

PO 20/10976029/20

OS AA01

Statement of details of parent law and other
information for an overseas company

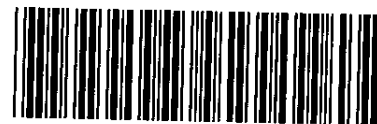


Companies House

☒ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law.

☒ **What this form is NOT for**
You cannot use this form to register
an alteration of manner of company
with accounting requirements.

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#172

COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of overseas company ① CIVICUS: World Alliance For Citizen Participation Inc

UK establishment number B R 0 1 1 7 2 5

→ **Filling in this form**

Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

① This is the name of the company in its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and, if applicable, the legislation under which the accounts have been audited.

Legislation ② FASB ASC 958, Not-For-Profit Entities

② This means the relevant rules or legislation which regulates the preparation and, if applicable, the audit of accounts.

A2 Accounting principles

Accounts Have the accounts been prepared in accordance with a set of generally accepted accounting principles?
Please tick the appropriate box.
☐ **No.** Go to **Section A3.**
☒ **Yes.** Please enter the name of the organisation or other body which issued those principles below, and then go to **Section A3.**

Name of organisation or body ③ Financial Accounting Standards Board

③ Please insert the name of the appropriate accounting organisation or body.

A3 Accounts

Accounts Have the accounts been audited? Please tick the appropriate box.
☐ **No.** Go to **Section A5.**
☒ **Yes.** Go to **Section A4.**

OS AA01

Statement of details of parent law and other information for an overseas company


A4 Audited accounts

Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. <input type="checkbox"/> No. Go to Part 3 'Signature' . <input checked="" type="checkbox"/> Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature' .	● Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body ●	Financial Accounting Standards Board	

A5 Unaudited accounts

Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box. <input type="checkbox"/> No. <input type="checkbox"/> Yes.
--------------------	--

Part 3 Signature

	I am signing this form on behalf of the overseas company.
Signature	<div>Signature</div> <div>X  X</div> <div>This form may be signed by: Director, Secretary, Permanent representative.</div>

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Claire Nylander
Company name	CIVICUS: World Alliance for Citizen Pa
Address	
Studio 4, Tintagel House	
92 Albert Embankment	
Post town	London
County/Region	
Postcode	S E 1 7 T Y
Country	
DX	
Telephone	



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



Important information

Please note that all this information will appear on the public record.



Where to send

You may return this form to any Companies House address:

England and Wales:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

Northern Ireland:

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

CONSOLIDATED FINANCIAL STATEMENTS

**CIVICUS: WORLD ALLIANCE FOR
CITIZEN PARTICIPATION, INC.**

AND

**CIVICUS: WORLD ALLIANCE FOR CITIZEN
PARTICIPATION COMPANY LIMITED BY GUARANTEE**

**FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2018**

**CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION, INC.
CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION COMPANY LIMITED BY GUARANTEE**

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

CIVICUS: World Alliance for Citizen Participation, Inc.

CIVICUS: World Alliance for Citizen Participation Company Limited By Guarantee
Washington, D.C.

We have audited the accompanying consolidated financial statements of CIVICUS: World Alliance for Citizen Participation, Inc. and CIVICUS: World Alliance for Citizen Participation Company Limited By Guarantee (collectively, CIVICUS), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814
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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CIVICUS as of June 30, 2019, and the consolidated change in its net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited CIVICUS' June 30, 2018 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 11, 2018. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2018, is consistent in all material respects with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

September 17, 2019

**CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION, INC.
CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION COMPANY LIMITED BY GUARANTEE**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

ASSETS			
		<u>2019</u>	<u>2018</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	4,843,274	\$ 4,840,726
Grants and contributions receivable		1,418,525	-
Due from RSA		-	2,586
Advances to subgrantees, net of provisions for \$62,500		425,309	857,045
Prepaid expenses and other assets		<u>59,134</u>	<u>44,695</u>
Total current assets		<u>6,746,242</u>	<u>5,745,052</u>
PROPERTY AND EQUIPMENT			
Furniture and fixtures		8,508	8,508
Computer equipment and software		<u>98,060</u>	<u>90,792</u>
		106,568	99,300
Less: Accumulated depreciation and amortization		<u>(47,189)</u>	<u>(29,126)</u>
Net property and equipment		<u>59,379</u>	<u>70,174</u>
TOTAL ASSETS	\$	<u>6,805,621</u>	\$ <u>5,815,226</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$	587,969	\$ 330,723
Deferred membership dues		<u>110,046</u>	<u>62,314</u>
Total current liabilities		<u>698,015</u>	<u>393,037</u>
NET ASSETS			
Without donor restrictions		1,793,819	1,385,218
With donor restrictions		<u>4,313,787</u>	<u>4,036,971</u>
Total net assets		<u>6,107,606</u>	<u>5,422,189</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>6,805,621</u>	\$ <u>5,815,226</u>

See accompanying notes to consolidated financial statements.

**CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION, INC.
CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION COMPANY LIMITED BY GUARANTEE**

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Grants and contributions	\$ 3,678,392	\$ 6,548,934	\$ 10,227,326	\$ 8,689,228
Program income	489,524	-	489,524	339,867
Membership dues	-	-	-	28,425
Event	-	-	-	116,233
Interest	24,303	-	24,303	17,426
Other	26,386	-	26,386	51,379
Net assets released from donor restrictions	<u>6,272,118</u>	<u>(6,272,118)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>10,490,723</u>	<u>276,816</u>	<u>10,767,539</u>	<u>9,242,558</u>
EXPENSES				
Program Services	<u>8,212,740</u>	<u>-</u>	<u>8,212,740</u>	<u>7,814,761</u>
Supporting Services:				
General and Administrative	1,812,266	-	1,812,266	989,739
Fundraising	<u>57,116</u>	<u>-</u>	<u>57,116</u>	<u>-</u>
Total supporting services	<u>1,869,382</u>	<u>-</u>	<u>1,869,382</u>	<u>989,739</u>
Total expenses	<u>10,082,122</u>	<u>-</u>	<u>10,082,122</u>	<u>8,804,500</u>
Change in net assets	408,601	276,816	685,417	438,058
Net assets at beginning of year	<u>1,385,218</u>	<u>4,036,971</u>	<u>5,422,189</u>	<u>4,984,131</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,793,819</u>	<u>\$ 4,313,787</u>	<u>\$ 6,107,606</u>	<u>\$ 5,422,189</u>

See accompanying notes to consolidated financial statements.

**CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION, INC.
CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION COMPANY LIMITED BY GUARANTEE**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED INFORMATION FOR 2018**

	2019							
	Program Services							
Programmes (Formerly Policy and Research)	Networks (Formerly Partnerships)	Affinity Group of National Associations	Civic Space Monitor	Civil Society Watch	Datashift	Resilient Roots/Vuka	Communications	Strengthening Umbrella Networks
Salaries and related benefits	\$ 303,066	\$ 13,199	\$ 259,875	\$ 46,311	\$ 53,837	\$ 252,507	\$ 106,485	\$ 241,066
Professional fees	43,803	500	383,605	1,081	100,554	116,431	28,301	36,350
Communication	977	244	134	-	-	-	978	129
Board travel and related	-	-	-	-	-	-	-	-
Travel	17,430	-	33,412	6,760	-	8,900	5,749	21,277
Occupancy	447	-	-	-	-	-	5,880	2,528
Depreciation and amortization	-	-	-	-	338	-	-	-
Office supplies and services	-	-	-	-	-	-	-	52
Marketing and branding	611	-	-	-	-	-	394	-
Recruitment costs	281	-	-	-	-	-	-	400
Bank fees and other	16,228	-	951	-	-	-	-	4,847
Other costs	-	64	18,549	942	5,134	15,056	19,765	-
Partner travel	34,036	-	192	-	-	-	-	-
Subgrant expenses	694,955	15,243	45,604	1,292	-	9,503	882	131,834
World Assembly	2,998	8,742	202,374	351,898	28,473	515,165	31,133	227,902
		19,831	368	2,672	-	59,837	6,364	1,734
TOTAL	\$ 1,114,832	\$ 1,142,213	\$ 945,064	\$ 410,956	\$ 188,336	\$ 977,399	\$ 205,931	\$ 668,119

See accompanying notes to consolidated financial statements.

CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION, INC.
CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION COMPANY LIMITED BY GUARANTEE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED INFORMATION FOR 2018

	2019 (Continued)							2018	
	Program Services (Continued)				Supporting Services				
	Global Hub	Civic Space Initiative	Innovation	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries and related benefits	\$ 156,960	\$ 17,913	\$ 257,653	\$ 1,947,253	\$ 620,397	\$ 55,367	\$ 675,764	\$ 2,623,017	\$ 2,153,537
Professional fees	126,951	5,305	777,037	1,713,381	195,125	-	195,125	1,908,506	1,875,487
Communication	976	-	-	4,173	6,998	-	6,998	11,171	16,812
Board travel and related	-	-	-	-	60,137	-	60,137	60,137	37,470
Travel	54,334	24,838	36,677	246,476	39,661	1,749	41,410	287,886	351,665
Occupancy	8,960	510	52,325	72,103	60,795	-	60,795	132,898	111,370
Depreciation and amortization	-	-	-	338	17,725	-	17,725	18,063	16,911
Office supplies and services	60	-	-	112	694	-	694	806	5,094
Marketing and branding	-	-	48	1,053	-	-	-	1,053	7,995
Recruitment costs	-	-	-	1,632	33,137	-	33,137	34,769	5,084
Bank fees and other	6,378	5,649	23,113	137,219	96,597	-	96,597	233,816	137,333
Other costs	-	-	227	419	1,485	-	1,485	1,904	58,304
Partner travel	60,995	33,982	117,795	568,339	1,144	-	1,144	569,483	657,932
Subgrant expenses	321,958	72,227	273,296	2,995,928	658,339	-	658,339	3,654,267	2,926,598
World Assembly	37,449	23,468	4,983	524,314	20,032	-	20,032	544,346	442,908
TOTAL	\$ 775,021	\$ 183,892	\$ 1,543,154	\$ 8,212,740	\$ 1,812,266	\$ 57,116	\$ 1,869,382	\$ 10,082,122	\$ 8,804,500

See accompanying notes to consolidated financial statements.

**CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION, INC.
CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION COMPANY LIMITED BY GUARANTEE**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 685,417	\$ 438,058
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	18,063	16,911
Change in provision for unliquidated subgrantee advances	(10,475)	(29,828)
(Increase) decrease in:		
Grants and contributions receivable	(1,418,525)	748,137
Due from RSA	2,586	36,093
Advances to subgrantees	442,211	(680,493)
Prepaid expenses and other assets	(14,439)	2,036
Increase in:		
Accounts payable and accrued liabilities	257,246	128,312
Deferred membership dues	<u>47,732</u>	<u>23,782</u>
Net cash provided by operating activities	<u>9,816</u>	<u>683,008</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(7,268)</u>	<u>(31,877)</u>
Net cash used by investing activities	<u>(7,268)</u>	<u>(31,877)</u>
Net increase in cash and cash equivalents	2,548	651,131
Cash and cash equivalents at beginning of year	<u>4,840,726</u>	<u>4,189,595</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,843,274</u>	<u>\$ 4,840,726</u>

**CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION, INC.
CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION COMPANY LIMITED BY GUARANTEE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

CIVICUS: World Alliance for Citizen Participation, Inc. (CIVICUS) is a non-profit international alliance working with members in over 160 countries to strengthen citizen action and civil society throughout the world. CIVICUS has a vision of a worldwide community of informed, inspired, committed citizens engaged in confronting the challenges facing humanity. CIVICUS is, arguably, the only global network dedicated to the rights, freedoms, health and vitality of civil society. Its geographically and thematically diverse membership affirms its legitimacy as a leading voice on civil society issues globally. CIVICUS is known as a trusted convener of civil society interests globally and functions as a link between civil society and other actors in key inter-governmental and multi-stakeholder processes.

CIVICUS: World Alliance for Citizen Participation Company Limited By Guarantee and not having a share capital, registered under Part 18 of the Companies Act 2014. The organization was formed in County Cork, Republic of Ireland, to support the general mission of CIVICUS: World Alliance for Citizen Participation, Inc.

The accompanying consolidated financial statements reflect the activity of CIVICUS: World Alliance for Citizen Participation, Inc. and CIVICUS: World Alliance for Citizen Participation Company Limited By Guarantee (collectively, CIVICUS) as of June 30, 2019. The financial statements of the two organizations have been consolidated because they have common interest and are under common control. All intercompany transactions have been eliminated during consolidation.

CIVICUS maintains a representative office in London, England, and is registered as a United Kingdom (UK) establishment of an overseas entity (the overseas entity being CIVICUS, a U.S. non-profit corporation).

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted during the year ended June 30, 2019 and applied retrospectively.

The activity of CIVICUS (the U.S. entity) is presented in the accompanying consolidated financial statements. CIVICUS-Worldwide includes three other entities registered in the Republic of South Africa: CIVICUS World Alliance for Citizen Participation (an entity incorporated under Section 21 of the South African Companies Act, the South African equivalent of a 501(c)(3) tax-exempt entity), referred to as "CIVICUS RSA", and Golden Spot Trading 713 (Pty) Limited, wholly-owned by CIVICUS RSA and a for-profit company (property owner of CIVICUS House) and Geneva office based in Switzerland, tax-exempt under the Federal law relating to direct federal tax (LIFD) of 14 December 1990, engages mainly with the United Nations Human Rights Council. The consolidated financial statements are available at the CIVICUS RSA office.

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CIVICUS' financial statements for the year ended June 30, 2018, from which the summarized information was derived.

**CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION, INC.
CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION COMPANY LIMITED BY GUARANTEE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Cash and cash equivalents -

CIVICUS considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, CIVICUS maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

CIVICUS had \$111,159 of cash and cash equivalents held at one financial institution in a foreign country at June 30, 2019. These funds invested in the foreign country are uninsured.

Advances to subgrantees -

Advances to subgrantees represents the balance of unliquidated subgrantee advances at year-end. CIVICUS reserves for amounts paid to subgrantees which it expects will not be accounted for or refunded to them. As of June 30, 2019, CIVICUS recorded provisions aggregating \$62,500.

Property and equipment -

Property and equipment in excess of \$500 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five to ten years. Computer software is amortized on a straight-line basis over six years. The cost of maintenance and repairs is recorded as expenses are incurred.

Depreciation and amortization expense during the year ended June 30, 2019 totaled \$18,063.

Deferred revenue -

Deferred revenue consists of membership dues. CIVICUS recognizes membership dues on a pro-rata basis over the annual membership period.

Income taxes -

CIVICUS: World Alliance for Citizen Participation, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income.

CIVICUS: World Alliance for Citizen Participation Company Limited By Guarantee is organized as a non-profit organization in Ireland, and its charitable and exempt activities are not subject to taxation in Ireland.

CIVICUS maintains a representative office in London, England, and is registered as a United Kingdom (UK) establishment of an overseas entity (the overseas entity being CIVICUS, a U.S. non-profit corporation). According to UK law, grant income received by a non-UK entity (CIVICUS, the U.S. non-profit corporation) would not generally be considered taxable income (for the purpose of calculating taxable profits in the UK); however it will be considered taxable if CIVICUS-US engages in a trade in which the grant income relates to that trade. CIVICUS has not engaged in any unrelated trade or business.

CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION, INC.
CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION COMPANY LIMITED BY GUARANTEE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Income taxes (continued) -

Based on the above, a provision for income taxes has not been made in the accompanying financial statements. Additionally, CIVICUS is not a private foundation.

Uncertain tax positions -

For the year ended June 30, 2019, CIVICUS has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors (or certain grantors) are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities and Change in Net Assets as net assets released from donor restrictions. *Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.*

Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Grant funding received in advance of incurring the related expenses is recorded as "net assets with donor restrictions".

Program income -

CIVICUS recognizes program income for fee for service and workshop trainings. Revenue under program income is recognized based on the work performed in correlation to the deliverables and when the workshop or training takes place.

**CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION, INC.
CIVICUS: WORLD ALLIANCE FOR CITIZEN PARTICIPATION COMPANY LIMITED BY GUARANTEE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of CIVICUS are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Foreign currency translation -

The U.S. Dollar is the functional currency for CIVICUS operations. Transactions in currencies other than U.S. Dollars are translated into U.S. dollars at the rate of exchange in effect during the month of the transaction.

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of ASU 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes. Net assets previously classified as of June 30, 2018 as unrestricted net assets in the amount of \$1,385,218 are now classified as "net assets without donor restrictions". Net assets previously classified as temporarily restricted net assets in the amount of \$4,036,971 are now classified as "net assets with donor restrictions".

New accounting pronouncements (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is fiscal years beginning after December 15, 2018. Early adoption is permitted. CIVICUS has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its consolidated financial statements.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

New accounting pronouncements (not yet adopted) (continued) -

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. CIVICUS has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

CIVICUS plans to adopt the new ASUs at the respective required implementation dates.

2. LINE OF CREDIT

CIVICUS maintains a \$210,000 bank line of credit which matures September 28, 2020. Amounts borrowed under the line bear interest at the rate of 6.25%. The line of credit is secured by cash held in bank accounts at the same financial institution. During the year ended June 30, 2019, there was no activity on the line of credit, and no outstanding balance as of June 30, 2019. Therefore, no interest expense was incurred on the line of credit during the year ended June 30, 2019.

3. NET ASSETS WITHOUT DONOR RESTRICTIONS

As of June 30, 2019, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

Undesignated net assets	\$ 1,531,209
Board designated net assets	<u>262,610</u>
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 1,793,819</u>

Board designated net assets (Board reserves) are built up from membership fees, which are by Board resolution earmarked to build up a reserve of approximately three months of operating costs. In May 2018, the Board elected to allocate all membership fees to a member solidarity fund as agreed in the Annual General Meeting held in November 2018.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2019:

Subject to expenditure for specific purpose	\$ 4,223,641
Subject to passage of time	<u>90,146</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 4,313,787</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished	\$ 6,062,264
Time restrictions accomplished	<u>209,854</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 6,272,118</u>

5. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 4,843,274
Grants and contributions receivable	<u>1,418,525</u>
Subtotal financial assets available within one year	6,261,799
Less: Donor restricted funds	(4,223,641)
Less: Board designated funds	<u>(262,610)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 1,775,548</u>

The CIVICUS has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2019, CIVICUS has financial assets equal to approximately two months of operating expenses. In addition, CIVICUS has a line of credit agreement (as further discussed in Note 2) which allows for additional available borrowings up to \$210,000. Occasionally, the board designates a portion of any operating surplus to its liquidity reserve, which was \$262,610 as of June 30, 2019.

6. LEASE COMMITMENTS

CIVICUS maintains a lease for office space in New York on a month-to-month rental agreement.

Additionally, CIVICUS leases office space in London, Yerevan, Berlin, Montreal, Nairobi, China, Valencia and Montevideo, Washington D.C. and Geneva, all of which are on a month-to-month basis.

Occupancy expense during the year ended June 30, 2019 totaled \$132,898. As all office rental agreements are on a month-to-month basis, there are no future minimum lease payments required as of June 30, 2019.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

7. CONCENTRATION OF REVENUE

Approximately 64% of CIVICUS' revenue for the year ended June 30, 2019 was derived from awards received by three major donors.

CIVICUS has no reason to believe that the relationships with these donors will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect CIVICUS' ability to finance ongoing operations.

8. WORLD ASSEMBLY

CIVICUS and Civic Initiatives Organization (CI) organized the International Civil Society Week (ICSW) in Belgrade, Serbia in April 2019. Under the banner of "The Power of Togetherness" ICSW gathered more than 700 participants from 93 countries to participate in 43 partner led events as part of the main program, together with the morning plenaries, CIVICUS Youth Assembly, and networking and cultural activities.

9. RELATED PARTY TRANSACTIONS

CIVICUS paid \$1,948,397 out of undesignated funds based on support/awards provided to RSA and to Geneva (Note 1) during the year ended June 30, 2019, as both RSA and Geneva fulfilled certain program objectives on behalf of CIVICUS; the fulfillment of such program objectives included the utilization of RSA personnel and other related programmatic expenditures.

The support provided to RSA has been recorded in subgrant expense in the accompanying Schedule of Functional Expenses. During the year ended June 30, 2019, \$1,575,803 was transferred to RSA and \$372,594 to Geneva. As of June 30, 2019, there were no receivables from related parties for programmatic cash transfers, personnel and other related project expenditures.

10. SUBSEQUENT EVENTS

In preparing the financial statements, CIVICUS has evaluated events and transactions for potential recognition or disclosure through September 17, 2019, the date the consolidated financial statements were issued.