

PORT CHESTER CARVER CENTER, INC.

**Financial Statements
for the year ended
June 30, 2010
(with summarized comparative
information for year ended
June 30, 2009)**

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Independent Auditors' Report

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

We have audited the accompanying statement of financial position of the Port Chester Carver Center, Inc. (the "Center") as of June 30, 2010 and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information was derived from the Center's 2009 fiscal year financial statements, which were audited by other auditors, whose report dated January 7, 2010, expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port Chester Carver Center, Inc. at June 30, 2010 and the results of its activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty & Donnelly LLP

March 31, 2011

PORT CHESTER CARVER CENTER, INC.

Statement of Financial Position

Assets

	June 30	
	2010	2009
Current assets		
Cash and cash equivalents	\$ 635,854	\$ 546,462
Investments	1,509,278	618,487
Pledges and contracts receivable	65,746	93,634
Current maturities of mortgage receivable	278,978	23,745
Prepaid expenses and other	6,874	12,669
Total current assets	2,496,730	1,294,997
Mortgage receivable, net of current maturities	-	270,242
Property and equipment, net of accumulated depreciation of \$1,036,552 and \$927,165 as of 2010 and 2009, respectively	2,979,199	2,564,543
Investments – permanently restricted	800,000	800,000
Security deposits	12,850	12,850
Total assets	\$6,288,779	\$4,942,632

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 191,645	\$ 139,544
Net assets		
Unrestricted	4,466,438	3,768,311
Temporarily restricted	830,696	234,777
Permanently restricted	800,000	800,000
Total net assets	6,097,134	4,803,088
Total liabilities and net assets	\$6,288,779	\$4,942,632

See notes to financial statements.

PORT CHESTER CARVER CENTER, INC.

Statement of Activities

For the year ended June 30, 2010

(with Summarized Comparative Totals for the Year Ended June 30, 2009)

	2010			Total	2009
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total
Support and revenue					
Contributions (includes \$- of in-kind in 2010 and \$29,425 in 2009)	\$ 2,059,038	\$ 558,645	\$ -	\$ 2,617,683	\$ 1,281,605
Fundraising	324,693	-	-	324,693	169,073
Government grants	-	237,646	-	237,646	183,713
Contract revenue	-	50,000	-	50,000	49,000
Program fees	197,631	-	-	197,631	187,860
Interest and dividends	144,449	-	-	144,449	47,530
Net realized and unrealized (loss) on investments	(29,439)	-	-	(29,439)	(190,570)
Other	12,847	-	-	12,847	1,788
Rental revenue	149,631	-	-	149,631	165,864
Net assets released from restrictions	<u>250,372</u>	<u>(250,372)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>3,109,222</u>	<u>595,919</u>	<u>-</u>	<u>3,705,141</u>	<u>1,895,863</u>
Expenses					
Program services	1,533,035	-	-	1,533,035	1,721,256
Management and general	548,161	-	-	548,161	372,640
Fundraising	<u>329,899</u>	<u>-</u>	<u>-</u>	<u>329,899</u>	<u>289,437</u>
Total expenses	<u>2,411,095</u>	<u>-</u>	<u>-</u>	<u>2,411,095</u>	<u>2,383,333</u>
Increase (decrease) in net assets	698,127	595,919	-	1,294,046	(487,470)
Net assets, beginning of year	<u>3,768,311</u>	<u>234,777</u>	<u>800,000</u>	<u>4,803,088</u>	<u>5,290,558</u>
Net assets, end of year	<u>\$ 4,466,438</u>	<u>\$ 830,696</u>	<u>\$ 800,000</u>	<u>\$ 6,097,134</u>	<u>\$ 4,803,088</u>

See notes to financial statements.

PORT CHESTER CARVER CENTER, INC.

Statement of Functional Expenses
 Year Ended June 30, 2010
 (with Summarized Comparative Totals for the Year Ended June 30, 2009)

	2010			2009	
	Program	Management and General	Fundraising	Total	Total
Expenses					
Wages	\$ 848,345	\$ 305,425	\$ 150,164	\$ 1,303,934	\$ 1,297,452
Payroll taxes and benefits	119,688	43,105	21,186	183,979	218,421
Occupancy	197,201	49,299	-	246,500	250,817
Professional fees	72,173	45,145	3,598	120,916	139,889
Payroll processing	-	3,743	-	3,743	10,233
Advertising	-	869	1,454	2,323	1,682
Annual benefit	-	-	137,333	137,333	22,452
Automobile	6,379	870	-	7,249	6,854
Bank charges	-	4,419	-	4,419	4,120
Carver scholarships	-	-	-	-	2,401
Program fees	14,634	-	-	14,634	520
Building improvements	-	2,102	-	2,102	-
Equipment rental	7,211	3,607	3,605	14,423	9,418
Field trips	26,770	-	-	26,770	28,276
Food	44,091	1,387	-	45,478	40,197
Fundraising	-	-	12,559	12,559	19,621
Insurance	37,442	14,751	-	52,193	41,286
Internet	1,169	292	-	1,461	1,336
Licenses and fees	-	2,792	-	2,792	3,007
Other	19,639	9,331	-	28,970	3,915
Postage	-	3,725	-	3,725	2,828
Special events	2,643	215	-	2,858	5,525
Staff development and training	8,129	3,843	-	11,972	5,390
Supplies	28,313	9,281	-	37,594	30,508
Telephone	9,253	3,085	-	12,338	14,967
Travel and entertaining	649	415	-	1,064	1,844
Uncollectible accounts	-	18,134	-	18,134	-
Water and sewer tax	1,797	448	-	2,245	2,171
Total expenses before depreciation	1,445,526	526,283	329,899	2,301,708	2,165,130
Depreciation	87,509	21,878	-	109,387	218,203
Total expenses	\$ 1,533,035	\$ 548,161	\$ 329,899	\$ 2,411,095	\$ 2,383,333

See notes to financial statements.

PORT CHESTER CARVER CENTER, INC.

Statement of Cash Flows

	Year Ended	
	June 30	
	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$1,294,046	\$ (487,470)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation	109,387	218,203
Decrease in pledges and contracts receivable	27,888	4,240
Decrease in prepaid expenses and other	5,795	6,153
Increase in accounts payable and accrued expenses	<u>52,101</u>	<u>2,017</u>
Net cash provided by (used in) operating activities	<u>1,489,217</u>	<u>(256,857)</u>
Cash flows from investing activities		
(Increase) decrease in investments – net	(890,791)	348,831
Acquisition of property and equipment	(524,043)	(154,671)
Principal payments on mortgage receivable	16,850	22,317
(Increase) in mortgage receivable	<u>(1,841)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(1,399,825)</u>	<u>216,477</u>
Net increase (decrease) in cash and cash equivalents	89,392	(40,380)
Cash and cash equivalents, beginning of year	<u>546,462</u>	<u>586,842</u>
Cash and cash equivalents, end of year	<u>\$ 635,854</u>	<u>\$ 546,462</u>

See notes to financial statements.

PORT CHESTER CARVER CENTER, INC.**Notes to Financial Statements
June 30, 2010****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 3 of this report.

Permanently restricted net assets

These net assets contain donor-imposed stipulations that the principal of the net assets be permanently restricted 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
June 30, 2010****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, 2010, no amounts have been recognized for any uncertain income tax positions. The Center's tax returns for the 2007 fiscal year and forward are subject to the usual review by the appropriate taxing 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.

Concentration of credit risk

The Center's financial instruments that are potentially exposed to concentration of credit risk consist of cash, cash equivalents, investments, contracts, pledges and mortgage receivables. 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, mutual funds and similar investments, equities, United States government and agency obligations and corporate bonds. 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, 2010. 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, 2010****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 statements of financial position. Realized and unrealized gains and losses are included in the statements 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, 2010, all of the Center's investments are deemed to be Level 1.

Allowance for doubtful accounts

The Center has determined that an allowance for doubtful accounts is not required for any receivables not collected. 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. Depreciation is computed on the straight-line method over the estimated useful lives of the depreciable assets, which range from 5 to 39 years.

Functional allocation of expense

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.

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 those statements since it is not susceptible to objective measurements or valuation.

PORT CHESTER CARVER CENTER, INC.

Notes to Financial Statements (continued)
June 30, 2010

Note 2 – Significant accounting policies (continued)

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 2010 to 2009 at the net asset class and functional level, the June 30, 2009 financial statements should be read in conjunction with the 2010 statements of activities and functional expenses.

Subsequent events

The Center has evaluated events and transactions for potential recognition or disclosure through March 31, 2011, which is the date the financial statements were available to be issued.

Note 3 – Mortgage receivable

In connection with the sale of a building, the Center has executed a mortgage loan with an original amount of \$375,000 requiring monthly payments of \$3,584, including interest at 8%. As of June 30, 2010, \$278,978 was outstanding. The original loan maturity date of January 1, 2008 was extended to January 1, 2010 with all other terms of the mortgage loan remaining unchanged. During the 2010 fiscal year, the borrower, due to financial distress, ceased making payments to the Center. On October 6, 2010, the Center gave notice to the borrower that it expects payment in full by December 31, 2010 or the Center will have no other recourse than to regain full possession of the property.

Note 4 – Investments

The Center's investments, including those classified as permanently restricted, at June 30, 2010, are as follows:

	2010		2009	
	Cost	Fair Market	Cost	Fair Market
Money market funds	\$ 1,262,067	\$ 1,262,067	\$ 519,176	\$ 519,176
Certificates of deposit	382,318	382,318	375,111	375,111
Mutual funds and similar investments	86,087	85,608	535,472	524,200
Equities	481,191	452,985	-	-
United States				
Government and Agency Obligations	44,507	44,384	-	-
Corporate bonds	82,490	81,916	-	-
Total	\$ 2,338,660	\$ 2,309,278	\$ 1,429,759	\$ 1,418,487
Consists of				
Unrestricted		\$ 1,509,278		\$ 618,487
Permanently restricted		800,000		800,000
Total		\$ 2,309,278		\$ 1,418,487

PORT CHESTER CARVER CENTER, INC.

Notes to Financial Statements (continued)

June 30, 2010

Note 5 – Property and equipment

At June 30, 2010, and 2009 property and equipment consisted of the following:

	<u>2010</u>	<u>2009</u>
Building	\$ 705,000	\$ 705,000
Building improvements	2,911,130	2,426,382
Furniture and equipment	<u>399,621</u>	<u>360,326</u>
Sub-total	4,015,751	3,491,708
Less: accumulated depreciation	<u>1,036,552</u>	<u>927,165</u>
Property and equipment, net	<u>\$ 2,979,199</u>	<u>\$ 2,564,543</u>

Note 6 – 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 \$149,631 and \$165,264 for the fiscal years ended June 30, 2010 and June 30, 2009, respectively.

Note 7 – Permanently restricted net assets

The Center reports its restricted net assets in accordance with accounting standards topic 958 – Endowments (formerly FSP 117-1). On September 17, 2010, New York approved the passage of the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) to govern how not for profit organizations administer and manage endowment assets. NYPMIFA may have an effect on the treatment and classification of endowment earnings, the classification of endowment net assets and financial statement disclosure. Management is currently reviewing the effects, if any, NYPMIFA will have on the Center as well as waiting for further guidance from the Attorney General’s Office to interpret the law.

Permanently restricted net assets as of June 30, 2010 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 \$50,000 in the Endowment Fund is to be used to support any activities of the Center.

Program Endowment Fund	\$ 750,000
Endowment Fund	<u>50,000</u>
Total	<u>\$ 800,000</u>

PORT CHESTER CARVER CENTER, INC.**Notes to Financial Statements (continued)
June 30, 2010****Note 8 – Benefit plans**

The Center has a retirement plan that covers all eligible full-time employees who elect to participate in the plan. The plan provides for a matching provision under which the Center will match up to 4% of the employees' gross compensation, if the employee agrees to contribute at least 2% of gross compensation. For the 2010 and 2009 fiscal years, the Center's contribution to the plan was \$10,506 and \$21,465, respectively.

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.