

**CITIZENS
COMMITTEE
FOR NEW
YORK CITY**

Audited Financial Statements

September 30, 2014



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Citizens Committee for New York City, Inc. ("Citizens") which comprise the statement of financial position as of September 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization'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.

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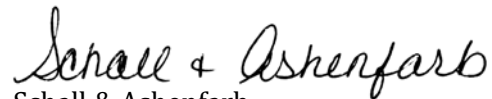
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citizens Committee for New York City, Inc. as of September 30, 2014 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Citizen's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 8, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.


Schall & Ashenfarb
Certified Public Accountants, LLC

April 7, 2015

CITIZENS COMMITTEE FOR NEW YORK CITY, INC.
STATEMENT OF FINANCIAL POSITION
AT SEPTEMBER 30, 2014
(With comparative totals for September 30, 2013)

	<u>9/30/14</u>	<u>9/30/13</u>
Assets		
Current assets:		
Cash and cash equivalents	\$919,187	\$517,649
Investments (Note 3)	3,576,288	3,114,455
Government grants receivable	0	139,500
Pledges receivable	179,781	87,962
Prepaid expenses and other receivables	29,000	33,213
Charitable remainder unitrust (Note 6)	420,000	398,000
Fixed assets (net of accumulated depreciation) (Note 4)	<u>17,076</u>	<u>35,472</u>
 Total assets	 <u><u>\$5,141,332</u></u>	 <u><u>\$4,326,251</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$108,291	\$130,937
Deferred rent	44,743	38,406
Other liabilities (Note 5)	<u>22,476</u>	<u>6,331</u>
Total liabilities	<u><u>175,510</u></u>	<u><u>175,674</u></u>
Net assets:		
Unrestricted	4,185,822	3,607,577
Temporarily restricted (Note 6)	<u>780,000</u>	<u>543,000</u>
Total net assets	<u><u>4,965,822</u></u>	<u><u>4,150,577</u></u>
 Total liabilities and net assets	 <u><u>\$5,141,332</u></u>	 <u><u>\$4,326,251</u></u>

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, 2014
(With comparative totals for the year ended September 30, 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted (Note 6)</u>	<u>Total 9/30/14</u>	<u>Total 9/30/13</u>
Public support:				
Contributions	\$516,276	\$562,533	\$1,078,809	\$1,218,777
Charitable remainder unitrust (Note 6)		22,000	22,000	(22,000)
Fundraising events (net of direct expenses) (Note 9)	1,328,706		1,328,706	1,075,793
Government grants	106,644		106,644	248,501
In-kind donations (Note 2k)	4,200		4,200	7,000
Total public support	<u>1,955,826</u>	<u>584,533</u>	<u>2,540,359</u>	<u>2,528,071</u>
Revenue:				
Investment income (Note 3)	212,786		212,786	94,248
Workshops and volunteer events	80,731		80,731	56,074
Total revenue	<u>293,517</u>	<u>0</u>	<u>293,517</u>	<u>150,322</u>
Net assets released from restriction	<u>347,533</u>	<u>(347,533)</u>	<u>0</u>	<u>0</u>
Total public support and revenue	<u>2,596,876</u>	<u>237,000</u>	<u>2,833,876</u>	<u>2,678,393</u>
Expenses:				
Program services	1,606,237		1,606,237	1,952,628
Supporting services:				
Management and general	156,504		156,504	200,812
Fundraising	255,890		255,890	279,492
Total supporting services	<u>412,394</u>	<u>0</u>	<u>412,394</u>	<u>480,304</u>
Total expenses	<u>2,018,631</u>	<u>0</u>	<u>2,018,631</u>	<u>2,432,932</u>
Change in net assets	578,245	237,000	815,245	245,461
Net assets - beginning of year	<u>3,607,577</u>	<u>543,000</u>	<u>4,150,577</u>	<u>3,905,116</u>
Net assets - end of year	<u>\$4,185,822</u>	<u>\$780,000</u>	<u>\$4,965,822</u>	<u>\$4,150,577</u>

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, 2014
(With comparative totals for the year ended September 30, 2013)

	<u>Supporting Services</u>			Total Expenses 9/30/14	Total Expenses 9/30/13	
	Program Services	Management and General	Fundraising			Total
Salaries	\$529,272	\$40,319	\$95,908	\$136,227	\$665,499	\$634,168
Payroll taxes & benefits	170,622	12,998	30,918	43,916	214,538	217,851
Awards and grants	652,635			0	652,635	929,292
Professional fees (including in-kind of \$4,200)	29,970	65,706	300	66,006	95,976	166,858
Neighborhood recruitment	6,250			0	6,250	93,750
Travel and meals	8,618			0	8,618	17,132
Telephone	17,895	1,363	3,243	4,606	22,501	23,132
Occupancy	109,240	8,322	19,795	28,117	137,357	113,951
Postage and shipping	8,055			0	8,055	10,194
Insurance	4,514	344	818	1,162	5,676	5,294
Special events			98,354	98,354	98,354	98,922
Office supplies	9,449	720	1,712	2,432	11,881	22,505
Advertising and marketing		8,660	1,899	10,559	10,559	7,098
Meetings and training	35,911			0	35,911	25,322
Moving expenses				0	0	1,614
Miscellaneous	7,566	16,835		16,835	24,401	43,701
Depreciation	16,240	1,237	2,943	4,180	20,420	22,148
Total	\$1,606,237	\$156,504	\$255,890	\$412,394	\$2,018,631	\$2,432,932

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, 2014
(With comparative totals for the year ended September 30, 2013)

	<u>9/30/14</u>	<u>9/30/13</u>
Cash flows from operating activities:		
Change in net assets	\$815,245	\$245,461
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Depreciation	20,420	22,148
Depreciation/(appreciation) of charitable remainder unitrust	(22,000)	22,000
Unrealized gain on sale of investments	(43,790)	(982)
Realized (gain)/loss on investments	(117,144)	18,028
(Increase)/decrease in assets:		
Government grants receivable	139,500	(139,500)
Pledges receivable	(91,819)	(39,749)
Prepaid expenses and other receivables	4,213	16,920
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	(22,646)	15,322
Deferred rent	6,337	22,530
Other liabilities	16,145	6,331
Total adjustments	<u>(110,784)</u>	<u>(56,952)</u>
Net cash flows provided by operating activities	<u>704,461</u>	<u>188,509</u>
Cash flows from investing activities:		
Purchases of investments/reinvested dividends	(383,655)	(2,322,484)
Sale of investments	82,756	1,113,321
Purchase of fixed assets	(2,024)	(16,044)
Net cash flows used for investing activities	<u>(302,923)</u>	<u>(1,225,207)</u>
Net increase/(decrease) in cash and cash equivalents	401,538	(1,036,698)
Cash and cash equivalents - beginning of year	<u>517,649</u>	<u>1,554,347</u>
Cash and cash equivalents - end of year	<u>\$919,187</u>	<u>\$517,649</u>

Supplemental data:

For the years ended September 30, 2014 and 2013 there was no interest or income taxes paid.

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, 2014

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 which is the process of recording revenue, public support and expenses when earned or incurred rather than when received or paid.

b. Basis of Presentation

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

- *Unrestricted* – represents all activity without donor imposed restrictions.
- *Temporarily restricted* – accounts for activity based on specific donor restrictions that are expected to be satisfied by passage of time or performance of activities.
- *Permanently restricted* – 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, 2014 or September 30, 2013.

c. Revenue Recognition

Citizens reports contributions at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions that are restricted by the donor have been reported as increases in temporarily restricted net assets. 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 contain traits more commonly associated with contributions or exchange transactions. Management has determined that all government grants are exchange transactions, and are therefore recognized as revenue when earned. The difference between cash received and

amounts recognized as government grant income are recorded as government grants receivable or advances.

d. Cash and Cash Equivalents

Citizens considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents, excluding amounts held with brokers for investments.

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, which have been placed with financial institutions that management deems to be creditworthy. Investments are subject to market fluctuations and principal is not guaranteed. 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, if material, at the fair value using a risk adjusted present value technique if expected to be received in more than 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 are reflected at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. 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 value at the time of donation.

Fixed assets consist of furniture, equipment and computers, which are carried at cost and are 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' employment, although no employee may accumulate more than thirty days of his or her annual vacation accrual. Accordingly, the financial statements reflect a liability for the amount that would be paid out if employees with such unused vacation were to leave. At September 30, 2014 and September 30, 2013, this accrued vacation obligation was \$29,250 and \$29,902, respectively.

- j. Deferred Rent
Rent expense is recorded on the straight-line basis and recognized evenly over the life of the lease. Rent expense recognized in excess of cash payments is reflected as deferred rent. As future payments exceed the annual expense recognized, deferred rent will be reduced to zero by the end of the lease term.
- k. In-Kind Contributions
Citizens recognizes contributions of services that 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 ended September 30, 2014 and 2013 \$4,200 and \$7,000 of in-kind legal services were recognized, respectively.
- l. Advertising
Advertising expense is recognized as incurred.
- m. 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.
- n. Expense Allocation
The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. 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.
- o. Summarized Comparative Information
The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Citizens' financial statements for the year ended September 30, 2013 from which the summarized information was derived.
- p. Subsequent Events
Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through April 7, 2015 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.
- q. Accounting for Uncertainty of Income Taxes
Citizens does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending September 30, 2011 and later are subject to examination by applicable taxing authorities.

Note 3 - Investments

Accounting standards have established 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.

The following summarizes the composition of investments:

	<u>September 30, 2014</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market	\$84,727	\$0	\$84,727
Equity mutual funds	508,242	0	508,242
Corporate bonds	0	2,360,762	2,360,762
Preferred stock	95,480	0	95,480
Equity	<u>527,077</u>	<u>0</u>	<u>527,077</u>
	<u>\$1,215,526</u>	<u>\$2,360,762</u>	<u>\$3,576,288</u>
Charitable remainder unitrust	<u>\$0</u>	<u>\$420,000</u>	<u>\$420,000</u>

	<u>September 30, 2013</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market	\$172,617	\$0	\$172,617
Equity mutual funds	415,880	0	415,880
Corporate bonds	0	2,104,363	2,104,363
Equity	<u>421,595</u>	<u>0</u>	<u>421,595</u>
	<u>\$1,010,092</u>	<u>\$2,104,363</u>	<u>\$3,114,455</u>
Charitable remainder unitrust	<u>\$0</u>	<u>\$398,000</u>	<u>\$398,000</u>

Investment income is as follows:

	<u>9/30/14</u>	<u>9/30/13</u>
Unrealized gain	\$43,790	\$982
Realized gain/(loss) on sales	117,144	(18,028)
Interest and dividends	68,476	113,551
Investment fees	<u>(16,624)</u>	<u>(2,257)</u>
Total investment income	<u>\$212,786</u>	<u>\$94,248</u>

Note 4 - Fixed Assets

Fixed assets consist of:

	<u>9/30/14</u>	<u>9/30/13</u>
Furniture and fixtures	\$43,711	\$43,711
Telephone equipment	25,135	25,135
Computer equipment	111,521	109,497
Software	160,396	160,396
Office and video equipment	<u>45,158</u>	<u>45,158</u>
	385,921	383,897
Less: accumulated depreciation	<u>(368,845)</u>	<u>(348,425)</u>
Net fixed assets	<u>\$17,076</u>	<u>\$35,472</u>

Note 5 - Other Liabilities

Citizens acts as the fiscal conduit for an unrelated organization. Citizens records the funds received as a liability and then reduces the liability as they disburse on behalf of the organization.

Note 6 - Temporarily Restricted Net Assets

The following schedule summarizes temporarily restricted net assets:

	<u>September 30, 2014</u>			
	Net Assets <u>10/1/13</u>	Contributions/ Other Changes	Released from Restrictions	Net Assets <u>9/30/14</u>
Program restrictions:				
Environmental	\$100,000	\$290,000	(\$200,000)	\$190,000
Love Your City	0	35,000	0	35,000
Healthy Neighborhoods	0	50,000	0	50,000
Neighborhood Improvement	0	112,533	(102,533)	10,000
Living Classroom	25,000	0	(25,000)	0
Census Outreach	<u>20,000</u>	<u>0</u>	<u>(20,000)</u>	<u>0</u>
Total program restrictions	<u>145,000</u>	<u>487,533</u>	<u>(347,533)</u>	<u>285,000</u>
Time restrictions:				
Charitable Remainder Unitrust	398,000	22,000	0	420,000
Other	<u>0</u>	<u>75,000</u>	<u>0</u>	<u>75,000</u>
Total time restrictions	<u>398,000</u>	<u>97,000</u>	<u>0</u>	<u>495,000</u>
Total	<u>\$543,000</u>	<u>\$584,533</u>	<u>(\$347,533)</u>	<u>\$780,000</u>

September 30, 2013

	Net Assets <u>10/1/12</u>	Contributions/ Other Changes	Released from Restrictions	Net Assets <u>9/30/13</u>
Program restrictions:				
Environmental	\$100,000	\$100,000	(\$100,000)	\$100,000
Youth and Schools	25,000	0	(25,000)	0
Strengthening Technology				
Infrastructure	77,625	0	(77,625)	0
Living Classroom	0	25,000	0	25,000
Census Outreach	<u>40,000</u>	<u>0</u>	<u>(20,000)</u>	<u>20,000</u>
Total program restrictions	242,625	125,000	(222,625)	145,000
Time restrictions:				
Charitable Remainder Unitrust	<u>420,000</u>	<u>(22,000)</u>	<u>0</u>	<u>398,000</u>
Total	<u>\$662,625</u>	<u>\$103,000</u>	<u>(\$222,625)</u>	<u>\$543,000</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 7 - Commitments and Contingencies

a. Program Audits

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.

b. Commitments

In the normal course of business, legal actions occur. Based on advice of legal counsel, management does not believe any exposure to legal matters will have a material impact on the financial statements and has not recorded liabilities within the accompanying financial statements.

Citizens entered into a non-cancelable lease agreement in June 2012 for office space in New York, New York. The lease runs through March 2021.

Future minimum payments are as follows:

Year ending:	September 30, 2015	\$90,623
	September 30, 2016	92,327
	September 30, 2017	102,554
	September 30, 2018	105,963
	September 30, 2019	107,667
Thereafter		<u>164,768</u>
		<u>\$663,902</u>

Note 8 - Employee Benefit Plan

Beginning in 2003, Citizens initiated a non-contributory (employer-funded) 403(b) retirement plan that was both employee and employer funded through December 31, 2012. At December 31, 2012, this plan was terminated by Citizens and a new contributory 401(k) profit sharing retirement plan (the "Plan") became effective January 1, 2013. Under the new Plan, employees become eligible to participate after completing one year of service. 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. In addition, there is a profit sharing match component of the Plan whereby Citizens makes a discretionary match annually to each eligible employee's retirement based on a pro rata share of the individual's compensation compared to Citizens' total compensation for the year. During the years ended September 30, 2014 and September 30, 2013, Citizens incurred a total expense of \$33,095 and \$24,133, respectively, for contributions to the plan. The totals for September 30, 2014 and September 30, 2013 include a \$17,212 and \$12,725 profit sharing match component from Citizens of which \$13,094 and \$12,725 are included in accounts payable and accrued expenses at fiscal year-end 2014 and 2013, respectively.

Note 9 - Significant Concentration

In 2014 and 2013, approximately 50% and 40%, respectively, of total revenue was received from special events. A summary of the special events is as follows:

	<u>Year Ended September 30, 2014</u>		
	<u>Gala</u>	<u>Summer Cocktail</u>	<u>Total</u>
Gross revenue	\$1,346,668	\$93,916	\$1,440,584
Expenses where donor received direct benefit	<u>(81,931)</u>	<u>(29,947)</u>	<u>(111,878)</u>
	1,264,737	63,969	1,328,706
Other expenses of event	<u>(98,354)</u>	<u>0</u>	<u>(98,354)</u>
Net fundraising event	<u>\$1,166,383</u>	<u>\$63,969</u>	<u>\$1,230,352</u>
	<u>Year Ended September 30, 2013</u>		
	<u>Gala</u>	<u>Summer Cocktail</u>	<u>Total</u>
Gross revenue	\$1,083,354	\$110,600	\$1,193,954
Expenses where donor received direct benefit	<u>(92,905)</u>	<u>(25,256)</u>	<u>(118,161)</u>
	990,449	85,344	1,075,793
Other expenses of event	<u>(92,039)</u>	<u>(6,883)</u>	<u>(98,922)</u>
Net fundraising event	<u>\$898,410</u>	<u>\$78,461</u>	<u>\$976,871</u>