

CITIZEN UNIVERSITY

Financial Statements

For the Year Ended June 30, 2024

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Independent Auditor's Report

**To the Board of Directors
Citizen University
Seattle, Washington**

Opinion

We have audited the financial statements of Citizen University, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Citizen University as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Citizen University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Summarized Comparative Information

We have previously audited Citizen University's June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 1, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1400
Bellevue WA
98004

clarknuber.com

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Citizen University's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Citizen University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Citizen University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Clark Nuber P.S.

Certified Public Accountants
November 14, 2024

CITIZEN UNIVERSITY

**Statement of Financial Position
June 30, 2024
(With Comparative Totals for 2023)**

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 1,201,292 | \$ 1,833,671 |
| Short-term investments | 500,020 | |
| Current portion of pledges receivable | 725,000 | 1,230,000 |
| Prepaid and other current assets | 46,490 | |
| Total Current Assets | 2,472,802 | 3,063,671 |
| Long-term portion of pledges receivable, net | | 758,896 |
| Operating lease right-of-use asset | 26,518 | 28,711 |
| Property and equipment, net | 12,007 | 10,234 |
| Total Assets | \$ 2,511,327 | \$ 3,861,512 |
| Liabilities and Net Assets | | |
| Current Liabilities: | | |
| Accounts payable | \$ 7,498 | \$ 17,312 |
| Accrued payroll liabilities | 48,799 | 35,189 |
| Operating lease liability | 26,095 | 29,196 |
| Total Current Liabilities | 82,392 | 81,697 |
| Total Liabilities | 82,392 | 81,697 |
| Net Assets: | | |
| Net assets without donor restrictions | 1,234,616 | 1,610,306 |
| Net assets with donor restrictions | 1,194,319 | 2,169,509 |
| Total Net Assets | 2,428,935 | 3,779,815 |
| Total Liabilities and Net Assets | \$ 2,511,327 | \$ 3,861,512 |

See accompanying notes.

CITIZEN UNIVERSITY

**Statement of Activities
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)**

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>2024 Total</u> | <u>2023 Total</u> |
|---------------------------------------|---------------------------------------|------------------------------------|----------------------------|----------------------------|
| Support and Revenue: | | | | |
| Foundation contributions | \$ 139,650 | \$ 558,954 | \$ 698,604 | \$ 2,221,175 |
| Individual contributions | 63,485 | 10,913 | 74,398 | 42,694 |
| Other contributions | 605 | | 605 | |
| Other revenue | 11,599 | | 11,599 | 11,119 |
| Net assets released from restrictions | <u>1,545,057</u> | <u>(1,545,057)</u> | | |
| Total Support and Revenue | 1,760,396 | (975,190) | 785,206 | 2,274,988 |
| Expenses: | | | | |
| Program services | 1,669,544 | | 1,669,544 | 1,236,343 |
| Management and general | 295,189 | | 295,189 | 302,363 |
| Fundraising | <u>171,353</u> | | <u>171,353</u> | <u>120,803</u> |
| Total Expenses | 2,136,086 | | 2,136,086 | 1,659,509 |
| Change in Net Assets | (375,690) | (975,190) | (1,350,880) | 615,479 |
| Net assets, beginning of year | <u>1,610,306</u> | <u>2,169,509</u> | <u>3,779,815</u> | <u>3,164,336</u> |
| Net Assets, End of Year | <u>\$ 1,234,616</u> | <u>\$ 1,194,319</u> | <u>\$ 2,428,935</u> | <u>\$ 3,779,815</u> |

See accompanying notes.

CITIZEN UNIVERSITY

**Statement of Functional Expenses
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)**

| | Program Services | Supporting Services | | 2024 Total | 2023 Total |
|--------------------------|---------------------|---------------------------|-------------------|---------------------|---------------------|
| | | Management and General | Fundraising | | |
| Payroll expenses | \$ 1,033,251 | \$ 176,995 | \$ 156,732 | \$ 1,366,978 | \$ 1,191,211 |
| Event hosting | 366,331 | 1,746 | | 368,077 | 193,689 |
| Contract services | 101,803 | 52,374 | | 154,177 | 61,998 |
| Staff expenses | 86,332 | 29,909 | 7,727 | 123,968 | 92,954 |
| Facilities and equipment | 46,602 | 6,602 | | 53,204 | 64,990 |
| Support services | 21,507 | 17,574 | 4,165 | 43,246 | 38,448 |
| Operations | 12,657 | 3,000 | 1,226 | 16,883 | 6,328 |
| Business expenses | 1,061 | 6,989 | 1,503 | 9,553 | 9,891 |
| Total Expenses | \$ 1,669,544 | \$ 295,189 | \$ 171,353 | \$ 2,136,086 | \$ 1,659,509 |

See accompanying notes.

CITIZEN UNIVERSITY**Statement of Cash Flows
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)**

| | <u>2024</u> | <u>2023</u> |
|--|-----------------------------------|-----------------------------------|
| Cash Flows From Operating Activities: | | |
| Change in net assets | \$ (1,350,880) | \$ 615,479 |
| Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities- | | |
| Depreciation | 5,857 | 2,010 |
| Gain on disposal of property and equipment | (908) | |
| Change in assets and liabilities: | | |
| Pledges receivable, net | 1,263,896 | 89,911 |
| Operating lease liability, net of operating right-of-use asset | (908) | 485 |
| Prepaid and other assets | (46,490) | 7,800 |
| Accounts payable | (9,814) | 717 |
| Accrued payroll liabilities | 13,610 | (22,124) |
| Net Cash (Used in) Provided by Operating Activities | <u>(125,637)</u> | <u>694,278</u> |
| Cash Flows From Investing Activities: | | |
| Purchase of short-term investments | (500,020) | |
| Purchase of property and equipment | (6,722) | (12,244) |
| Net Cash Used in Investing Activities | <u>(506,742)</u> | <u>(12,244)</u> |
| Net Change in Cash and Cash Equivalents | <u>(632,379)</u> | <u>682,034</u> |
| Cash and cash equivalents, beginning of year | 1,833,671 | 1,151,637 |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 1,201,292</u></u> | <u><u>\$ 1,833,671</u></u> |

See accompanying notes.

CITIZEN UNIVERSITY

Notes to Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 1 - Nature of the Organization

Citizen University (the Organization) is a not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization was incorporated in the state of Washington in 2013 with the mission to build a widespread understanding of citizenship, a belief that democracy matters, and a commitment to participate. The Organization is helping to create a vital, expanding ecosystem of groups, associations, and individuals committed to this ideal.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation - The financial statements of the Organization are presented on the accrual basis of accounting. Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to or are no longer subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets. Restricted contributions are reported in the financial statements as increases in net assets without donor restrictions when they are received and used for the restricted purpose in the same year.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on hand and certificates of deposits with maturities of three months or less when purchased. At times, the Organization may have deposits in excess of federally insured limits. Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash. At June 30, 2024 and 2023, the Organization had cash deposits with banks in excess of the federally insured limit.

Short-term Investments - Short-term investments consists of federally insured certificates of deposit. Investment income is included as other revenue on the statement of activities. Certificates of deposit are valued at face value plus accumulated interest at year end.

Pledges Receivable - Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable. There was no valuation allowance for pledges receivable as of years ended June 30, 2024 and 2023.

CITIZEN UNIVERSITY

Notes to Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 2 - Continued

Concentration of Revenues and Related Receivables - Contribution revenue from three donors represented 89% and 78% of total revenue and support for the years ended June 30, 2024 and 2023, respectively. Pledge balances from three donors represented 100% and 70% of total pledges receivable at June 30, 2024 and 2023, respectively.

Functional Allocation of Expenses - Expenses consist of the costs related to providing program services, fundraising, and management and general functions. Payroll is allocated based off annual percentages staff spend time on each activity. All other costs are directly charged to the function they benefit.

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 and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising - Advertising costs are expensed as they are incurred. Advertising costs of \$12,767 and \$0 for the years ended June 30, 2024 and 2023, respectively, are included in expenses.

Leases - The Organization determines if an arrangement contains a lease at inception. Operating leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets represent a right to use an underlying asset for the lease term and operating lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization's leases do not provide an implicit rate of return; thus, the Organization uses the risk-free discount rate, determined using a period comparable with that of the lease term from the later of the lease commencement date or implementation date. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. A ROU asset and operating lease liability is not recognized for leases with an initial term of 12 months or less or when total lease payments are less than \$5,000.

Subsequent Events - The Organization has evaluated subsequent events through November 14, 2024, the date on which the financial statements were available to be issued.

Note 3 - Pledges Receivable

Pledges and accounts receivable consist of the following at June 30:

| | 2024 | 2023 |
|---|-------------------|---------------------|
| Pledges receivable expected in less than one year | \$ 725,000 | \$ 1,230,000 |
| Pledges receivable expected in one to five years | | 805,000 |
| | 725,000 | 2,035,000 |
| Less present value discount | | (46,104) |
| Total Pledges Receivable, Net | \$ 725,000 | \$ 1,988,896 |

The present value discount rate is 5.40% for receivables to be collected in one to five years for the year ended June 30, 2023.

CITIZEN UNIVERSITY

Notes to Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 4 - Net Assets With Donor Restrictions

Net assets with donor restrictions are comprised of the following at June 30:

| | <u>2024</u> | <u>2023</u> |
|---|----------------------------|----------------------------|
| Civic Saturday Fellowship and programs | \$ 200,000 | \$ 509,593 |
| Local Civic Collaboratory | | 131,020 |
| Youth Collaboratory | 87,616 | 350,000 |
| Citizen Redefined | 87,500 | 175,000 |
| Community | 245,440 | |
| Jena Cane Citizen Artist Fund | 23,763 | |
| Time restricted | <u>550,000</u> | <u>1,003,896</u> |
| Total Net Assets With Donor Restrictions | <u>\$ 1,194,319</u> | <u>\$ 2,169,509</u> |

During the years ended June 30, 2024 and 2023, there were \$710,000 and \$1,135,000 of time-restricted releases and \$835,057 and \$575,962 of purpose-restricted releases, respectively.

Note 5 - Commitments

Leases - The Organization leases office space under a long-term, noncancelable lease agreement which expires on May 31, 2025. Additionally, the leases include payments for common area maintenance that are considered variable lease payments and are excluded from determining the lease liability.

The components of lease expense for the year ended June 30, are as follows:

| | <u>2024</u> | <u>2023</u> |
|--------------------------------|-------------------------|-------------------------|
| Operating lease cost | \$ 46,536 | \$ 49,569 |
| Variable and other lease costs | <u>453</u> | <u>10,678</u> |
| Total Leasing Expense | <u>\$ 46,989</u> | <u>\$ 62,270</u> |

Supplemental cash flow information related to leases as of June 30, is as follows:

| | <u>2024</u> | <u>2023</u> |
|---|-------------|-------------|
| Cash paid for amounts included in the measurement of lease liabilities- | | |
| Operating cash flows from operating leases | \$ 45,314 | 49,084 |
| Remaining lease term - operating lease | 0.9 years | 0.5 years |
| Discount rate - operating lease | 5.21% | 2.79% |

CITIZEN UNIVERSITY

Notes to Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 5 - Continued

Future minimum payments required under the office lease total \$26,664. These future minimum payments less the present value discount of \$569 equal the total operating lease liability of \$26,095 as of the year ended June 30, 2024.

Retirement Plan - The Organization's employees become eligible to participate in the 403(b) retirement plan upon hire. Employee contributions are made in accordance with the provisions of the 403(b) plan. The Organization made employer contributions to the 403(b) plan totaling \$21,624 and \$10,254 for the years ended June 30, 2024 and 2023.

Note 6 - Liquidity and Availability of Financial Assets

The Organization maintains financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of donor restrictions.

| | <u>2024</u> | <u>2023</u> |
|---|----------------------------|----------------------------|
| Cash and cash equivalents | \$ 1,201,292 | \$ 1,833,671 |
| Short-term investments | 500,020 | |
| Current portion of pledge receivables, net | <u>725,000</u> | <u>1,230,000</u> |
| Total financial assets, excluding noncurrent receivables | 2,426,312 | 3,063,671 |
| Less financial assets not available for general expenditure within one year, due to- Net assets restricted for purpose | <u>(644,319)</u> | <u>(1,165,613)</u> |
| Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year | <u>\$ 1,781,993</u> | <u>\$ 1,898,058</u> |