grants receivable	23,221
Pledges receivable	26,163
Prepaid expenses and other receivables	46,477
Increase/(decrease) in liabilities:	
Accounts payable and accrued expenses	<u>(234,416)</u>
Total adjustments	<u>(122,095)</u>
Net cash flows provided by operating activities	<u>2,244,931</u>
Cash flows from investing activities:	
Purchases of investments	(1,900,027)
Sale of fixed assets	543,911
Purchase of fixed assets	<u>(5,969)</u>
Net cash flows used for investing activities	<u>(1,362,085)</u>
Cash flows from financing activities:	
Repayment of mortgage	<u>(751,402)</u>
Net cash flows used for financing activities	<u>(751,402)</u>
Net increase in cash and cash equivalents	131,444
Cash and cash equivalents - beginning of year	<u>186,398</u>
Cash and cash equivalents - end of year	<u><u>\$317,842</u></u>
Supplemental data:	
Interest paid	<u>\$57,219</u>
Income taxes paid	<u>\$0</u>

The attached notes and auditors' report are an integral part of these financial statements.

CITIZENS COMMITTEE FOR NEW YORK CITY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Note 1 - Nature of Entity

Citizens Committee for New York City, Inc (“Citizens”) was incorporated in 1975. Its principal activity is to encourage and support volunteer activities that improve the quality of life in New York City neighborhoods. It offers grants, training, publications and technical assistance to hundreds of block, neighborhood, tenant and youth associations in the five boroughs, helping New Yorkers of all ages to form new groups, strengthen existing ones and improve their neighborhoods.

Incorporated in October, 1975 in the State of New York, Citizens is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state and local laws under comparable regulations. Citizens has been determined to be a publicly supported organization as defined in Section 509(a).

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements of Citizens have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

b. Basis of Presentation

Citizens reports information regarding its financial position and activities according to the following classes of net assets:

- *Unrestricted net assets* – represents all activity without donor imposed restrictions.
- *Temporarily restricted net assets* – accounts for activity based on specific donor restrictions that are expected to be satisfied by passage of time or performance of activities.
- *Permanently restricted net assets* – accounts for activity restricted by donors that must remain intact in perpetuity. There are no permanently restricted net assets for the year ended September 30, 2010.

c. Revenue Recognition

Citizens reports contributions when cash is received or at the time a pledge becomes unconditional in nature. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. However, when a restriction is met in the period the contribution is received, it is recorded as unrestricted.

Government grants are reviewed to determine if they have traits more commonly associated with contributions or exchange transactions. Management has determined that all government grants more closely resemble exchange transactions, and are therefore recognized as revenue when earned.

d. Cash and Cash Equivalents

For purposes of the statement of cash flows, Citizens considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

e. Concentration of Credit Risk

Financial instruments which potentially subject Citizens to concentration of credit risk consist of cash, money market accounts and investment securities. Citizens places its temporary cash and money market accounts with financial institutions that management deems to be creditworthy. Accounts are insured by either the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. At year-end and at certain times throughout the year Citizens had uninsured balances; however, they have not suffered any losses due to the failure of any of these institutions.

f. Pledges receivable

Unconditional promises to give are recorded at net realizable value if expected to be received within one year or at the fair value using a risk adjusted rate of return if expected to be received after one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All contributions at year-end are due within one year.

Based on a review of outstanding receivables and historical experience, management expects all receivables to be collected and has not established an allowance for doubtful accounts.

g. Investments

Investments with readily available market prices are carried at fair market value. Realized and unrealized gains and losses are included in income on the statement of activities.

h. Fixed Assets

Fixed assets to which Citizens retains title and capital items purchased which benefit future periods are capitalized at cost, or if donated, at the estimated fair market value at the time of donation.

Fixed assets consist of the furniture, equipment and computers, which are carried at cost and are being depreciated over their useful lives (ranging from 3 to 5 years) and lease terms using the straight-line method with a one-half year convention.

i. Accrued Vacation

Based on their tenure, employees are entitled to be paid for unused vacation time if they leave Citizens' employ, although no employee may accumulate more than twenty days of his or her annual vacation accrual. Accordingly, at each fiscal-year-end, Citizens must recognize a liability for the amount that would be incurred if

employees with such unused vacation were to leave. At September 30, 2010, this accrued vacation obligation was \$30,059.

j. In-Kind Contributions

Citizens recognizes contributions of services that either create or enhance non-financial assets, or require specialized skills, are performed by those who possess those skills and would typically have been purchased if not donated. During the year, \$65,161 of in-kind consulting services and \$67,460 of in-kind legal services have been recognized.

During the year, Citizens received the use of office space at no charge. An amount of \$27,000 has been reflected in the financial statements for an in-kind contribution and related rent expense in the financial statements, based on the estimated per square foot price for the space used during the year.

k. Advertising

Advertising expense is recognized as the expense is incurred.

l. Expense Allocation/Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. 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 Citizens.

m. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through April 12, 2011, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

n. Accounting for Uncertainty of Income Taxes

Citizens has adopted the provisions of FASB ASC 740, *Income Taxes*, which applies to positions taken or expected to be taken in a tax return. Organizations are required to recognize the effects of tax positions if they are more likely than not of being sustained. Citizens does not believe its financial statements include any uncertain tax positions.

Note 3 - Investments

Investments are carried at fair value. ASC 820 establishes a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that Citizens has the ability to access.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

At September 30, 2010, investments consisted of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Fixed income - government	\$1,333,071	\$0	\$1,333,071
Fixed income	<u>571,403</u>	<u>0</u>	<u>571,403</u>
	<u>\$1,904,474</u>	<u>\$0</u>	<u>\$1,904,474</u>
Charitable remainder unitrust	<u>\$0</u>	<u>\$342,000</u>	<u>\$342,000</u>

Investment income for the year ended September 30, 2010 is as follows:

Unrealized gains	\$4,447
Interest and dividends	2,646
Investment fees	<u>(1,991)</u>
	<u>\$5,102</u>

Note 4 - Fixed Assets

Fixed assets for the year ended September 30, 2010 consists of:

Furniture and fixtures	\$45,158
Telephone equipment	25,135
Computer equipment	88,293
Software	<u>160,396</u>
	318,982
Less: accumulated depreciation and amortization	<u>(291,430)</u>
Net fixed assets	<u>\$27,552</u>

Note 5 - Temporarily Restricted Net Assets

At September 30, 2010, temporarily restricted net assets consist of the following:

	Net Assets <u>10/1/09</u>	Additions/ Contributions	Released from Restrictions	Net Assets <u>9/30/10</u>
Program restrictions:				
Green Grants	\$0	\$150,000	(\$56,510)	\$93,490
Healthy Neighborhoods	0	25,000	(5,500)	19,500
High Foreclosure-Rate Neighborhoods	0	25,000	(2,500)	22,500
Neighborhood Improvement	0	25,000	(12,400)	12,600
Census Outreach	<u>0</u>	<u>25,000</u>	<u>(21,022)</u>	<u>3,978</u>
Total program restrictions	0	250,000	(97,932)	152,068
Time restrictions:				
Charitable Remainder Unitrust	<u>318,000</u>	<u>24,000</u>	<u>0</u>	<u>342,000</u>
Total	<u>\$318,000</u>	<u>\$274,000</u>	<u>(\$97,932)</u>	<u>\$494,068</u>

In October, 1996, a charitable remainder unitrust was established by a member of the Board of Directors. When the terms of the unitrust are completed, 85% of the principal of the trust will be distributed to Citizens to be used for its general charitable purposes. Using Internal Revenue Service actuarial tables, a calculation of the present value of the underlying assets was made to determine fair value.

Note 6 - Commitments and Contingencies

Government funded activities are subject to audit by applicable granting agencies. Management does not believe that any future audits will result in disallowed costs and has not established any reserves. Any future payments that result from such audits will be recognized once amounts payable become known.

Citizens is a defendant in two legal actions arising out of the normal course of its operations. Although the final outcome of such actions cannot currently be determined, Citizens' management believes that the eventual liability, if any, will be fully covered by insurance.

Citizens was obligated to make payments on a non-cancelable lease for photocopiers through the year 2013. Subsequent to year-end Citizens paid the lessor \$39,000 in consideration to terminate the lease.

Note 7 - Employee Benefit Plan

Beginning in 2003, Citizens initiated a non-contributory (employer-funded) 403(b) retirement plan (the "Plan"). All employees are eligible to participate in a contributory (employee-only) 403(b) tax deferred retirement savings plan and may contribute up to the maximum amount allowed by the Internal Revenue Service of their includable salaries. To encourage employee loyalty and retention, the Plan establishes a basic contribution portion in which Citizens, at its discretion, contributes a fixed percentage of gross salary, per pay period, for each eligible employee, regardless of whether the employee contributes to the Plan. In addition, to encourage the employee to contribute

toward his or her own future, the Plan has a contribution matching element which is based upon matching the eligible employee's contribution to the Plan, dollar for dollar, up to a maximum fixed percentage of gross salary. During the year ended September 30, 2010, Citizens incurred a total expense of \$21,099 for all benefit plans.

Note 8 - Prior Period Adjustment

Several adjustments have been made to correct the opening balance of net assets, as follows:

	As originally stated	Restatement	As restated
Unrestricted	(\$211,270)	\$122,431 (b)	(\$88,839)
Temporarily restricted	\$318,000	\$0	\$318,000
Permanently restricted	\$75,000	(\$75,000)(a)	\$0

- a) A grant in the amount of \$75,000 that contained a donor restriction that had been satisfied in a prior year was erroneously recorded in the permanently restricted class of net assets.
- b) In addition to the grant referred to in (a), several revenue accounts that totaled \$47,431 were adjusted to reflect income in the proper period.

Note 9 - Sale of Property

In September, 2010, Citizens sold an office condominium and retired the related mortgage.

The following summarizes the transaction:

Gross proceeds	\$2,667,131
Satisfaction of mortgage	(740,903)
Payment for accrued interest	(7,409)
Closing cost	<u>(110,690)</u>
Net proceeds	<u>\$1,808,129</u>

The gain on that sale is reflected as non-operating activity on the statement of activities, and was computed as follows:

Gross proceeds	\$2,667,131
Less: cost (net of accumulated depreciation)	(543,911)
Less: closing costs	<u>(110,690)</u>
Net proceeds	<u>\$2,012,530</u>

Note 10 - Significant Concentration

Approximately 53% of total revenue was received from special events. Expenses of the special event where the donors received direct benefits have been netted with gross revenue. Expenses of the special events that had an indirect benefit to the donors have been included as fundraising expenses.