

**CONGRESS FOR THE
NEW URBANISM**

YEARS ENDED DECEMBER 31, 2013 AND 2012

CONGRESS FOR THE NEW URBANISM

YEARS ENDED DECEMBER 31, 2013 AND 2012

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Independent Auditor's Report

Board of Directors
Congress for the New Urbanism
Chicago, Illinois

We have audited the accompanying financial statements of Congress for the New Urbanism (CNU), which comprise the statement of financial position as of December 31, 2013 and 2012 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

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Congress for the New Urbanism as of December 31, 2013 and 2012 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.

Ostrow Reisin Berk & Abrams, Ltd.

November 6, 2014

CONGRESS FOR THE NEW URBANISM

STATEMENT OF FINANCIAL POSITION

December 31,	2013	2012
		(As restated)
ASSETS		
Cash	\$ 101,373	\$ 51,038
Grants receivable	52,500	82,063
Deposits and other assets	23,968	24,537
Property and equipment, net	3,551	3,548
Total assets	\$ 181,392	\$ 161,186
LIABILITIES AND NET ASSETS DEFICIT		
Liabilities:		
Accounts payable	\$ 30,475	\$ 27,767
Accrued expenses	1,352	2,702
Deferred rent	28,843	35,395
Deferred revenue (Note 8)	139,673	144,013
Due to affiliates	20,275	17,433
Total liabilities	220,618	227,310
Net assets deficit:		
Unrestricted	(295,658)	(189,402)
Temporarily restricted	256,432	123,278
Total net assets deficit	(39,226)	(66,124)
Total liabilities and net assets deficit	\$ 181,392	\$ 161,186

See notes to financial statements.

CONGRESS FOR THE NEW URBANISM

STATEMENT OF ACTIVITIES

Years ended December 31,	2013			2012 (As restated)		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Revenue and support:						
Contributions and grants	\$ 337,777	\$ 260,000	\$ 597,777	\$ 320,930	\$ 123,278	\$ 444,208
Event fees	348,566		348,566	387,900		387,900
Membership dues	322,204		322,204	329,258		329,258
Program service fees	48,321		48,321	74,459		74,459
Interest income	69		69	168		168
Contributed services and goods	52,397		52,397			
Miscellaneous	21,128		21,128	49,685		49,685
Net assets released from restrictions	126,846	(126,846)		167,646	(167,646)	
Total revenue and support	1,257,308	133,154	1,390,462	1,330,046	(44,368)	1,285,678
Expenses:						
Program services	941,558		941,558	923,973		923,973
Management and general	422,006		422,006	370,803		370,803
Total expenses	1,363,564		1,363,564	1,294,776		1,294,776
Change in net assets	(106,256)	133,154	26,898	35,270	(44,368)	(9,098)
Net assets (deficit):						
Beginning of year (as previously stated) (Note 8)				(91,169)	167,646	76,477
Prior period adjustment (Note 8)				(133,503)		(133,503)
Beginning of year (as restated) (Note 8)	(189,402)	123,278	(66,124)	(224,672)	167,646	(57,026)
End of year	\$ (295,658)	\$ 256,432	\$ (39,226)	\$ (189,402)	\$ 123,278	\$ (66,124)

See notes to financial statements.

CONGRESS FOR THE NEW URBANISM

STATEMENT OF FUNCTIONAL EXPENSES

Years ended December 31,	2013			2012		
	Program services	Management and general	Total	Program services	Management and general	Total
Salaries and wages	\$ 273,855	\$ 249,121	\$ 522,976	\$ 309,302	\$ 236,720	\$ 546,022
Payroll taxes and employee benefits	34,831	49,723	84,554	70,604	34,612	105,216
Bank and credit card fees	10,169	12,171	22,340	14,052	12,172	26,224
Books and publications	5,775	18	5,793	2,556	250	2,806
Contract services	188,840	11,719	200,559	155,122	1,813	156,935
Facilities and catering	197,898	561	198,459	128,830	3,647	132,477
Insurance	3,278	3,958	7,236	3,055	2,646	5,701
Membership publications	36,663	3,333	39,996	54,999	918	55,917
Miscellaneous	28,192	1,317	29,509	8,943	427	9,370
Occupancy	46,724	53,698	100,422	55,778	44,418	100,196
Postage and delivery	2,255	3,689	5,944	5,610	4,077	9,687
Printing and duplication	24,176	7,123	31,299	30,201	9,559	39,760
Professional fees	4,775	5,765	10,540	5,412	4,688	10,100
Public relations	6,759		6,759	9,299		9,299
Supplies and equipment	11,690	7,857	19,547	6,832	5,259	12,091
Telephone	16,512	7,095	23,607	12,728	6,620	19,348
Travel and lodging	48,305	3,819	52,124	49,225	1,743	50,968
Total expenses before depreciation and amortization	940,697	420,967	1,361,664	922,548	369,569	1,292,117
Depreciation and amortization	861	1,039	1,900	1,425	1,234	2,659
Total expenses	\$ 941,558	\$ 422,006	\$ 1,363,564	\$ 923,973	\$ 370,803	\$ 1,294,776

See notes to financial statements.

CONGRESS FOR THE NEW URBANISM

STATEMENT OF CASH FLOWS

Years ended December 31,	2013	2012
		(As restated)
Cash flows from operating activities:		
Change in net assets	\$ 26,898	\$ (9,098)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation and amortization	1,900	2,659
(Increase) decrease in operating assets:		
Grants receivable	29,563	(16,063)
Deposits and other assets	569	1,646
Increase (decrease) in operating liabilities:		
Accounts payable	2,708	(27,093)
Accrued expenses	(1,350)	685
Deferred rent	(6,552)	(4,085)
Deferred revenue	(4,340)	10,510
Due to affiliates	2,842	606
Cash provided by (used in) operating activities	52,238	(40,233)
Cash flows from investing activity:		
Acquisition of property and equipment	(1,903)	
Cash used in investing activity	(1,903)	
Increase (decrease) in cash	50,335	(40,233)
Cash, beginning of year	51,038	91,271
Cash, end of year	\$ 101,373	\$ 51,038

See notes to financial statements.

CONGRESS FOR THE NEW URBANISM

NOTES TO FINANCIAL STATEMENTS

1. Organization and purpose

Congress for the New Urbanism (CNU) is a Chicago-based not-for-profit organization that was founded in 1993.

CNU has a broad mission based on the conviction that our cities and towns can again be great places - vital, walkable, diverse communities that exist in greater harmony with nature. CNU advocates the restructuring of public policy and development practices to support the restoration of existing urban centers and towns within coherent metropolitan regions. CNU supports the reconfiguration of sprawling suburbs into communities of real neighborhoods and diverse districts, the conservation of natural environments and the preservation of our built legacy.

2. Summary of significant accounting policies

The significant accounting policies of CNU are summarized below:

Basis of accounting:

CNU's accounting records are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of presentation:

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification) for *Financial Statements of Not-For-Profit Organizations*. Under the Codification, CNU reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted - Unrestricted net assets are available to finance the general operations of CNU. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of CNU, the environment in which it operates and the purposes specified in its articles of incorporation.

CONGRESS FOR THE NEW URBANISM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Basis of presentation: (continued)

Temporarily restricted - Temporarily restricted net assets represent those contributions for which the use by CNU has been limited by donors to a specific time period or purpose. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. CNU's policy is to record restricted donations for which the restrictions have been fulfilled in the same fiscal year as unrestricted revenue. There were \$256,432 and \$123,278 of temporarily restricted net assets at December 31, 2013 and 2012, respectively. Temporarily restricted net assets at December 31, 2013 consist of \$256,432 that is restricted for specific grant purposes of the Highways to Boulevards initiative, Live Work Walk initiative and Designing Walkable Urban Thoroughfares. Temporarily restricted net assets at December 31, 2012 consist of \$123,278 that is restricted for specific grant purposes of the Highways to Boulevards initiative, Live Work Walk initiative and Designing Walkable Urban Thoroughfares.

Permanently restricted - Permanently restricted net assets (generally referred to as endowment funds) are assets that have donor-imposed restrictions that stipulate that the contributed resources be maintained permanently, but permit CNU to use up all or a portion of the income or other economic benefits derived from the donated assets. CNU does not have any permanently restricted net assets at December 31, 2013 and 2012.

Grants receivable:

All grants receivable are due in less than one year. As of December 31, 2013 and 2012, there is no allowance for uncollectible accounts.

Property and equipment and related depreciation and amortization:

CNU capitalizes all acquisitions of property and equipment in excess of \$1,000. Purchased property and equipment are stated at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

Amortization of leasehold improvements is provided on the straight-line method over the remaining term of the lease or the useful lives of the assets, whichever is shorter.

CONGRESS FOR THE NEW URBANISM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income tax status:

CNU is exempt from the payment of income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. No provisions for income taxes have been made, as CNU does not have significant unrelated business income.

CNU's Form 990, *Return of Organization Exempt from Income Tax*, is no longer subject to examination by the Internal Revenue Service for years ended prior to December 31, 2010.

Functional allocation of expenses:

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributed goods and services:

Financial statement presentation follows the recommendations of the Codification for Accounting for Contributions Received and Contributions Made, which requires CNU to recognize as revenue the fair value of contributed (donated) goods and services. During the years ended December 31, 2013 and 2012, CNU received contributions of specialized services totaling \$49,897 and \$-0-, respectively. They also received contributions of goods for the years ended December 31, 2013 and 2012 totaling \$2,500 and \$-0-, respectively.

Deferred revenue:

Amounts collected for membership dues are credited directly to deferred revenue in the statement of financial position. Membership dues are recognized as revenue in the applicable membership period in the statement of activities. Deferred revenue represents unearned membership dues at year-end.

CONGRESS FOR THE NEW URBANISM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Reclassifications:

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

3. Cash

CNU maintains its cash in bank accounts which, at times, may exceed federally-insured limits. CNU has not experienced any losses in such accounts. Management believes that CNU is not subject to any significant credit risk on cash.

4. Property and equipment

Property and equipment consists of the following:

December 31,	2013	2012
Office furniture	\$ 11,594	\$ 11,594
Equipment	47,973	46,070
Leasehold improvements	2,866	2,866
	62,433	60,530
Less accumulated depreciation and amortization	(58,882)	(56,982)
Property and equipment, net	\$ 3,551	\$ 3,548

5. Commitments

Office:

CNU leases its office space in Chicago, Illinois. The operating lease expires in 2016. Under the terms of this lease, CNU is obligated to pay minimum escalation rentals plus its proportionate share of certain operating expenses and real estate taxes. The sum of the minimum lease payments must be recognized on a ratable (straight-line) basis over the lease term as required by generally accepted accounting principles. The difference between the minimum lease payment each year and the calculated straight-line amount is credited or charged to a deferred rental liability account.

CONGRESS FOR THE NEW URBANISM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Commitments (continued)

Office: (continued)

Future rent expense, deferral amounts and minimal rental payments are summarized as follows:

Year ending December 31:	Straight-line rent expense	Amortization of deferred rent	Minimum rental payments
Deferred rent		\$ (28,843)	
2014	\$ 94,854	9,094	\$ 103,948
2015	94,854	11,693	106,547
2016	55,332	8,056	63,388
Total	\$ 245,040	\$ -	\$ 273,883

Occupancy expense was \$100,422 and \$100,196 for the years ended December 31, 2013 and 2012, respectively.

Equipment:

CNU rents certain office equipment under an operating lease. Future minimum payments are as follows:

Year ending December 31:	Amount
2014	\$ 5,172
2015	3,448
Total	\$ 8,620

Equipment rental expense was \$5,691 and \$5,945 for the years ended December 31, 2013 and 2012, respectively.

CONGRESS FOR THE NEW URBANISM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Defined-contribution plan

CNU has a defined-contribution plan (the Plan) covering all eligible employees who are at least 21 years of age. CNU makes a fully-vested safe harbor non-elective contribution to all eligible participants equal to 3% of the individual participant's compensation subject to statutory limitations. Total Plan expense for the years ended December 31, 2013 and 2012 was \$13,412 and \$15,322, respectively.

7. Due to affiliates

At times, CNU receives contributions on behalf of affiliated chapters. Amounts not yet remitted to the chapters totaling \$20,275 and \$17,433 as of December 31, 2013 and 2012, respectively, are reflected in due to affiliates.

8. Prior period adjustment

Unrestricted net assets deficit as of December 31, 2012 and 2011 have been restated to recognize deferred revenue related to membership dues. The correction has no effect on the results as of and for the year ended December 31, 2013. The following table summarizes the prior period adjustment:

	As previously reported	Prior period adjustment	As restated
As of January 1, 2012:			
Unrestricted net assets deficit	\$ (91,169)	\$ (133,503)	\$ (224,672)
Total net assets (deficit)	\$ 76,477	\$ (133,503)	\$ (57,026)
As of December 31, 2012:			
Deferred revenue		\$ 144,013	\$ 144,013
Unrestricted net assets deficit	\$ (45,389)	\$ (144,013)	\$ (189,402)
Total net assets (deficit)	\$ 77,889	\$ (144,013)	\$ (66,124)
Year ended December 31, 2012:			
Membership dues	\$ 339,768	\$ (10,510)	\$ 329,258
Total revenue and support	\$ 1,296,188	\$ (10,510)	\$ 1,285,678
Change in unrestricted net assets	\$ 45,780	\$ (10,510)	\$ 35,270
Total change in net assets	\$ 1,412	\$ (10,510)	\$ (9,098)

CONGRESS FOR THE NEW URBANISM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Subsequent events

Management of CNU has reviewed and evaluated subsequent events from December 31, 2013, the financial statement date, through November 6, 2014, the date the financial statements were available to be issued. No events have occurred in this period that would be required to be recognized and/or disclosed in these financial statements as required by generally accepted accounting principles.