

EISNERAMPER

CITIZENS BUDGET COMMISSION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017 and 2016



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Citizens Budget Commission, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Citizens Budget Commission, Inc. ("CBC"), which comprise of the statements of financial position as of December 31, 2017 and 2016, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

CBC's 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 CBC'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 CBC'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 the Citizens Budget Commission, Inc. as of December 31, 2017 and 2016, 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.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
June 20, 2018



CITIZENS BUDGET COMMISSION, INC.

Statements of Financial Position

	December 31,	
	2017	2016
ASSETS		
Cash and cash equivalents	\$ 622,111	\$ 405,291
Pledges receivable - fellows program (see Note C)		18,750
Contributions receivable	47,950	44,000
Investments	7,270,799	6,611,424
Prepaid expenses and other current assets	56,413	55,466
Website costs, net of accumulated amortization	166,219	198,508
Property and equipment, net	<u>1,814</u>	<u>9,741</u>
	<u>\$ 8,165,306</u>	<u>\$ 7,343,180</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 60,278	\$ 85,708
Deferred rent obligation	<u>45,358</u>	<u>68,037</u>
	<u>105,636</u>	<u>153,745</u>
Commitments (see Note J)		
Net assets:		
Unrestricted:		
Undesignated, available for general activities	5,307,058	4,497,990
Board-designated	<u>2,000,000</u>	<u>2,000,000</u>
Total unrestricted	7,307,058	6,497,990
Temporarily restricted	<u>752,612</u>	<u>691,445</u>
	<u>8,059,670</u>	<u>7,189,435</u>
	<u>\$ 8,165,306</u>	<u>\$ 7,343,180</u>

CITIZENS BUDGET COMMISSION, INC.

Statements of Activities

	Year Ended December 31,					
	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Operating activities:						
Public support and revenue:						
Contributions and grants	\$ 1,111,900	\$ 180,000	\$ 1,291,900	\$ 995,257	\$ 118,000	\$ 1,113,257
Annual trustee dinner (net of direct benefit to donors of \$232,450 and \$197,980 for 2017 and 2016, respectively)	1,215,375	345,500	1,560,875	1,011,950	241,000	1,252,950
Investment income, spending policy	268,224		268,224	254,647		254,647
Miscellaneous income			0	339		339
Total public support and revenue before net assets released from restrictions	2,595,499	525,500	3,120,999	2,262,193	359,000	2,621,193
Net assets released from restrictions	464,333	(464,333)	0	447,222	(447,222)	0
Total public support and revenue	3,059,832	61,167	3,120,999	2,709,415	(88,222)	2,621,193
Expenses:						
Program services	2,334,544		2,334,544	1,932,196		1,932,196
General and administrative	253,966		253,966	236,856		236,856
Fund-raising	173,706		173,706	165,242		165,242
Total expenses	2,762,216		2,762,216	2,334,294		2,334,294
Change in net assets before nonoperating activities	297,616	61,167	358,783	375,121	(88,222)	286,899
Non-operating activities						
Investment income, net of authorized spending rate (see Note B)	511,452		511,452	180,615		180,615
Change in net assets	809,068	61,167	870,235	555,736	(88,222)	467,514
Net assets, beginning of year	6,497,990	691,445	7,189,435	5,942,254	779,667	6,721,921
Net assets, end of year	<u>\$ 7,307,058</u>	<u>\$ 752,612</u>	<u>\$ 8,059,670</u>	<u>\$ 6,497,990</u>	<u>\$ 691,445</u>	<u>\$ 7,189,435</u>

See notes to financial statements.

CITIZENS BUDGET COMMISSION, INC.

**Statement of Functional Expenses
Year Ended December 31, 2017**

(with summarized financial information in 2016)

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Totals</u>	
	<u>Research</u>	<u>Public Information</u>	<u>Total</u>	<u>General and Administrative</u>	<u>Fund-Raising</u>	<u>2017</u>	<u>2016</u>
Salary, payroll taxes and employee benefits	\$ 1,090,372	\$ 357,815	\$1,448,187	\$ 91,620	\$ 57,780	\$1,597,587	\$1,448,954
Occupancy	198,668	56,510	255,178	22,119	19,071	296,369	277,336
Professional fees				45,619		45,619	45,056
Consultants	325,389	62,039	387,428	72,372	85,000	544,800	291,574
Fellowships	44,303		44,303			44,303	39,754
Office supplies and expenses	2,421	695	3,116	272	236	3,624	5,264
Newspapers and publications	18,029		18,029	949		18,978	15,336
Telephone	8,226	2,279	10,505	897	755	12,157	11,871
Computer technology and software	7,959	2,288	10,247	894	778	11,919	9,406
Printing and reproduction	460	5,985	6,445	921	1,842	9,208	15,134
Travel and entertainment	11,192	2,444	13,636	1,013	649	15,298	17,374
Postage	126	1,633	1,759	251	502	2,512	4,552
Maintenance service contracts	1,364	392	1,756	153	133	2,042	3,587
Dues and conferences	3,146	905	4,051	353	308	4,712	6,784
Meetings and events		47,225	47,225			47,225	62,031
Depreciation and amortization	42,443	12,205	54,648	4,767	4,151	63,566	45,601
Website maintenance	11,780	4,574	16,354	2,285	1,614	20,253	23,170
Miscellaneous	9,069	2,608	11,677	9,480	887	22,044	11,510
	<u>\$ 1,774,947</u>	<u>\$ 559,597</u>	<u>\$2,334,544</u>	<u>\$ 253,966</u>	<u>\$ 173,706</u>	<u>\$2,762,216</u>	<u>\$2,334,294</u>

See notes to financial statements.

CITIZENS BUDGET COMMISSION, INC.

**Statement of Functional Expenses
Year Ended December 31, 2016**

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Research</u>	<u>Public Information</u>	<u>Total</u>	<u>General and Administrative</u>	<u>Fund-Raising</u>	
Salary, payroll taxes and employee benefits	\$ 925,445	\$ 358,895	\$1,284,340	\$ 107,913	\$ 56,701	\$1,448,954
Occupancy	169,784	64,071	233,855	23,282	20,199	277,336
Professional fees				45,056		45,056
Consultants	118,033	56,052	174,085	42,489	75,000	291,574
Fellowships	39,754		39,754			39,754
Office supplies and expenses	3,203	1,227	4,430	445	389	5,264
Newspapers and publications	14,569		14,569	767		15,336
Telephone	7,368	2,687	10,055	982	834	11,871
Computer technology and software	5,795	2,153	7,948	784	674	9,406
Printing and reproduction	757	9,837	10,594	1,513	3,027	15,134
Travel and entertainment	11,643	3,459	15,102	1,315	957	17,374
Postage	228	2,959	3,187	455	910	4,552
Maintenance service contracts	2,183	836	3,019	303	265	3,587
Dues and conferences	4,128	1,581	5,709	573	502	6,784
Meetings and events		62,031	62,031			62,031
Depreciation and amortization	27,747	10,629	38,376	3,852	3,373	45,601
Website maintenance	13,476	5,233	18,709	2,615	1,846	23,170
Miscellaneous	4,652	1,781	6,433	4,512	565	11,510
	<u>\$ 1,348,765</u>	<u>\$ 583,431</u>	<u>\$1,932,196</u>	<u>\$ 236,856</u>	<u>\$ 165,242</u>	<u>\$2,334,294</u>

See notes to financial statements.

CITIZENS BUDGET COMMISSION, INC.**Statements of Cash Flows**

	Year Ended December 31,	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 870,235	\$ 467,514
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	63,566	45,601
Net realized and unrealized gain on investments	(648,147)	(291,754)
Amortization of deferred rent obligation	(22,679)	1,141
Donated securities		(20,206)
Sale of donated securities		20,206
Changes in:		
Pledges receivable - fellows program	18,750	70,000
Contributions receivable	(3,950)	(32,000)
Prepaid expenses and other current assets	(947)	(2,853)
Accounts payable and accrued expenses	<u>(25,430)</u>	<u>13,528</u>
Net cash provided by operating activities	<u>251,398</u>	<u>271,177</u>
Cash flows from investing activities:		
Purchases of investments	(1,031,434)	(1,013,564)
Proceeds from sales of investments	1,020,206	750,000
Capitalized website costs	<u>(23,350)</u>	<u>(133,455)</u>
Net cash used in investing activities	<u>(34,578)</u>	<u>(397,019)</u>
Change in cash and cash equivalents	216,820	(125,842)
Cash and cash equivalents, beginning of year	<u>405,291</u>	<u>531,133</u>
Cash and cash equivalents, end of year	<u>\$ 622,111</u>	<u>\$ 405,291</u>

See notes to financial statements.

CITIZENS BUDGET COMMISSION, INC.

Notes to Financial Statements December 31, 2017 and 2016

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

The Citizens Budget Commission, Inc. ("CBC"), incorporated in New York in 1932, is a nonpartisan, not-for-profit civic organization devoted to influencing constructive change in the finances and services of the governments of New York City (the "City") and New York State (the "State").

CBC was founded during a time of great fiscal crisis, when a group of civic leaders formed a research organization that would analyze the City's finances, evaluate the management of City government, report on these matters to its members, and recommend improvements to municipal officials. In 1985, CBC expanded this analysis to include the fiscal affairs of State government.

CBC's pursuit of its mission is embodied in four interrelated roles: watchdog, research organization, monitor of implementation, and disseminator of information. CBC is funded primarily by contributions, special events, and investment income.

CBC is incorporated as a not-for-profit corporation and is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code") and from state and local taxes under comparable laws.

[2] Basis of accounting:

The financial statements of CBC have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, public support and revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

[4] Cash and cash equivalents:

For financial-reporting purposes, CBC considers all highly liquid instruments purchased with an original maturity of three months or less, to be cash and equivalents, except for those held as part of the investment portfolio.

[5] Investments:

CBC's investments in mutual funds are reported at their fair values in the statements of financial position based on quoted market prices.

CBC's investments, in general, are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

CITIZENS BUDGET COMMISSION, INC.

Notes to Financial Statements December 31, 2017 and 2016

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Investments: (continued)

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in unrestricted net assets. Realized gains and losses on investments are determined by comparison of the cost of acquisition to proceeds received at the time of disposition. Unrealized gains and losses on investments are determined by comparing each investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Donated securities are recorded at their estimated fair values, as determined by the proceeds received at the dates of donation. CBC's policy is to sell donated securities immediately, and, accordingly, for purposes of the statement of cash flows, donated securities received and the proceeds generated from their sale are included within operating activities.

CBC has a spending-rate policy for the management of its portfolio, whereby 4% of the average fair value of the portfolio at each December 1st of the previous three most recent years is made available to accomplish CBC's mission.

[6] Property, equipment, and website costs:

Property and equipment are stated at their original costs at the date of acquisition, or, if contributed, at their fair values at the dates of donation. CBC capitalizes items of property and equipment that have a cost of \$2,500 or more and a useful life greater than one year, whereas minor costs of repair and maintenance are expensed as incurred. Depreciation of furniture and equipment is provided using the straight-line method over three to seven years, the estimated useful life of the related assets. Likewise, leasehold improvements are amortized over the remaining lease term, or the useful lives of the improvements, whichever is shorter.

Website costs related to data consulting services, site configuration and infrastructure, and conceptual design are capitalized. Costs relating to operation and content are expensed as incurred. Capitalized website costs are amortized over a five-year expected life using the straight line method. At each year end, capitalized website costs were presented, net of accumulated amortization, of \$158,070 and \$102,431, respectively in the accompanying statements of financial position.

Management evaluates the recoverability of investments in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of December 31, 2017 and 2016, respectively, and, in the opinion of management, there were no impairments. However it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[7] Net assets:

The net assets of CBC and the changes therein are classified and reported as follows:

(i) *Unrestricted - Undesignated:*

Unrestricted net assets represent those resources that are not subject to donor restrictions and are available for current operations.

CITIZENS BUDGET COMMISSION, INC.

Notes to Financial Statements December 31, 2017 and 2016

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[7] Net assets: (continued)

(ii) *Unrestricted - Board-designated:*

The Board of Trustees has designated a portion of unrestricted net assets to be known as the Frank P. Smeal Research and Development Fund. Its purpose is to protect the independence of CBC and to expand its activities. The fund is to be used and distributed as determined from time to time by the Board's Executive Committee.

(iii) *Temporarily Restricted:*

Temporarily restricted net assets represent those resources the use of which has been restricted by donors to specific purposes and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as "net assets released from restrictions." It is CBC's policy to report temporarily restricted net contributions received and expended in the same year of donation in the unrestricted net-asset category.

[8] Contributions and grants:

Contributions to CBC are recognized as revenue upon the receipt of either cash, or other assets, or of unconditional pledges. Contributions are recorded as temporarily restricted if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recorded when the conditions have been met, and if received in advance are recognized in the statement of financial position as funds received in advance. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

Grant revenue is recognized based on the terms of each individual grant and is available for unrestricted use, unless the donor or grantor restricts the use thereof, either on a temporary or permanent basis.

[9] Functional allocation of expenses:

The costs of providing the various programs and the supporting services have been summarized, on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated by management among the programs and supporting services using appropriate measurement methodologies. Indirect costs have been allocated on the basis of time.

[10] Measure of operations:

CBC includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Investment income, including net realized and unrealized gains and losses earned in excess of, or less than, CBC's authorized spending rate, is recognized as a part of non-operating activities in the statement of activities.

[11] Income tax uncertainties:

CBC follows the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. Because of CBC's general not-for-profit status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on CBC's financial statements.

CITIZENS BUDGET COMMISSION, INC.

**Notes to Financial Statements
December 31, 2017 and 2016**

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[12] Upcoming accounting change:

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 will amend financial-statement presentations and disclosures, with the goal of assisting not-for-profit organizations in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, (iv) liquidity and availability of resources, and (v) the presentation of operating cash flows. The new standard will be effective for fiscal reporting periods beginning after December 15, 2017. CBC will adopt this new accounting pronouncement in 2018.

[13] Subsequent events:

CBC evaluated subsequent events through June 20, 2018, the date on which the financial statements were available to be issued.

NOTE B - INVESTMENTS

At each year-end, investments consisted of the following:

	December 31,			
	2017		2016	
	Fair Value	Cost	Fair Value	Cost
Money market			\$ 20,206	\$ 20,206
Mutual funds:				
Bond funds	\$ 3,689,149	\$ 2,789,638	3,058,828	3,113,140
Equity funds	<u>3,581,650</u>	<u>3,656,121</u>	<u>3,532,390</u>	<u>3,320,578</u>
	<u>\$ 7,270,799</u>	<u>\$ 6,445,759</u>	<u>\$ 6,611,424</u>	<u>\$ 6,453,924</u>

During each year, investment income consisted of the following:

	Year Ended December 31,	
	2017	2016
Interest and dividends	\$ 131,529	\$ 143,508
Realized (losses) gains on investments	(19,393)	10,502
Unrealized gains on investments	<u>667,540</u>	<u>281,252</u>
	<u>779,676</u>	435,262
Less investment income recognized under spending policy	<u>(268,224)</u>	<u>(254,647)</u>
Investment income net of authorized spending rate	<u>\$ 511,452</u>	<u>\$ 180,615</u>

CITIZENS BUDGET COMMISSION, INC.

Notes to Financial Statements December 31, 2017 and 2016

NOTE B - INVESTMENTS (CONTINUED)

The FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments, at the reporting date.
- Level 2: Valuations are based on (i) quoted prices for similar investments in active markets; or (ii) quoted prices for those investments, or similar investments, in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments, or (ii) the investments cannot be independently valued.

The availability of market data is monitored by CBC's management to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period. During 2017 and 2016, there were no transfers among the fair-value-hierarchy levels. CBC's investments in mutual funds and a money market fund during 2016, are classified entirely within Level 1.

NOTE C - RECEIVABLES

[1] Pledges receivable - fellows program:

CBC's Public Policy Fellows is a program to create and leverage CBC's relationships with the excellent schools of public policy in New York City, to extend our research capacity, and to identify talented potential staff members. Each of these schools (the Wagner School at New York University; the Milano School at The New School, School of Public Affairs at Baruch College, and the School of International and Public Affairs at Columbia University) annually nominates students in their final year in a master's degree program to serve as CBC fellows. Screening and selection of winning applicants is conducted by a committee of CBC staff/trustees. Fellows commit to working 20 hours per week during the academic year on a project or projects jointly determined by the student and the Research Directors of CBC. Trustees have pledged sufficient funding to support stipends and administrative support for the program for five years from its inception in 2013. The remaining pledges receivable as of December 31, 2016 were fully collected during 2017.

[2] Contributions receivable:

At each year-end, contributions receivable are scheduled to be received within one year. Based on management's prior experience, these receivables are expected to be fully collected and accordingly, no allowance for doubtful accounts has been established.

CITIZENS BUDGET COMMISSION, INC.

**Notes to Financial Statements
December 31, 2017 and 2016**

NOTE D - PROPERTY AND EQUIPMENT

At each year-end, property and equipment consisted of the following:

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 111,739	\$ 111,739
Leasehold improvements	<u>40,000</u>	<u>40,000</u>
	151,739	151,739
Less: accumulated depreciation	<u>(149,925)</u>	<u>(141,998)</u>
	<u>\$ 1,814</u>	<u>\$ 9,741</u>

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

At each year-end, temporarily restricted net assets consisted of the following:

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Program-restricted - fellows program	\$ 227,112	\$ 332,445
Time-restricted	<u>525,500</u>	<u>359,000</u>
	<u>\$ 752,612</u>	<u>\$ 691,445</u>

During each year, net assets released from restrictions were for the following:

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Program-restricted - fellows program	\$ 105,333	\$ 72,222
Time-restricted	<u>359,000</u>	<u>375,000</u>
	<u>\$ 464,333</u>	<u>\$ 447,222</u>

CITIZENS BUDGET COMMISSION, INC.

Notes to Financial Statements December 31, 2017 and 2016

NOTE F - PROGRAM AND SUPPORTING EXPENSES

Generally accepted accounting principles require that CBC's expenses be reported on a functional basis. Accordingly, expenses were allocated among program and supporting services as follows:

	Year Ended December 31,	
	2017	2016
Program	\$ 2,334,544	\$ 1,932,196
Management and general	253,966	236,856
Fund-raising	<u>406,156</u>	<u>363,222</u>
Total expenses	<u>\$ 2,994,666</u>	<u>\$ 2,532,274</u>

The above expenses are inclusive of expenses that are reported net of revenue in the accompanying statements of activities.

NOTE G - EMPLOYEE-BENEFIT PLAN

CBC maintains a defined-contribution, retirement plan, established under Section 403(b) of the Code, which covers substantially all employees, each of whom must meet certain eligibility requirements as to age and length of service. Contributions, which are based upon 7% of participants' salaries, were \$51,027 and \$58,834 for 2017 and 2016, respectively.

NOTE H - CREDIT RISK

Financial instruments that potentially subject CBC to concentrations of credit risk consist principally of cash and cash-equivalent accounts deposited in financial institutions in amounts which, from time to time, may exceed federal insurance limits. However, management believes that CBC does not face a significant risk of loss on these accounts that result from failures of these financial institutions. See also Note A[5].

NOTE I - RELATED-PARTY TRANSACTIONS AND CONCENTRATION OF REVENUE

- [1] CBC leases its office space from a publicly traded company, of which a member of the Board of Trustees is an executive officer and shareholder.
- [2] During both 2017 and 2016, approximately 60% of CBC's public support was provided by members of the Board of Trustees, which, as a group, represents a concentration of revenues that may affect CBC's ability to carry out its programs should that level of funding decrease.

NOTE J - COMMITMENTS

[1] Leases:

CBC's lease for its operating space expires in December 2019. The lease has both escalations and fixed rent credits throughout the term of the lease. These escalations and credits have been amortized using the straight-line method, which results in an annual expense of approximately \$239,341 through 2019, but which differs from cash rental payments. Accordingly, a deferred rent obligation is reported in the accompanying statements of financial position.

CITIZENS BUDGET COMMISSION, INC.

**Notes to Financial Statements
December 31, 2017 and 2016**

NOTE J - COMMITMENTS (CONTINUED)

[1] Leases: (continued)

For years subsequent to December 31, 2017, the future minimum rental commitments for property and equipment leases, exclusive of real estate tax escalation charges, are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 262,644
2019	<u>262,020</u>
	<u>\$ 524,664</u>

[2] Other contracts:

In the normal course of business, CBC enters into various contracts for event spaces and for professional and other services, all of which are typically renewable on a year-to-year basis.