

EISNERAMPER

CITIZENS BUDGET COMMISSION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018 and 2017



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 the statements of financial position as of December 31, 2018 and 2017, and 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 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 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.

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, 2018 and 2017, 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
New York, New York
June 19, 2019



CITIZENS BUDGET COMMISSION, INC.

Statements of Financial Position

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 744,034	\$ 622,111
Contributions receivable	48,025	47,950
Investments	7,186,701	7,270,799
Prepaid expenses and other current assets	58,332	56,413
Website costs, net	114,318	166,219
Property and equipment, net	<u>6,235</u>	<u>1,814</u>
	<u>\$ 8,157,645</u>	<u>\$ 8,165,306</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 96,605	\$ 60,278
Deferred rent obligation	<u>22,679</u>	<u>45,358</u>
Total liabilities	<u>119,284</u>	<u>105,636</u>
Commitments (see Note I)		
Net assets:		
Without donor restrictions:		
Undesignated and available for general activities	4,935,141	5,307,058
Board-designated	<u>2,000,000</u>	<u>2,000,000</u>
Total net assets without donor restrictions	6,935,141	7,307,058
With donor restrictions:		
Purpose restrictions	152,445	227,112
Time restricted for future periods	<u>950,775</u>	<u>525,500</u>
Total net assets with donor restrictions	<u>1,103,220</u>	<u>752,612</u>
Total net assets	<u>8,038,361</u>	<u>8,059,670</u>
	<u>\$ 8,157,645</u>	<u>\$ 8,165,306</u>

See notes to financial statements.

CITIZENS BUDGET COMMISSION, INC.

Statements of Activities

	Year Ended December 31,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:						
Public support and revenue:						
Contributions and grants	\$ 1,178,375	\$ 295,500	\$ 1,473,875	\$ 1,111,900	\$ 180,000	\$ 1,291,900
Annual trustee dinner (net of direct benefit to donors of \$224,503 and \$232,450 for 2018 and 2017, respectively)	944,872	655,275	1,600,147	1,215,375	345,500	1,560,875
Net investment income, spending policy	286,467		286,467	268,224		268,224
Total public support and revenue before net assets released from restrictions	2,409,714	950,775	3,360,489	2,595,499	525,500	3,120,999
Net assets released from restrictions	600,167	(600,167)	0	464,333	(464,333)	0
Total public support and revenue	3,009,881	350,608	3,360,489	3,059,832	61,167	3,120,999
Expenses:						
Program services	2,532,700		2,532,700	2,334,544		2,334,544
General and administrative	311,237		311,237	253,966		253,966
Fund-raising	167,413		167,413	173,706		173,706
Total expenses	3,011,350		3,011,350	2,762,216		2,762,216
Change in net assets before non-operating activities	(1,469)	350,608	349,139	297,616	61,167	358,783
Non-operating activities						
Net investment (loss) income, net of authorized spending rate (see Note C)	(370,448)		(370,448)	511,452		511,452
Change in net assets	(371,917)	350,608	(21,309)	809,068	61,167	870,235
Net assets, beginning of year	7,307,058	752,612	8,059,670	6,497,990	691,445	7,189,435
Net assets, end of year	<u>\$ 6,935,141</u>	<u>\$ 1,103,220</u>	<u>\$ 8,038,361</u>	<u>\$ 7,307,058</u>	<u>\$ 752,612</u>	<u>\$ 8,059,670</u>

See notes to financial statements.

CITIZENS BUDGET COMMISSION, INC.

**Statement of Functional Expenses
Year Ended December 31, 2018**

(with summarized financial information in 2017)

	<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>2018</u>	<u>2017</u>
Salary, payroll taxes and employee benefits	\$ 1,208,672	\$ 370,784	\$1,579,456	\$ 90,288	\$ 57,924	\$1,727,668	\$1,597,587
Occupancy	198,808	52,555	251,363	26,545	16,992	294,900	296,369
Professional fees				45,550		45,550	45,619
Consultants	373,904	60,000	433,904	127,316	82,499	643,719	544,800
Fellowships	30,297		30,297			30,297	44,303
Office supplies and expenses	2,712	721	3,433	364	235	4,032	3,624
Newspapers and publications	10,585		10,585	557		11,142	18,978
Telephone	7,680	1,975	9,655	997	625	11,277	12,157
Computer technology and software	4,056	1,083	5,139	547	354	6,040	11,919
Printing and reproduction	617	8,015	8,632	1,233	2,467	12,332	9,208
Travel and entertainment	13,199	2,668	15,867	1,344	650	17,861	15,298
Postage	146	1,904	2,050	293	587	2,930	2,512
Maintenance service contracts	2,629	702	3,331	355	229	3,915	2,042
Dues and conferences	7,229	1,931	9,160	975	630	10,765	4,712
Catering, space rental, and other event related expenses		109,718	109,718		224,503	334,221	279,675
Depreciation and amortization	35,316	9,433	44,749	4,764	3,075	52,588	63,566
Website maintenance	2,181	847	3,028	423	299	3,750	20,253
Miscellaneous	9,733	2,600	12,333	9,686	847	22,866	22,044
Total expenses	1,907,764	624,936	2,532,700	311,237	391,916	3,235,853	2,994,666
Less: direct benefit to donors					(224,503)	(224,503)	(232,450)
Total expenses per statements of activities	<u>\$ 1,907,764</u>	<u>\$ 624,936</u>	<u>\$2,532,700</u>	<u>\$ 311,237</u>	<u>\$ 167,413</u>	<u>\$3,011,350</u>	<u>\$2,762,216</u>

See notes to financial statements.

CITIZENS BUDGET COMMISSION, INC.

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

	<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	\$ 1,090,372	\$ 357,815	\$ 1,448,187	\$ 91,620	\$ 57,780	\$ 1,597,587
Occupancy	198,668	56,510	255,178	22,120	19,071	296,369
Professional fees				45,619		45,619
Consultants	325,389	62,039	387,428	72,372	85,000	544,800
Fellowships	44,303		44,303			44,303
Office supplies and expenses	2,421	695	3,116	272	236	3,624
Newspapers and publications	18,029		18,029	949		18,978
Telephone	8,226	2,279	10,505	897	755	12,157
Computer technology and software	7,959	2,288	10,247	894	778	11,919
Printing and reproduction	460	5,985	6,445	921	1,842	9,208
Travel and entertainment	11,192	2,444	13,636	1,013	649	15,298
Postage	126	1,633	1,759	251	502	2,512
Maintenance service contracts	1,364	392	1,756	153	133	2,042
Dues and conferences	3,146	905	4,051	353	308	4,712
Catering, space rental, and other event related expenses		47,225	47,225		232,450	279,675
Depreciation and amortization	42,443	12,205	54,648	4,767	4,151	63,566
Website maintenance	11,780	4,574	16,354	2,285	1,614	20,253
Miscellaneous	9,069	2,608	11,677	9,480	887	22,044
Total expenses	1,774,947	559,597	2,334,544	253,966	406,156	2,994,666
Less: direct benefit to donors					(232,450)	(232,450)
Total expenses per statements of activities	<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>

See notes to financial statements.

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

	Year Ended December 31,	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (21,309)	\$ 870,235
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	52,588	63,566
Net realized and unrealized losses (gains) on investments	240,688	(648,147)
Amortization of deferred rent obligation	(22,679)	(22,679)
Changes in:		
Pledges receivable - fellows program		18,750
Contributions receivable	(75)	(3,950)
Prepaid expenses and other current assets	(1,919)	(947)
Accounts payable and accrued expenses	<u>36,327</u>	<u>(25,430)</u>
Net cash provided by operating activities	<u>283,621</u>	<u>251,398</u>
Cash flows from investing activities:		
Purchases of investments	(2,854,315)	(1,031,434)
Proceeds from sales of investments	2,697,725	1,020,206
Capitalized website costs		(23,350)
Purchases of property and equipment	<u>(5,108)</u>	<u> </u>
Net cash used in investing activities	<u>(161,698)</u>	<u>(34,578)</u>
Increase in cash and cash equivalents	121,923	216,820
Cash and cash equivalents, beginning of year	<u>622,111</u>	<u>405,291</u>
Cash and cash equivalents, end of year	<u>\$ 744,034</u>	<u>\$ 622,111</u>
Supplemental disclosure of cash flow information:		
Federal taxes paid	<u>\$ 3,000</u>	

CITIZENS BUDGET COMMISSION, INC.

Notes to Financial Statements December 31, 2018 and 2017

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 cash equivalents.

[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, 2018 and 2017

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 net assets without donor restrictions unless the use of which is restricted through donor restrictions.

Realized gains and losses on investments are determined by comparison of the cost to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing each investments' cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

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. Donated securities are recorded at their estimated fair values on the dates of donation.

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 dates of acquisition, or, if contributed, at their fair values at the dates of donation, net of accumulated depreciation. 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, respectively. 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 \$209,971 and \$158,070, 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, 2018 and 2017, 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) *Net Assets Without Donor Restrictions - Undesignated and available for general activities:*

CBC's net assets without donor restrictions represent those resources for which there are no restrictions by donors as to their use and are available for current operations.

CITIZENS BUDGET COMMISSION, INC.

Notes to Financial Statements December 31, 2018 and 2017

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

[7] Net assets: (continued)

(ii) *Net Assets Without Donor Restrictions - Board-designated:*

The Board of Trustees has designated a portion of net assets without donor restrictions 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) *Net Assets With Donor Restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor imposed restrictions, such as 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions." It is CBC's policy to report contributions subject to donor restrictions, which are received and expended in the same year of donation, as net-assets without donor restrictions.

[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 reported as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Gross proceeds paid by attendees at special events held as fundraising activities represents contribution revenue as well as the payment of the direct cost of the benefit received by the attendee at the event. Special-event income is reported net of the direct benefit to donors. Special event revenues, other than contributions, applicable to the current year are recognized as revenue in the year the special event takes place. Special event revenue received for a future year's event is deferred and recognized when the event takes place. Conditional contributions are recorded when the donor's conditions have been met or necessary events take place, 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 operating use, unless the donor or grantor restricts the use thereof, either on a temporary basis or if perpetual in nature.

[9] Functional allocation of expenses:

The costs of providing CBC's various programs and the supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by functional and natural classification. Accordingly, direct costs have been functionalized within the program and supporting services based on the nature of the expense. Indirect costs have been allocated on the basis of time and effort by employees.

[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, are recognized as a part of non-operating activities in the statement of activities.

CITIZENS BUDGET COMMISSION, INC.

Notes to Financial Statements December 31, 2018 and 2017

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

[11] Income tax uncertainties:

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

Unrelated business income tax ("UBIT") reported in the statements of activities was approximately \$4,000 during 2018, which represents the Institute's accrued tax on disallowed transportation benefits as required by the Tax Cuts and Jobs Act of 2017 ("TCJA"), beginning January 1, 2018. The Institute was not subject to any UBIT to the implementation of TCJA.

[12] Adoption of accounting pronouncement:

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 amends financial-statement presentations and disclosures. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, and (iv) liquidity and availability of resources. ASU 2016-14 was effective for annual reporting periods issued for years beginning after December 15, 2017. Accordingly, CBC was required to adopt ASU 2016-14 for its year-ended December 31, 2018, which under U.S. GAAP was a change in accounting principle requiring retroactive application in the financial statements of certain areas, whereas certain other areas were adopted on a prospective basis. Although CBC's adoption of ASU 2016-14 had no effect on CBC's total net assets or its changes in net assets for 2018 and 2017, certain reclassifications were required. Accordingly, CBC changed its presentation of its net asset classes and expanded certain footnotes.

[13] Subsequent events:

CBC evaluated subsequent events through June 19, 2019, the date on which the financial statements were available to be issued.

NOTE B - CONTRIBUTIONS RECEIVABLES

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, 2018 and 2017

NOTE C - INVESTMENTS

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

	December 31,			
	2018		2017	
	Fair Value	Cost	Fair Value	Cost
Mutual funds:				
Bond funds	\$ 3,324,043	\$ 2,618,162	\$ 3,689,149	\$ 2,789,638
Equity funds	<u>3,862,658</u>	<u>3,900,772</u>	<u>3,581,650</u>	<u>3,656,121</u>
	<u>\$ 7,186,701</u>	<u>\$ 6,518,934</u>	<u>\$ 7,270,799</u>	<u>\$ 6,445,759</u>

During each year, investment income consisted of the following:

	Year Ended December 31,	
	2018	2017
Interest and dividends, net	\$ 156,707	\$ 131,529
Realized losses on investments	(83,415)	(19,393)
Unrealized (losses) gains on investments	<u>(157,273)</u>	<u>667,540</u>
	(83,981)	779,676
Less investment income recognized under spending policy	<u>(286,467)</u>	<u>(268,224)</u>
Investment (loss) income net of authorized spending rate	<u>\$ (370,448)</u>	<u>\$ 511,452</u>

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 there is little, if any, market activity for the investments, or 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 2018 and 2017, there were no transfers among the fair-value-hierarchy levels. CBC's investments in mutual funds during 2018 and 2017 are classified entirely within Level 1.

CITIZENS BUDGET COMMISSION, INC.

**Notes to Financial Statements
December 31, 2018 and 2017**

NOTE D - PROPERTY AND EQUIPMENT

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

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 116,847	\$ 111,739
Leasehold improvements	<u>40,000</u>	<u>40,000</u>
	156,847	151,739
Less: accumulated depreciation	<u>(150,612)</u>	<u>(149,925)</u>
	<u>\$ 6,235</u>	<u>\$ 1,814</u>

NOTE E - NET ASSETS WITH DONOR RESTRICTIONS

At each year-end, net assets with donor restrictions consisted of the following:

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Purpose restricted:		
Program-restricted – fellows program	<u>\$ 152,445</u>	<u>\$ 227,112</u>
Restricted for future periods	<u>950,775</u>	<u>525,500</u>
	<u>\$ 1,103,220</u>	<u>\$ 752,612</u>

During each year, net assets released from restrictions resulted from satisfying the following donor restrictions:

	<u>Year Ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Purpose restrictions satisfied:		
Program-restricted - fellows program	<u>\$ 74,667</u>	<u>\$ 105,333</u>
Time restrictions satisfied	<u>525,500</u>	<u>359,000</u>
	<u>\$ 600,167</u>	<u>\$ 464,333</u>

NOTE F - 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 \$67,442 and \$51,027 for 2018 and 2017, respectively.

CITIZENS BUDGET COMMISSION, INC.

Notes to Financial Statements December 31, 2018 and 2017

NOTE G - CREDIT RISK

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

NOTE H - RELATED-PARTY TRANSACTIONS AND CONCENTRATION OF REVENUE

[1] Related-party transactions:

CBC leases its office space from a publicly traded company, as further described in Note I [1], of which a member of the Board of Trustees is an executive officer and shareholder.

[2] Concentration of revenue:

During 2018 and 2017, approximately 63% and 60%, respectively, 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 I - 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.

For years subsequent to December 31, 2018, 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>
2019	<u>262,020</u>
	<u>\$ 262,020</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.

CITIZENS BUDGET COMMISSION, INC.

**Notes to Financial Statements
December 31, 2018 and 2017**

NOTE J - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects CBC's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of December 31, 2018 because of contractual, donor-imposed restrictions, or internal designations.

CBC's financial assets available for general use within one year of the statements of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 744,034
Contributions receivable	48,025
Investments	<u>7,186,701</u>
Total financial assets available within one year	<u>7,978,760</u>
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Restrictions by donors with purpose restrictions	<u>(152,445)</u>
Total amounts unavailable for general expenditure within one year	<u>(152,445)</u>
Amounts unavailable to management without Board approval:	
Board-designated	<u>(2,000,000)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,826,315</u>

Liquidity policy:

CBC's liquidity policy is to ensure that CBC operates with an adequate level of institutional liquidity to minimize risk associated with temporary, unforeseen liquidity needs. Liquid funds that are without donor restriction will be used to satisfy the minimum liquidity target. Additionally, CBC has Board designated net assets without donor restrictions that, although CBC doesn't intend to spend for purposes other than those identified, could be used to help manage unanticipated liquidity needs, if needed.