

PORT CHESTER CARVER CENTER, INC.

**Financial Statements
for the year ended
June 30, 2015
(with Summarized Comparative
Information for the Year Ended
June 30, 2014)**

Independent Auditor's Report

To the Board of Directors of the
Port Chester Carver Center, Inc.

We have audited the accompanying financial statements of Port Chester Carver Center, Inc. which comprise the statement of financial position as of June 30, 2015 and the related statements of activities, functional expenses and cash flows for the year 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 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 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 in the first paragraph on the previous page present fairly, in all material respects, the financial position of Port Chester Carver Center, Inc. as of June 30, 2015 and the results of its activities and its 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 Port Chester Carver Center's 2014 financial statements, and our report dated October 1, 2014, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McGinty & Donnelly LLP

September 15, 2015

PORT CHESTER CARVER CENTER, INC.

Statement of Financial Position

Assets

	June 30	
	2015	2014
Current assets		
Cash	\$ 58,057	\$ 285,660
Investments, at fair value	1,025,291	1,106,661
Pledges and accounts receivable	333,937	226,321
Prepaid expenses and other	22,244	33,795
Total current assets	1,439,529	1,652,437
Property and equipment, net	3,027,297	3,122,668
Investments – permanently restricted	1,404,000	1,404,000
Total assets	\$5,870,826	\$6,179,105

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 108,118	\$ 104,974
Deferred revenue	115,000	86,925
Current portion of capital leases payable	12,542	12,869
Total current liabilities	235,660	204,768
Capital leases payable, net of current portion	-	12,542
Total liabilities	235,660	217,310
Net assets		
Unrestricted	3,406,117	3,682,376
Temporarily restricted	825,049	875,419
Permanently restricted	1,404,000	1,404,000
Total net assets	5,635,166	5,961,795
Total liabilities and net assets	\$5,870,826	\$6,179,105

See notes to financial statements.

PORT CHESTER CARVER CENTER, INC.

Statement of Activities
For the year ended June 30, 2015
(with Summarized Comparative Information for the Year Ended June 30, 2014)

	<u>2015</u>			<u>2014</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
Support and revenue					
Contributions	\$ 598,700	\$ 1,200,115	\$ -	\$ 1,798,815	\$ 1,476,097
Fundraising events	459,078	-	-	459,078	338,912
Government grants	196,844	-	-	196,844	97,814
Program fees	244,783	-	-	244,783	341,334
Interest and dividends, net	263	43,972	-	44,235	58,002
Net realized and unrealized gain (loss) on investments	-	(40,342)	-	(40,342)	232,586
Donated supplies	24,957	-	-	24,957	231,950
Other	1,919	-	-	1,919	947
Rental revenue	256,835	-	-	256,835	241,932
Net assets released from restrictions	<u>1,254,115</u>	<u>(1,254,115)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>3,037,494</u>	<u>(50,370)</u>	<u>-</u>	<u>2,987,124</u>	<u>3,019,574</u>
Expenses					
Program services	2,817,821	-	-	2,817,821	2,380,320
Management and general	197,101	-	-	197,101	202,001
Fundraising	<u>298,831</u>	<u>-</u>	<u>-</u>	<u>298,831</u>	<u>245,559</u>
Total expenses	<u>3,313,753</u>	<u>-</u>	<u>-</u>	<u>3,313,753</u>	<u>2,827,880</u>
Increase (decrease) in net assets	(276,259)	(50,370)	-	(326,629)	191,694
Net assets, beginning of year	<u>3,682,376</u>	<u>875,419</u>	<u>1,404,000</u>	<u>5,961,795</u>	<u>5,770,101</u>
Net assets, end of year	<u>\$ 3,406,117</u>	<u>\$ 825,049</u>	<u>\$ 1,404,000</u>	<u>\$ 5,635,166</u>	<u>\$ 5,961,795</u>

See notes to financial statements.

PORT CHESTER CARVER CENTER, INC.

Statement of Functional Expenses
Year Ended June 30, 2015
 (with Summarized Comparative Information for the
 Year Ended June 30, 2014)

	<u>2015</u>			<u>2014</u>	
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Expenses					
Salaries, benefits and taxes	\$2,037,555	\$ 88,110	\$ 77,097	\$2,202,762	\$1,543,954
Occupancy, building and grounds	186,307	32,555	15,866	234,728	276,428
Professional fees	87,571	25,268	14,367	127,206	113,894
Supplies	70,054	22,711	9,635	102,400	95,296
Program expense	213,794	-	-	213,794	225,097
Fundraising events	-	-	160,708	160,708	107,245
Advertising	-	-	574	574	250
Insurance	67,758	5,979	5,979	79,716	69,022
Bad debt	-	4,627	-	4,627	20,616
Donated supplies	<u>24,957</u>	<u>-</u>	<u>-</u>	<u>24,957</u>	<u>231,950</u>
Total expenses before depreciation	2,687,996	179,250	284,226	3,151,472	2,683,752
Depreciation	<u>129,825</u>	<u>17,851</u>	<u>14,605</u>	<u>162,281</u>	<u>144,128</u>
Total expenses	<u>\$2,817,821</u>	<u>\$ 197,101</u>	<u>\$ 298,831</u>	<u>\$3,313,753</u>	<u>\$2,827,880</u>

See notes to financial statements.

PORT CHESTER CARVER CENTER, INC.

Statement of Cash Flows

	Year Ended	
	June 30	
	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (326,629)	\$ 191,694
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) operating activities		
Depreciation	162,281	144,128
Net realized and unrealized (gain) loss on investments	40,342	(232,586)
(Increase) in pledges and accounts receivable	(107,616)	(103,187)
(Increase) decrease in prepaid expenses and other	11,551	(12,633)
Increase (decrease) in accounts payable and accrued expenses	3,144	(4,516)
Increase (decrease) in deferred revenue	<u>28,075</u>	<u>(2,563)</u>
Net cash (used in) operating activities	<u>(188,852)</u>	<u>(19,663)</u>
Cash flows from investing activities		
Proceeds from the sale of investments	623,664	863,168
Purchases of investments	(582,636)	(438,968)
Acquisition of property and equipment	<u>(66,910)</u>	<u>(289,804)</u>
Net cash provided by (used in) investing activities	<u>(25,882)</u>	<u>134,396</u>
Cash flows (used in) financing activities		
Payments on capital leases payable	<u>(12,869)</u>	<u>(11,724)</u>
Net increase (decrease) in cash	(227,603)	103,009
Cash, beginning of year	<u>285,660</u>	<u>182,651</u>
Cash, end of year	<u>\$ 58,057</u>	<u>\$ 285,660</u>

See notes to financial statements.

PORT CHESTER CARVER CENTER, INC.**Notes to Financial Statements
June 30, 2015****Note 1 – Nature of organization**

Port Chester Carver Center, Inc. (the “Center”) was incorporated in 1949 to provide education programs and services which help children and youth maximize their potential for growth and self-sufficiency as well as to build support and resources for families and individuals in need. The Center has become a full community center; serving children, youth and their families by offering various education, head start/day care, sports and employment training programs.

Note 2 – Significant accounting policies**Basis of presentation**

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America. In accordance with these standards, the Center is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets

These are net assets that are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets represent resources that are available for the support of the Center’s operations.

Temporarily restricted net assets

These net assets contain donor-imposed stipulations that will be met by actions of the Center or the passage of time. The activity in the temporarily restricted net assets is reflected on page 4 of these financial statements.

Permanently restricted net assets

These net assets contain donor-imposed stipulations that the principal of the net assets be maintained in perpetuity by the Center. Generally, the donors of these assets permit the Center to use all or part of the income earned on related investments for general or specific purposes.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence of any donor-imposed restrictions. When a donor 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.

PORT CHESTER CARVER CENTER, INC.**Notes to Financial Statements (continued)
June 30, 2015****Note 2 – Significant accounting policies (continued)****Tax status**

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, the Center has been classified by the Internal Revenue Service as an organization, which is not a private foundation within the meaning of Section 509(a)(1) of the Code. The Center qualifies for the maximum charitable contribution deduction by donors. As of June 30, 2015, no amounts have been recognized for tax benefits resulting from uncertain income tax positions. The Center’s tax returns for the 2012 fiscal year and forward are subject to the usual review by the appropriate authorities.

Use of estimates

The preparation of financial statements in accordance 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 disclosures 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.

Cash equivalents

The Center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, unless such assets are held as part of its investment strategy, in which case these assets are included in investments.

Concentrations of credit risk

The Center’s financial instruments that are potentially exposed to concentrations of credit risk consist of cash, cash equivalents, investments, pledges and accounts receivable. The Center places its cash and cash equivalents with what it believes to be quality financial institutions and the Center has not incurred any losses in such accounts to date. The Center’s investments consist of money market funds, certificates of deposit, an exchange traded fund, a mutual fund, real estate investment trusts, common stocks, United States government and agency obligations, corporate bonds and CMO and asset backed securities. Investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at June 30, 2015. The Center routinely assesses the financial strength of its cash, cash equivalents and investment portfolio. Management of the Center monitors the collectibility of its receivables. As a consequence, concentrations of credit risk are limited.

PORT CHESTER CARVER CENTER, INC.**Notes to Financial Statements (continued)
June 30, 2015****Note 2 – Significant accounting policies (continued)**Investments

The Center accounts for its investments in accordance with accounting principles generally accepted in the United States of America. Accordingly, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the statement of activities.

Fair value measurements

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. At June 30, 2015, all of the Center's investments are deemed to be Level 1; their fair values are measured using quoted prices in active markets.

Allowance for doubtful accounts

As of June 30, 2015, the Center does not believe an allowance for doubtful accounts for any potentially uncollectible pledges and accounts receivable is necessary. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Property and equipment

Property and equipment are recorded at cost. Donations of property and equipment are recorded at fair value on the date of receipt. The Center capitalizes, as property and equipment, expenditures for such assets in excess of a nominal amount with an estimated useful life of greater than one year. Depreciation is computed on the straight-line method over the estimated useful lives of the depreciable assets, which range from 5 to 39 years.

Deferred revenue

Summer Camp and Sport Camp fees paid in advance of the statement of financial position date are reported as deferred revenue. Such fees are recognized as revenue when these programs are held during July and August.

Functional allocation of expenses

The Center allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting activity are allocated directly to that activity. Other expenses that are common to several functions are allocated among the program and supporting services benefitted based upon management's estimates.

PORT CHESTER CARVER CENTER, INC.

Notes to Financial Statements (continued)
June 30, 2015

Note 2 – Significant accounting policies (continued)

Volunteer time

A substantial number of volunteers made significant contributions of their time to the Center's programs. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurements or valuation.

Donated supplies

During 2015, the Center received donations of clothing, food, toys, and household supplies with an estimated fair value of \$24,957 which are to be used in the Center's programs. These donated supplies were recorded at their fair value based on what it would have cost the Center to purchase them independently and have been reflected as support and expenses in the accompanying statements of activities and functional expenses.

Comparative financial information

The statements of activities and functional expenses in the accompanying financial statements include certain prior-year summarized comparative information, in total but not by net asset class or by functional classification, respectively. Therefore, to compare 2015 to 2014 at the net asset class and functional level, the June 30, 2014 financial statements should be read in conjunction with the 2015 statements of activities and functional expenses.

Subsequent events

The Center has evaluated events and transactions for potential recognition or disclosure through September 15, 2015, which is the date the financial statements were available to be issued.

Note 3 – Investments

The Center's investments, including those classified as permanently restricted, at June 30, 2015 and June 30, 2014, are as follows:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 522,718	\$ 522,718	\$ 374,329	\$ 374,329
Certificates of deposit	-	-	232,392	232,392
Precious metal exchange traded fund	57,007	50,567	57,007	57,618
Equity mutual fund	61,518	78,884	59,944	82,279
Real estate investment trusts	33,427	42,929	39,994	53,306
Common stocks	882,737	1,175,246	794,514	1,160,504
U.S. Government and agency obligations	189,096	192,020	118,885	167,860
Corporate bonds	353,055	361,968	409,240	375,898
CMO and asset backed securities	6,704	4,959	6,704	6,475
Totals	<u>\$ 2,106,262</u>	<u>\$ 2,429,291</u>	<u>\$ 2,093,009</u>	<u>\$ 2,510,661</u>

PORT CHESTER CARVER CENTER, INC.

Notes to Financial Statements (continued)

June 30, 2015

Note 4 – Property and equipment

At June 30, 2015, and 2014 property and equipment consisted of the following:

	<u>2015</u>	<u>2014</u>
Building	\$ 705,000	\$ 705,000
Building improvements	3,856,713	3,795,238
Furniture and equipment	<u>378,599</u>	<u>373,164</u>
Sub-total	4,940,312	4,873,402
Less: accumulated depreciation	<u>1,913,015</u>	<u>1,750,734</u>
Property and equipment, net	<u>\$ 3,027,297</u>	<u>\$ 3,122,668</u>

Note 5 – Rental revenue

The Center leased a portion of its facility to various not-for-profit organizations on a month-to-month basis. Additionally, the Center leased portions of its facility on a temporary basis for specific events and for short-term individual occupancy.

Rental revenue received in connection with these agreements totaled \$256,835 and \$241,932 for the fiscal years ended June 30, 2015 and June 30, 2014, respectively.

Note 6 – Equipment leases

During the 2011 fiscal year, the Center entered into two capital lease agreements for gym equipment and telephone equipment which commenced May 15, 2011 and expire May 15, 2016. The leases require monthly payments of \$432 and \$794 including interest at 7.7% and 10.3%, respectively. The leases require principal payments totaling \$12,542 during the 2016 fiscal year.

PORT CHESTER CARVER CENTER, INC.

Notes to Financial Statements (continued)
June 30, 2015

Note 7 – Permanently restricted net assets

Effective September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA), the provisions of which apply to endowment funds existing on or established after that date. The Center's endowment consists of various funds established for specific purposes. The Center is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds. The Center classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. The portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as unrestricted or temporarily restricted net assets based on donor stipulations.

Permanently restricted net assets as of June 30, 2015 are restricted to investments in perpetuity, with investment return on the Program Endowment Fund to support programs of the Center at the direction of the Executive Director and the Board of Directors, including the Board's Program Committee. Investment return on the balance of \$654,000 in the Endowment Fund is to be used to support any activities of the Center.

Program Endowment Fund	\$ 750,000
Endowment Fund	<u>654,000</u>
Total	<u>\$1,404,000</u>

There were no endowment funds with deficiencies as of June 30, 2015.

Note 8 – Retirement plan

The Center maintains a Simple IRA Retirement Plan (the "Plan") for eligible employees. Employees may defer a portion of their compensation to the Plan subject to the annual limits established by the Internal Revenue Service. The Center makes matching contributions to the Plan as defined in the Plan document. The Center's contributions to the Plan totaled \$11,415 for the 2015 fiscal year.

Note 9 – Funding source audits

Pursuant to the Center's contractual relationships with certain funding sources, outside agencies have the right to examine the books and records of the Center involving transactions relating to these contracts. The accompanying financial statements have made no provisions for possible disallowances. Although such possible disallowances could be substantial in amount, in the opinion of management, any actual disallowances would be immaterial.