

**NATIONAL COALITION  
AGAINST CENSORSHIP, INC.**

**FINANCIAL STATEMENTS  
AND AUDITOR'S REPORT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2017 AND 2016**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors:  
National Coalition Against Censorship, Inc.

We have audited the accompanying financial statements of National Coalition Against Censorship, Inc. (a New York not-for-profit corporation), which comprise the balance sheets as of December 31, 2017 and 2016, 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

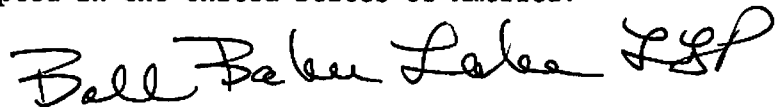
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 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 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 positions of National Coalition Against Censorship, Inc. as of December 31 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Ball Baker Leake LLP". The signature is written in dark ink and is positioned below the opinion text.

Ball Baker Leake LLP  
New York, New York  
February 20, 2018

**NATIONAL COALITION AGAINST CENSORSHIP, INC.**  
**BALANCE SHEETS**  
**FOR THE YEARS ENDED DECEMBER 31,**

**ASSETS**

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 1,192,924	\$ 1,156,555
Unconditional promises to give	605,000	330,000
Prepaid expenses	2,690	3,009
Investments - Available for Sale	7,163	-
Fixed assets (net of accumulated depreciation \$7,188 and \$5,581)	3,262	3,850
Security deposit	<u>22,699</u>	<u>22,699</u>
Total Assets	<u>\$ 1,833,738</u>	<u>\$ 1,516,113</u>

**LIABILITIES AND NET ASSETS**

	<u>2017</u>	<u>2016</u>
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 28,961	\$ 17,091
Deferred rent	<u>-</u>	<u>1,080</u>
Total Liabilities	<u>28,961</u>	<u>18,171</u>
<b>Net Assets:</b>		
Unrestricted	1,129,777	1,097,942
Temporarily restricted	<u>675,000</u>	<u>400,000</u>
Total Net Assets	<u>1,804,777</u>	<u>1,497,942</u>
Total Liabilities and Net Assets	<u>\$ 1,833,738</u>	<u>\$ 1,516,113</u>

See auditor's report and accompanying notes to financial statements.

**NATIONAL COALITION AGAINST CENSORSHIP, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31,**

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
<b>PUBLIC SUPPORT:</b>				
Individuals	\$ 152,906	\$ -	\$ 152,906	\$ 181,171
Foundations/Trusts	47,502	600,000	647,502	531,150
Participating organizations	19,800	-	19,800	24,400
Corporations	35,828	-	35,828	2,700
Bequests	-	-	-	34,102
Special events (net of direct benefit to donors of \$37,500 in 2017 and \$36,000 in 2016)	294,938	-	294,938	264,903
Net assets released from restriction	325,000	(325,000)	-	-
Total public support	875,974	275,000	1,150,974	1,038,426
 <b>REVENUES:</b>				
Education and literature	499	-	499	275
Sublease income	35,739	-	35,739	36,296
Interest and dividends	2,870	-	2,870	2,604
Realized and unrealized (loss) on investments	173	-	173	(10)
Total revenues	39,281	-	39,281	39,165
Total Public Support and Revenues	915,255	275,000	1,190,255	1,077,591
 <b>EXPENSES:</b>				
Program services	762,527	-	762,527	756,966
Administrative and general	45,107	-	45,107	42,512
Fundraising	75,786	-	75,786	77,420
Total expenses	883,420	-	883,420	876,898
 Changes in Net Assets	31,835	275,000	306,835	200,693
Net Assets, beginning of year	1,097,942	400,000	1,497,942	1,297,249
Net Assets, end of year	\$ 1,129,777	\$ 675,000	\$ 1,804,777	\$ 1,497,942

See auditor's report and accompanying notes to financial statements.

**NATIONAL COALITION AGAINST CENSORSHIP, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, payroll taxes, benefits	\$ 446,712	\$ 9,818	\$ 34,362	\$ 490,892
Outside consulting fees	140,239	4,892	17,938	163,069
Audit fees	-	14,696	-	14,696
Occupancy	91,663	11,458	1,042	104,163
Computer and internet	10,592	1,495	374	12,461
Postage and printing	33,195	405	6,882	40,482
Office expenses	19,274	402	402	20,078
Other benefit expenses	6,000	-	14,646	20,646
Telephone	3,977	83	83	4,143
Travel	5,295	221	-	5,516
Insurance	2,269	1,332	-	3,601
Meals and entertainment	1,736	289	41	2,066
Depreciation and amortization	1,575	16	16	1,607
	<u>\$ 762,527</u>	<u>\$ 45,107</u>	<u>\$ 75,786</u>	<u>\$ 883,420</u>

See auditor's report and accompanying notes to financial statements.

**NATIONAL COALITION AGAINST CENSORSHIP, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, payroll taxes, benefits	\$ 479,437	\$ 10,700	\$ 37,630	\$ 527,767
Outside consulting fees	110,010	4,000	14,397	128,407
Audit fees	-	13,250	-	13,250
Occupancy	89,600	11,200	1,019	101,819
Computer and internet	4,395	620	155	5,170
Postage and printing	37,235	454	7,719	45,408
Office expenses	20,982	437	437	21,856
Other benefit expenses	-	-	15,937	15,937
Telephone	3,944	82	82	4,108
Travel	6,445	269	-	6,714
Insurance	2,197	1,290	-	3,487
Meals and entertainment	1,166	194	28	1,388
Depreciation and amortization	1,555	16	16	1,587
	<u>\$ 756,966</u>	<u>\$ 42,512</u>	<u>\$ 77,420</u>	<u>\$ 876,898</u>

See auditor's report and accompanying notes to financial statements.



**NATIONAL COALITION AGAINST CENSORSHIP, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31,**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 306,835	\$ 200,692
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	1,607	1,587
Decrease (increase) in:		
Promises to give	(275,000)	48,931
Prepaid expenses and other current assets	319	(610)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	11,870	(2,127)
Deferred rent	(1,080)	(1,081)
	<u>44,551</u>	<u>247,392</u>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments purchased/redeemed	(7,163)	-
Fixed assets purchased	(1,019)	-
	<u>(8,182)</u>	<u>-</u>
<b>CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>		
<b>NET INCREASE (DECREASE) IN CASH</b>	36,369	247,392
<b>CASH AT BEGINNING OF YEAR</b>	<u>1,156,555</u>	<u>909,163</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 1,192,924</u>	<u>\$ 1,156,555</u>
<b>CASH PAID DURING THE YEAR FOR</b>		
Interest expense	\$ -	\$ -

See auditor's report and accompanying notes to financial statements.

**NATIONAL COALITION AGAINST CENSORSHIP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Note 1 - Organization**

National Coalition Against Censorship, Inc. ("NCAC") is an alliance of 50 national non-commercial organizations, including religious, artistic, professional, educational, labor and civil liberties groups, united in their defense of freedom of thought, inquiry, and expression. NCAC educates the public and policy makers about threats to free expression, mobilizes grassroots support for the First Amendment, facilitates communication between local activists and national organizations, and devises new educational, advocacy, and media strategies to create a more hospitable environment for laws and decisions protective of free speech and democratic values.

NCAC is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. NCAC is supported primarily by contributions.

**Note 2 - Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial statements of NCAC are prepared on the accrual basis of accounting.

**Functional Expenses**

Expenses are summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

**Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions could affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**NATIONAL COALITION AGAINST CENSORSHIP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Note 3 - Promises to Give**

	2017	2016
Jerome Levy Foundation	\$ 450,000	\$ 225,000
Reva and David Logan Foundation	-	100,000
Andy Warhol Foundation	150,000	-
Herman Goldman Foundation	5,000	5,000
	<u>\$ 605,000</u>	<u>\$ 330,000</u>

**Note 4 - Retirement Plan**

In February 2015, NCAC activated a Simple IRA Plan in which all full time employees expected to receive more than \$5,000 in compensation are eligible to make pre-tax contributions. NCAC makes a 2% salary contribution regardless of employee participation. The administrator of the Simple IRA Plan is American Funds as outlined by MetLife Fund Managers.

The Simple IRA plan expense for 2017 is \$8,116.

The Simple IRA plan expense for 2016 is \$8,887.

**Note 5 - Fixed Assets**

Fixed assets consist of the following at December 31,

	2017	2016
Equipment	\$ 10,450	\$ 9,431
Less accumulated depreciation	(7,188)	(5,581)
	<u>\$ 3,262</u>	<u>\$ 3,850</u>

**NATIONAL COALITION AGAINST CENSORSHIP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED December 31, 2017 AND 2016**

**Note 6 - Lease Obligations**

**Office Rental**

The current office lease expires January 31, 2018. NCAC signed a new seven year lease expiring on January 31, 2025 for its office space at 19 Fulton Street in New York City. On each anniversary of the commencement date the annual rent increases by 2.50%.

Future minimum lease payments are as follows:

	2018	\$	124,839
	2019		129,518
	2020		132,756
	2021		136,074
	2022		139,476
	2023-2025		<u>301,736</u>
	<b>Total</b>	<b>\$</b>	<b><u><u>964,398</u></u></b>

Rent expense was \$104,003 for the period ended December 31, 2017 and \$101,439 for the prior year. NCAC has two sub-lessees whose payments represent approximately one-third of the annual rental expense.

The landlord granted NCAC free rent for the month of January 2011; the free rent is being amortized over the life of the original lease and was fully amortized in 2017.

**Sublease Income**

In December 2010, NCAC (Sublessor) entered into a verbal sublease agreement with Media Coalition, Inc ("MC"). Base rent is paid to the Sublessor in monthly payments. It is agreed that MC's rent is a percentage of the base rent. There is no mention of the sublease term in the verbal sublease.

In August 2016 NCAC (Sublessor) entered into a written sublease agreement with Galmourgals Foundation, Inc ("GG") for the space located at 19 Fulton Street, Suite 407, New York, NY 10038. GG has agreed to a 17 month lease with the option to renew. The following sublease income schedule is prepared based on the assumption that GG will not renew the sublease agreement.

Future minimum rental income:

	2018	\$	43,337
	2019		23,288
	2020		21,905
	2021		22,452
	2022		23,014
	2023-2025		<u>49,786</u>
	<b>Total</b>	<b>\$</b>	<b><u><u>183,782</u></u></b>

**NATIONAL COALITION AGAINST CENSORSHIP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED December 31, 2017 AND 2016**

**Note 6 - Lease Obligations (continued)**

**Equipment Rental**

In 2016, NCAC renewed the equipment lease with Xerox and in 2015, NCAC renewed its equipment lease with Pitney Bowes. The Pitney Bowes lease which expires in April 2019, calls for quarterly rental payments of \$187. The Xerox lease which expires in June 2021, has a monthly rental of \$233, which includes the cost of supplies. Future minimum payments for the leases are as follows:

	2018	3,547
	2019	2,986
	2020	2,796
	2021	1,398
	<b>Total</b>	<b>\$ <u><u>10,727</u></u></b>

**Note 7 - Temporarily Restricted Net Assets**

NCAC receives some grants from Foundations that are restricted in time and in use for specific programs. Temporarily restricted net assets consist of the following at December 31:

Program and Time Restricted:	<u>2017</u>	<u>2016</u>
Youth Free Expression	\$ 450,000	\$ 225,000
Art Advocacy	225,000	175,000
	<b>\$ <u><u>675,000</u></u></b>	<b>\$ <u><u>400,000</u></u></b>

Temporarily restricted net assets were released for the following purposes:

	<u>2017</u>	<u>2016</u>
Youth Free Expression	\$ 225,000	\$ 225,000
Art Advocacy	100,000	175,000
	<b>\$ <u><u>325,000</u></u></b>	<b>\$ <u><u>400,000</u></u></b>

**Note 8 - Line of Credit**

In 2007, NCAC obtained a \$75,000 line of credit with a financial institution which provides for interest at the current prime rate plus 1.75%. Interest on the line of credit is charged daily. The Organization did not utilize any funds from the line of credit during 2017 and 2016.