

Audited Financial Statements  
and Supplemental Schedules

Citizens Union Foundation of the  
City of New York

December 31, 2014 and 2013

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK  
FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

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MAIER  
MARKEY &  
JUSTICE LLP  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Citizens Union Foundation of the City of New York (a New York nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citizens Union Foundation of the City of New York as of December 31, 2014 and 2013, 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.

***Report on Supplementary information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 15 and 16 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Maur Markey & Justice LLP*

White Plains, New York  
April 7, 2015

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2014 AND 2013**

	2014	2013
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 603,843	\$ 752,379
Cash - investments	33,181	35,915
Investments	519,551	503,169
Contributions receivable, less allowance for doubtful accounts of \$20,000	87,973	101,506
Grants receivable	45,000	62,500
Due from affiliate - straight-line rent (Note 3)	11,327	15,749
Due from affiliate - other expenses (Note 3)	828	611
Deposits	29,748	29,082
Prepaid expenses and other assets	7,983	8,135
Property and equipment - net	4,504	4,196
Total assets	\$ 1,343,938	\$ 1,513,242
<b><u>LIABILITIES</u></b>		
Accounts payable and accrued expenses	\$ 65,829	\$ 63,851
Straight-line rent liability	78,740	100,848
Deferred revenue	51,250	113,750
Total liabilities	195,819	278,449
<b><u>NET ASSETS</u></b>		
Unrestricted	472,134	572,697
Unrestricted - Board designated	672,985	659,096
Temporarily restricted	3,000	3,000
Total net assets	1,148,119	1,234,793
Total liabilities and net assets	\$ 1,343,938	\$ 1,513,242

See accompanying notes and auditor's report.

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
<b>UNRESTRICTED NET ASSETS:</b>		
<u>Unrestricted revenues and gains</u>		
Contributions	278,786	\$ 285,566
Grant revenue	112,500	171,250
Event income	597,772	801,036
Advertising income	20,538	21,195
Interest income	10,236	4,159
Investment income	4,004	9,582
<b>TOTAL UNRESTRICTED REVENUES, GAINS, AND OTHER SUPPORT</b>	<b>1,023,836</b>	<b>1,292,788</b>
 <u>EXPENSES</u>		
Gotham Gazette program	372,968	390,734
Other program activities	404,498	397,699
General and administrative	86,373	87,343
Fundraising	104,697	142,596
Event expense	141,974	187,836
<b>TOTAL EXPENSES</b>	<b>1,110,510</b>	<b>1,206,208</b>
<b>INCREASE/(DECREASE) IN UNRESTRICTED NET ASSETS</b>	<b>(86,674)</b>	<b>86,580</b>
<b>TEMPORARILY RESTRICTED NET ASSETS:</b>		
Decrease to temporarily restricted net assets	-	(53,000)
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<b>-</b>	<b>(53,000)</b>
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	<b>(86,674)</b>	<b>33,580</b>
Net assets at beginning of year	1,234,793	1,201,213
Net assets at end of year	<b>\$ 1,148,119</b>	<b>\$ 1,234,793</b>

See accompanying notes and auditor's report.

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase/(decrease) in net assets	\$ (86,674)	\$ 33,580
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,470	6,364
Unrealized gain on investments	(3,994)	(9,582)
(Increase) decrease in:		
Contributions receivable	13,533	(22,239)
Grants receivable	17,500	(32,500)
Due from affiliate - straight-line rent	4,422	1,769
Due from affiliate - other expenses	(217)	925
Deposits	(666)	(2,819)
Prepaid expenses and other assets	152	(28)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,978	(5,967)
Straight-line rent liability	(22,108)	(8,424)
Deferred revenue	(62,500)	63,750
Net cash provided/(used) by operating activities	(136,104)	24,829
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(2,778)	-
Purchase of investments	(12,388)	(493,587)
Net cash provided/(used) by investing activities	(15,166)	(493,587)
 Net increase/(decrease) in cash and cash equivalents	(151,270)	(468,758)
 Cash and cash equivalents at beginning of year	788,294	1,257,052
Cash and cash equivalents at end of year	\$ 637,024	\$ 788,294

See accompanying notes and auditor's report.

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

Note 1 - Summary of significant accounting policies

Organization and exempt status

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

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

Income Taxes

In accordance with Financial Accounting Standards Board Codification Topic 740, *Accounting for Income Taxes*, entities are required to disclose in their financial statements the nature of any uncertainty in their tax position. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize their tax exempt status. CUF’s accounting policy for evaluating uncertain tax positions is in accordance with generally accepted accounting principles. CUF has not recognized any benefits from uncertain tax positions in 2014 or 2013 and believes it has no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the statement of financial position date.

Cash equivalents

For purposes of the statements of cash flows, CUF considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Property and equipment

Property and equipment is recorded at cost. Contributions of property and equipment are recorded at fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Expenditures for maintenance and repairs are charged to expense, and renewals and betterments are capitalized. Upon sale or retirement, the cost of the asset and the related accumulated depreciation are removed from the accounts, and the remaining gain or loss is included in the results of operations.



**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

Note 1 - Summary of significant accounting policies (continued)

Promises to give and revenue recognition

Contributions are recognized when the donor makes a promise to give to CUF that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional allocation of expenses

The costs of program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs, general and administration and fundraising.

Contributions receivable

Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at present value of the amount expected to be collected.

CUF allows for estimated losses on accounts receivable based on prior bad debt experience and subsequent collections. Uncollectible accounts are charged against the allowance account as realized.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support and expenses during the reporting period. Actual results could differ from those estimates.

Deferred revenue

Deferred revenue has been recorded as a result of CUF receiving funding for future programs that is conditional upon the programs taking place.

Classification of net assets

The net assets of CUF and changes therein are classified as follows:

Unrestricted net assets – All funds not restricted by a donor or grantor and assets not limited through contractual control or under debt agreements are classified as unrestricted.

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

Note 1 - Summary of significant accounting policies (continued)

Temporarily restricted net assets – Temporarily restricted net assets are those whose use by CUF has been limited by donors to a specific time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as a net asset released from restrictions. Contributions, which include unconditional promises to give (pledges), are recognized as revenue in the period received. Contributions with donor-imposed restrictions that are met in the same year as received are reported as contributions in the accompanying financial statements.

Permanently restricted net assets – Permanently restricted net assets are those assets, which have a donor-imposed restriction stipulating that resources be maintained permanently. CUF currently has no permanently restricted net assets.

Note 2 – Investments

In 2013 CUF adopted an investment policy consistent with the standards of prudent management of investment assets set forth in New York Prudent Management of Institutional Funds Act (“NYPMIFA”) enacted by New York State in 2010. CUF maintains a “board designated” unrestricted fund that it treats as an institutional reserve fund. A significant portion of that fund has been invested according to the policy the Board adopted in 2013.

Investments at December 31, 2014 consist of the following:

	<u>Cost</u>	<u>Market Value</u>
Mutual funds	\$ 51,427	\$ 49,489
Exchange traded funds	454,811	470,062
	<u>\$ 506,238</u>	<u>\$ 519,551</u>

Investments at December 31, 2013 consist of the following:

	<u>Cost</u>	<u>Market Value</u>
Mutual funds	\$ 50,050	\$ 49,850
Exchange traded funds	443,800	453,319
	<u>\$ 493,850</u>	<u>\$ 503,169</u>

Investment return for the year ended December 31, is summarized as follows:

	<u>2014</u>	<u>2013</u>
Unrealized gain	\$ 3,994	\$ 9,582

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

Note 2 – Investments (continued)

The following table summarizes the levels in the fair value hierarchy that the CUF’s investments fall into as of December 31, 2014:

<u>Type</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Mutual funds	\$ 49,489	\$ -	\$ -	\$ 49,489
Exchange traded funds	470,062	-	-	470,062
	<u>\$ 519,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 519,551</u>

The following table summarizes the levels in the fair value hierarchy that the CUF’s investments fall into as of December 31, 2013:

<u>Type</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Mutual funds	\$ 49,850	\$ -	\$ -	\$ 49,850
Exchange traded funds	453,319	-	-	453,319
	<u>\$ 503,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 503,169</u>

Accounting standards require enhanced disclosures about investments that are measured and reported at fair value. A hierarchal disclosure framework has been established, which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. All of CUF’s investments are classified as Level I, which is as follows:

*Level I* — Quoted prices (unadjusted) are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities, securities and listed derivatives. CUF does not adjust the quoted price for these investments, even in situations where CUF holds a large position and a sale could reasonably impact the quoted price.

Included in investments is \$33,181 and \$35,915 in cash for the years ended December 31, 2014 and 2013, respectively.

Note 3 – Affiliation with Citizens Union of the City of New York

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

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

Note 3 – Affiliation with Citizens Union of the City of New York (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 staffs of the two organizations maintain records of the time spent on each activity and allocate expenses based upon employee hours.

Amounts due to CUF from CU totaled \$12,154 and \$16,360 at December 31, 2014 and 2013, respectively. Of these amounts, \$11,325 and \$15,749 can be attributed, respectively, to the accrued rent liability of future years owed by CU to CUF for the years ended December 31, 2014 and 2013. The owed amounts of \$11,327 and \$15,749 are due to annual accruals since the inception of the lease. These balances are non-cash obligations and will be reduced to zero by the end of the lease in 2018 (see Note 6).

The other amounts of \$828 and \$611 for the years ended December 31, 2014 and 2013, respectively, consist of shared operating expenses that were fully reimbursed in early 2015 and 2014, respectively.

Note 4 – Concentration of credit risk

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

Note 5 – Property and equipment – net

Property and equipment – net consists of the following at December 31<sup>st</sup>:

	<u>2014</u>	<u>2013</u>
Equipment	\$ 41,901	\$ 41,901
Computers	46,461	43,683
Software	17,158	17,158
Furniture and fixtures	30,057	30,057
Leasehold improvements	<u>4,720</u>	<u>4,720</u>
	140,297	137,519
Less: Accumulated depreciation	<u>(135,793)</u>	<u>(133,323)</u>
Property and equipment - net	<u>\$ 4,504</u>	<u>\$ 4,196</u>

Depreciation amounted to \$2,470 and \$6,364 in 2014 and 2013, respectively.

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

Note 6 – Commitments

CUF leases office space under the terms of a lease which expires in 2018. Rent expense related to this lease was \$135,340 and \$130,566 for the years ended December 31, 2014 and 2013, respectively. The rental agreement provides for reduced rent in the early years and escalations in the later years. CUF records rent on a straight-line basis. The accrued rent liability balance relates to the rent expense which has been recorded in excess of the amounts paid, and is presented in the statement of financial position as other liabilities. The balance relating to accrued rent liability was \$78,740 and \$100,848 at December 31, 2014 and 2013, respectively.

Minimum future payments under the lease for years ended December 31<sup>st</sup> are as follows:

2015	\$ 142,649
2016	145,948
2017	149,330
2018	<u>113,936</u>
	<u>\$ 551,863</u>

CU paid \$38,257 and \$36,477 in rent to CUF in 2014 and 2013, respectively.

Note 7 – Concentrations of support

CUF received \$597,772 and \$801,036 in revenue in 2014 and 2013, respectively, as a result of fundraising efforts in relation to the annual dinner and the spring event. Revenue from the annual dinner and the spring event represented approximately 58% and 62% of all revenue for the years ended December 31, 2014 and 2013, respectively.

Note 8 – Concentrations of contributions and grants receivable

As of December 31, 2014, pledges from six donors represented 61% of contributions receivable. Pledges from three donors represented 64% of contributions receivable as of December 31, 2013.

The full balance of grants receivable was from RBC Capital Markets at December 31, 2014 and Robert Sterling Clark Foundation at December 31, 2013.

Note 9 – Retirement benefits

CUF maintains a simplified employee pension plan (SEP-IRA). Upon one year of service, employees of CUF who earn in excess of \$450 are eligible for contributions to the plan. At the discretion of the Board of Directors, CUF may make a discretionary contribution equal to a percentage of the participants' salary. CUF contributed 4% of each eligible employee's salary in 2014 and 2013. Expenses related to retirement contributions were \$15,009 and \$18,633 for the year ended December 31, 2014 and 2013, respectively, and are included in salaries, taxes and benefits.

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK**  
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**DECEMBER 31, 2014 AND 2013**

Note 10 – Board Designated Institutional Reserve Fund

CUF's institutional reserve fund was designated by the Board of Directors, in an amount originally totaling \$500,000, as a separate organizational fund to be invested in accordance with its investment policy (see Note 2) and used for purposes approved by the Board.

Strategies Employed for Achieving Return Objectives

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

Spending Policy

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

Note 11 – Subsequent events

Management has evaluated all subsequent events or transactions for potential recognition or disclosure through April 7, 2015, the date these financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Gotham Gazette</u> <u>program</u>	<u>Other program</u> <u>activities</u>	<u>General and</u> <u>administrative</u>	<u>Fundraising</u>	<u>Event</u> <u>expenses</u>	<u>Total</u>
Salaries, taxes and benefits	\$ 265,082	\$ 289,210	\$ 54,630	\$ 68,062	\$ -	\$ 676,984
Rent and related expenses	52,783	58,196	10,827	13,534	-	135,340
Programs/Events	7	3,876	206	3,103	141,974	149,166
Professional fees	30,076	20,971	15,637	1,173	-	67,857
Office expense	6,587	10,496	852	8,759	-	26,694
Telephone	4,788	4,271	506	914	-	10,479
Depreciation	963	1,062	198	247	-	2,470
Travel and meetings	1,332	5,481	1,020	2,900	-	10,733
Computer expense	7,141	3,206	243	759	-	11,349
Printing and mailing	329	2,820	1,293	2,204	-	6,646
Insurance	3,292	3,629	675	844	-	8,440
Postage	588	1,280	286	2,198	-	4,352
	<u>\$ 372,968</u>	<u>\$ 404,498</u>	<u>\$ 86,373</u>	<u>\$ 104,697</u>	<u>\$ 141,974</u>	<u>\$ 1,110,510</u>

See accompanying auditor's report.



**CITIZENS UNION FOUNDATION OF THE CITY OF NEW YORK  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Gotham Gazette</u> <u>program</u>	<u>Other program</u> <u>activities</u>	<u>General and</u> <u>administrative</u>	<u>Fundraising</u>	<u>Event</u> <u>expenses</u>	<u>Total</u>
Salaries, taxes and benefits	\$ 278,866	\$ 310,063	\$ 56,806	\$ 88,503	\$ -	\$ 734,238
Rent and related expenses	49,615	54,838	10,445	15,668	-	130,566
Programs/Events	-	2,410	-	2,257	187,836	192,503
Professional fees	36,270	5,098	15,361	16,784	-	73,513
Office expense	7,151	8,358	1,656	9,110	-	26,275
Telephone	3,857	3,621	420	1,173	-	9,071
Depreciation	2,420	2,672	509	763	-	6,364
Travel and meetings	1,558	3,070	799	3,554	-	8,981
Computer expense	6,187	2,101	301	641	-	9,230
Printing and mailing	1,508	1,660	269	1,468	-	4,905
Insurance	2,813	3,109	592	888	-	7,402
Postage	489	699	185	1,787	-	3,160
	<u>\$ 390,734</u>	<u>\$ 397,699</u>	<u>\$ 87,343</u>	<u>\$ 142,596</u>	<u>\$ 187,836</u>	<u>\$ 1,206,208</u>

See accompanying auditor's report.