

# Eisner

Eisner LLP  
Accountants and Advisors

CITIZENS COMMITTEE FOR NEW YORK CITY, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2007 AND 2006

**CITIZENS COMMITTEE FOR NEW YORK CITY, INC.**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Citizens Committee for New York City, Inc. ("Citizens") as of September 30, 2007 and 2006, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Citizens' management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements enumerated above present fairly, in all material respects, the financial position of Citizens Committee for New York City, Inc. as of September 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Eisner LLP*

New York, New York  
February 28, 2008

**CITIZENS COMMITTEE FOR NEW YORK CITY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2007 AND 2006**

- ASSETS -

	2007	2006
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 167,508	\$ 506,882
Investments	601,509	603,182
Grants, contributions and accounts receivable	578,974	589,851
Prepaid expenses and other current assets	44,794	55,378
<b>TOTAL CURRENT ASSETS</b>	<b>1,392,785</b>	<b>1,755,293</b>
<b>FIXED ASSETS:</b>		
Office condominium and improvements	1,012,697	1,012,697
Furniture	19,605	19,605
Telephone, computer and other equipment	360,578	331,762
	1,392,880	1,364,064
Less: accumulated depreciation and amortization	719,773	654,114
<b>TOTAL FIXED ASSETS</b>	<b>673,107</b>	<b>709,950</b>
<b>OTHER ASSETS:</b>		
Contributions receivable after 1 year	100,939	93,681
Charitable remainder unitrust	429,000	364,000
Security deposits and other assets	167	30,577
<b>TOTAL OTHER ASSETS</b>	<b>530,106</b>	<b>488,258</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,595,998</b>	<b>\$ 2,953,501</b>

- LIABILITIES AND NET ASSETS -

<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 197,615	\$ 311,968
Current portion of long-term debt	16,153	15,606
<b>TOTAL CURRENT LIABILITIES</b>	<b>213,768</b>	<b>327,574</b>
<b>LONG-TERM LIABILITIES:</b>		
Long-term debt - net of current portion	757,946	774,099
Deferred revenue	9,970	2,300
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>767,916</b>	<b>776,399</b>
<b>TOTAL LIABILITIES</b>	<b>981,684</b>	<b>1,103,973</b>
<b>COMMITMENTS &amp; CONTINGENCIES (NOTE 9)</b>		
<b>NET ASSETS:</b>		
Unrestricted	252,080	459,719
Temporarily restricted	1,287,234	1,314,809
Permanently restricted	75,000	75,000
<b>TOTAL NET ASSETS</b>	<b>1,614,314</b>	<b>1,849,528</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,595,998</b>	<b>\$ 2,953,501</b>

The accompanying notes are an integral part of these financial statements.

**CITIZENS COMMITTEE FOR NEW YORK CITY, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

	<u>Year Ended September 30, 2007</u>				<u>Year Ended September 30, 2006</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>OPERATING REVENUE AND SUPPORT:</b>								
Public Support: (net of special event direct benefit of \$192,220 and \$189,756 in 2007 and 2006, respectively)								
Corporate	\$ 252,198	\$ 50,000		\$ 302,198	\$ 504,697	\$ 130,000		\$ 634,697
Foundations	296,675	976,939		1,273,614	346,650	530,500		877,150
Individuals	382,638	6,319		388,957	517,809	13,660		531,469
Government	591,533			591,533	919,543			919,543
Charitable remainder unitrust	-	65,000		65,000	-	(36,000)		(36,000)
Contributed goods and services	494,555	-		494,555	75,811	-		75,811
Subtotal	<u>2,017,599</u>	<u>1,098,258</u>	<u>-</u>	<u>3,115,857</u>	<u>2,364,510</u>	<u>638,160</u>	<u>-</u>	<u>3,002,670</u>
Net assets released due to fulfillment of restrictions	<u>1,125,833</u>	<u>(1,125,833)</u>		<u>-</u>	<u>1,131,731</u>	<u>(1,131,731)</u>		<u>-</u>
Total Public Support	<u>3,143,432</u>	<u>(27,575)</u>	<u>-</u>	<u>3,115,857</u>	<u>3,496,241</u>	<u>(493,571)</u>	<u>-</u>	<u>3,002,670</u>
Other income	17,494			17,494	34,300			34,300
Earnings from investments	<u>20,793</u>			<u>20,793</u>	<u>41,573</u>			<u>41,573</u>
<b>TOTAL OPERATING SUPPORT AND REVENUE</b>	<b>3,181,719</b>	<b>(27,575)</b>	<b>-</b>	<b>3,154,144</b>	<b>3,572,114</b>	<b>(493,571)</b>	<b>-</b>	<b>3,078,543</b>
<b>OPERATING EXPENSES:</b>								
Program Services:								
Better Neighborhoods	1,222,720			1,222,720	978,903			978,903
Civic Participation / Cab Watch	480,375			480,375	751,852			751,852
Youth Solutions	583,185			583,185	538,824			538,824
Communications & Special Projects	434,884			434,884	317,207			317,207
Total Program Services	<u>2,721,164</u>			<u>2,721,164</u>	<u>2,586,786</u>	<u>-</u>	<u>-</u>	<u>2,586,786</u>
Supporting Services:								
General and administrative expenses	320,727			320,727	341,883			341,883
Fundraising	347,467			347,467	387,288			387,288
Total Supporting Services	<u>668,194</u>			<u>668,194</u>	<u>729,171</u>	<u>-</u>	<u>-</u>	<u>729,171</u>
<b>TOTAL OPERATING EXPENSES</b>	<b>3,389,358</b>			<b>3,389,358</b>	<b>3,315,957</b>	<b>-</b>	<b>-</b>	<b>3,315,957</b>
<b>CHANGE IN NET ASSETS</b>	<b>(207,639)</b>	<b>(27,575)</b>		<b>(235,214)</b>	256,157	(493,571)	-	(237,414)
Net assets at beginning of year	<u>459,719</u>	<u>1,314,809</u>	<u>\$ 75,000</u>	<u>1,849,528</u>	203,562	1,808,380	\$ 75,000	2,086,942
<b>NET ASSETS, AT END OF YEAR</b>	<b><u>\$ 252,080</u></b>	<b><u>\$ 1,287,234</u></b>	<b><u>\$ 75,000</u></b>	<b><u>\$ 1,614,314</u></b>	<b><u>\$ 459,719</u></b>	<b><u>\$ 1,314,809</u></b>	<b><u>\$ 75,000</u></b>	<b><u>\$ 1,849,528</u></b>

The accompanying notes are an integral part of these financial statements.

**CITIZENS COMMITTEE FOR NEW YORK CITY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

**Year Ended September 30, 2007**

Description	PROGRAM					G & A	FR	TOTAL
	BN	CW/CP	YS	Comm	Sub-Total			
Salaries, payroll taxes and benefits	\$ 480,790	\$ 226,486	\$ 220,890	\$ 158,548	\$ 1,086,714	\$ 396,697	\$ 207,299	\$ 1,690,710
Awards and grants	218,346	103,538	28,955	-	350,839	-	-	350,839
Office and occupancy	71,531	53,570	43,879	33,733	202,713	70,993	41,919	315,625
Service and professional fees	13,654	6,371	45,972	94,158	160,155	151,914	77,645	389,714
Supplies and travel	22,683	15,464	26,809	21,118	86,074	41,237	20,604	147,915
Contributed goods and services	279,000	-	130,500	40,500	450,000	44,555	-	494,555
Indirect costs	136,716	74,946	86,180	86,827	384,669	(384,669)	-	-
<b>Total</b>	<b>\$ 1,222,720</b>	<b>\$ 480,375</b>	<b>\$ 583,185</b>	<b>\$ 434,884</b>	<b>\$ 2,721,164</b>	<b>\$ 320,727</b>	<b>\$ 347,467</b>	<b>\$ 3,389,358</b>

**Year Ended September 30, 2006**

Description	PROGRAM					G & A	FR	TOTAL
	BN	CW/CP	YS	Comm	Sub-Total			
Salaries, payroll taxes and benefits	\$ 391,108	\$ 331,646	\$ 246,077	\$ 128,361	\$ 1,097,192	\$ 582,087	\$ 202,839	\$ 1,882,118
Awards and grants	303,250	164,219	27,429	-	494,898	-	-	494,898
Office and occupancy	73,862	80,644	58,718	23,538	236,762	61,192	37,975	335,929
Service and professional fees	17,366	10,425	68,278	81,809	177,878	76,214	116,855	370,947
Supplies and travel	26,689	26,612	29,113	10,505	92,919	33,716	29,619	156,254
Contributed goods and services	-	1,000	-	11,900	12,900	62,911	-	75,811
Indirect costs	166,628	137,306	109,209	61,094	474,237	(474,237)	-	0
<b>Total</b>	<b>\$ 978,903</b>	<b>\$ 751,852</b>	<b>\$ 538,824</b>	<b>\$ 317,207</b>	<b>\$ 2,586,786</b>	<b>\$ 341,883</b>	<b>\$ 387,288</b>	<b>\$ 3,315,957</b>

Descriptions:

- BN - Better Neighborhoods
- CW/CP - Cab Watch/Civic Participation
- YS - Youth Solutions
- Comm - Communications and special projects
- G & A - General and administrative expenses
- FR - Fund-raising

The accompanying notes are an integral part of these financial statements.

**CITIZENS COMMITTEE FOR NEW YORK CITY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

	<b>2007</b>	<b>2006</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Received from contributors	\$ 2,492,956	\$ 3,097,372
Net unrealized/realized losses from investments	28,431	9,263
Dividends and interest received	49,224	50,836
Miscellaneous receipts	17,494	34,300
Interest paid	(58,790)	(59,823)
Paid to employees and suppliers	(2,479,154)	(2,586,548)
Grants paid	(320,429)	(494,898)
<b>Net cash (used in) provided by operating activities</b>	<b>(270,268)</b>	<b>50,502</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net purchases/sales of investments	(24,684)	(17,178)
Purchase of equipment	(28,816)	(23,109)
<b>Net cash used in investing activities</b>	<b>(53,500)</b>	<b>(40,287)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of long-term debt	(15,606)	(14,481)
<b>Net cash used in financing activities</b>	<b>(15,606)</b>	<b>(14,481)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(339,374)</b>	<b>(4,266)</b>
Cash and cash equivalents, beginning of year	506,882	511,148
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 167,508</b>	<b>\$ 506,882</b>

**RECONCILIATION OF CHANGE IN NET ASSETS  
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

Change in net assets	\$ (235,214)	\$ (237,414)
Adjustments to reconcile change in net assets		
to net cash used in operating activities:		
Depreciation and amortization	65,659	67,708
Net unrealized/realized loss from investments	28,431	9,263
Donated securities	(2,074)	(1,776)
Unrealized (gain) / loss from charitable reminder trust	(65,000)	36,000
Changes in assets and liabilities:		
Decrease (increase) in grants and accounts receivable	3,619	128,002
Decrease in prepaid expenses and other current assets	10,584	5,877
Decrease (increase) in total other assets	30,410	1,000
Increase (decrease) in accounts payable and accrued expenses	(114,353)	42,572
(Decrease) increase in deferred revenue	7,670	(730)
<b>Net cash (used in) provided by operating activities</b>	<b>\$ (270,268)</b>	<b>\$ 50,502</b>

The accompanying notes are an integral part of these financial statements.

**CITIZENS COMMITTEE FOR NEW YORK CITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007 AND 2006**

**NOTE 1 - DESCRIPTION OF THE ORGANIZATION:**

Citizens Committee for New York City, Inc. ("Citizens") was originally incorporated in the State of New York as the Citizens Committee for NYC, Inc. in October 1975 and changed its name to Citizens for NYC, Inc. during fiscal-year 2003 as part of a re-branding campaign. In January 2007, the board of directors voted to change its name again, to Citizens Committee for New York City, Inc. The principal activity of Citizens is to encourage and support volunteer activities that improve the quality of life in city neighborhoods. It offers small 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.

Citizens is a charitable organization, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local laws under comparable laws. Further, Citizens is treated by the Internal Revenue Service as a publicly supported organization, which allows donors the maximum charitable deduction.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**(a) *Financial Statement Presentation:***

The classification of an organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts of each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

*PERMANENTLY RESTRICTED* - Net assets representing those resources that result from contributions the use of which is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled by actions of Citizens.

*TEMPORARILY RESTRICTED* - Net assets representing those resources that result from contributions the use of which is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of Citizens pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported as such in the statement of activities.

*UNRESTRICTED* - Net assets representing those resources that are neither permanently nor temporarily restricted by donor-imposed stipulations.

**CITIZENS COMMITTEE FOR NEW YORK CITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007 AND 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**(b) *Basis of Accounting:***

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

**(c) *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, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

**(d) *Cash and Cash Equivalents:***

For financial reporting purposes, all highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents.

**(e) *Concentration of Credit Risk:***

Financial instruments that potentially subject Citizens to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions, which from time-to-time exceed federal insurance limits. Citizens also maintains uninsured funds in money-market accounts. However, management believes that Citizens does not face a significant risk of loss due to the failure of these financial institutions. Cash and cash equivalents exceeding insured limits totaled approximately \$584 and \$299,426 at September 30, 2007 and 2006, respectively.

**(f) *Investments:***

Investments are reported in the accompanying statements of financial position at their fair values, consist primarily of marketable securities and mutual funds, and are maintained with a custodian. Contributed investments of publicly traded stock are generally sold immediately upon notification of their receipt and are recorded at the sales prices on the transaction dates.

**CITIZENS COMMITTEE FOR NEW YORK CITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007 AND 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**(g) *Property and Equipment:***

Property and equipment are stated at their original costs or at their fair values in the case of donated assets. Condominium improvements are capitalized, whereas minor costs of repairs and maintenance are expensed as incurred. Depreciation and amortization of property and equipment are provided using the straight-line method over the following periods:

Office condominium and improvements	40 years
Database software	5 years
Furniture, fixtures and telephone	5 years
Computer equipment	3 years

Fully depreciated assets are written off when they are no longer in service.

**(h) *Public Support:***

Contributions and unconditional pledges are recognized as revenue when received as cash or unconditional pledges. Further, contributions are recorded as restricted or temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions expire or when the stipulated purpose or time restriction is achieved, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released due to fulfillment of restrictions.

Substantial public support is received from special events. Gross revenues for fiscal-years 2007 and 2006 were \$955,618 and \$1,469,547, respectively, and direct expenses were \$192,220 and \$189,756, respectively.

Included in temporarily restricted net assets is a charitable remainder unitrust that was established in October 1996 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, the present value is approximately \$429,000 at a discount rate of 5.09% in fiscal-year 2007 (\$364,000 at 5.21% in fiscal-year 2006). The present value of this unitrust increased by \$65,000 and decreased by \$36,000 in fiscal-years 2007 and 2006, respectively, due to appreciation and decreases in the underlying assets. This change is reflected in temporarily restricted public support.

Those contributed services that meet the requirement for recognition under accounting principles generally accepted in the United States of America are recorded as both revenue and expense in the accompanying statements of activities, at amounts determined by management to be reasonable for obtaining such services. During fiscal-years 2007 and 2006, contributed services - principally consulting services related to strategic planning; legal services related to contract review, and advice on board and management issues - were \$494,555 and \$75,811 respectively.

**CITIZENS COMMITTEE FOR NEW YORK CITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007 AND 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**(i) *Accrued Vacation:***

Employees accrue vacation based on job classification and tenure. No employee may accumulate more than twenty days of his or her annual vacation time accrual. Accrued vacation is included as an expense and liability in the accompanying financial statements and represents Citizens' liability for the cost of unused employee vacation time payable in the event of employee terminations. At September 30, 2007 and 2006, accrued vacation obligations were \$49,639 and \$85,250, respectively.

**(j) *Government Contracts:***

Revenue related to government contracts is recognized as the related expenses are incurred.

**(k) *Functional Allocation of Expenses:***

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Within this schedule, certain direct and indirect costs have been allocated among the programs and supporting services benefited, based on reasonable determinations by management.

**(l) *Reclassification:***

The financial statements include certain prior-year information that has been reclassified to conform to the current year's presentation.

**NOTE 3 - GRANTS, CONTRIBUTIONS AND PLEDGES RECEIVABLE:**

At each fiscal year-end, grants, contributions and pledges receivable consisted of the following:

	<b>September 30,</b>	
	<b>2007</b>	<b>2006</b>
Foundation and corporate grants	\$ 362,000	\$ 100,000
Government grants	199,998	238,564
Individual pledges	120,000	300,000
Other contributions	<u>4,602</u>	<u>51,287</u>
Total grants, contributions and pledges receivable	<b>686,600</b>	<b>689,851</b>
Reduction of pledges in excess of one year to present value, at a discount rate of 5.09% for pledges recognized in 2007 (between 5.03% & 5.21% in 2006)	<b>(6,687)</b>	<b>(6,319)</b>
Less current portion	<u>(578,974)</u>	<u>(589,851)</u>
Non-current portion	<b><u>\$ 100,939</u></b>	<b><u>\$ 93,681</u></b>

**CITIZENS COMMITTEE FOR NEW YORK CITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007 AND 2006**

**NOTE 3 - GRANTS, CONTRIBUTIONS AND PLEDGES RECEIVABLE (Continued):**

These unconditional promises of contributions of \$578,975, and \$106,000 are expected to be received in fiscal-years 2008 and 2009, respectively. Based on prior experience, management expects all receivables to be collectible. Accordingly, no allowance for doubtful pledges has been provided.

**NOTE 4 - INVESTMENTS:**

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

	September 30,			
	2007		2006	
	Cost	Fair Value	Cost	Fair Value
Mutual Funds	\$ 635,750	\$ 595,909	\$ 606,949	\$ 592,704
Marketable Stock	<u>112,000</u>	<u>5,600</u>	<u>114,074</u>	<u>10,478</u>
	<u>\$ 747,750</u>	<u>\$ 601,509</u>	<u>\$ 721,023</u>	<u>\$ 603,182</u>

During each fiscal year-end, investment income (investment loss) consisted of the following:

	Year Ended September 30,	
	2007	2006
	Unrealized loss	\$ (28,400)
Realized loss	(31)	(319)
Interest and dividends	<u>49,224</u>	<u>50,836</u>
	<u>\$ 20,793</u>	<u>\$ 41,573</u>

**NOTE 5 - LONG-TERM DEBT:**

The original mortgage note starting on February 1, 1993 for the amount of \$891,000 came to its conclusion on January 1, 2003, and a new note was negotiated. The new mortgage note, in the amount of \$837,906, has a 25-year amortization, payable in equal monthly installments of \$6,192, based on an interest rate of 7.5% for the first 5-year period ending January 1, 2008. The principal balance of the note at that time of \$768,632 will have a monthly payment of \$6,429, based on an interest rate of 8% for the second 5-year period ending January 1, 2013. The entire unpaid principal balance of \$672,750 will be due and payable in full on January 1, 2013. The note is collateralized by the office condominium unit in which the organization resides.

Interest expense for fiscal-years 2007 and 2006 was \$58,790 and \$59,823, respectively.

**CITIZENS COMMITTEE FOR NEW YORK CITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007 AND 2006**

**NOTE 5 - LONG-TERM DEBT (Continued):**

Required principal payments on the mortgage in future years are as follows for the years ending:

<u>September 30,</u>	
2008	\$ 16,153
2009	17,133
2010	18,555
2011	20,095
2012	21,763
Thereafter	<u>680,400</u>
	<u>\$ 774,099</u>

**NOTE 6 - RESTRICTED NET ASSETS:**

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

	<u>September 30,</u>	
	<u>2007</u>	<u>2006</u>
Better Neighborhoods	\$ 169,244	\$ 50,000
Cab Watch/Civic Participation	79,695	35,410
Youth Solutions	-	5,000
Communications and other projects	80,358	191,155
Time-restricted: Major Gifts for program expansion	528,937	669,244
Time-restricted: Charitable Remainder Unitrust	<u>429,000</u>	<u>364,000</u>
	<u>\$ 1,287,234</u>	<u>\$ 1,314,809</u>

During each of the fiscal-years, net assets released from restrictions were as follows:

	<u>Year Ended September 30,</u>	
	<u>2007</u>	<u>2006</u>
Better Neighborhoods	\$ 689,500	\$ 482,500
Cab Watch/Civic Participation	123,910	353,500
Youth Solutions	5,000	93,000
Communications and other projects	160,797	37,731
Time-restricted: Major Gifts for program expansion	<u>146,626</u>	<u>165,000</u>
	<u>\$ 1,125,833</u>	<u>\$ 1,131,731</u>

**CITIZENS COMMITTEE FOR NEW YORK CITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007 AND 2006**

**NOTE 7 - EMPLOYEE BENEFIT PLANS:**

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

During fiscal-years 2007 and 2006, Citizens incurred an expense in the amount of \$56,114 and \$45,318, respectively, for all benefit plans.

**NOTE 8 - COMMITMENTS & CONTINGENCIES:**

At September 30, 2007, there are various agreements with consultants to provide future services relating to fund-raising events and operational activities, amounting to approximately \$68,000.

During fiscal-year 2007, Citizens is a defendant in two separate lawsuits. It is management's opinion that the likelihood of unfavorable outcomes is not probable. Accordingly, no accrual was made for loss contingencies.

**NOTE 9 - GOVERNMENT FUNDING:**

Government-supported projects are subject to audit by the applicable government granting agencies. At September 30, 2007, there were no material obligations outstanding as a result of such audits, and management believes that unaudited projects will not result in any material obligations.