

PORT CHESTER CARVER CENTER, INC.

**Financial Statements
for the year ended
June 30, 2021
(with Summarized Comparative
Information for the Year Ended
June 30, 2020)**

Independent Auditor's Report

To the Board of Directors
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, 2021 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, 2021 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, Inc.'s 2020 financial statements, and our report dated February 9, 2021, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McHirtz + Donnelly LLP

PORT CHESTER CARVER CENTER, INC.

Statement of Financial Position

Assets

	June 30	
	2021	2020
Current assets		
Cash	\$1,033,497	\$ 930,098
Investments, at fair value	527,198	141,761
Pledges and accounts receivable	34,991	61,066
Prepaid expenses and other	25,193	20,297
Total current assets	1,620,879	1,153,222
Property and equipment, net	3,041,899	3,213,334
Investments – permanently restricted	1,404,000	1,404,000
Total assets	\$6,066,778	\$5,770,556

Liabilities and Net Assets

Current liabilities		
Line of credit	\$ -	\$ 350,000
Accounts payable accrued expenses and other	174,586	115,081
Deferred revenue	2,650	-
Current maturities of loan payable	-	7,000
Total current liabilities	177,236	472,081
Long-term liabilities		
Term note – PPP	469,734	469,700
Loan payable, net of current maturities	-	3,610
Total liabilities	646,970	945,391
Net assets		
Without donor restrictions	3,453,300	3,121,504
With donor restrictions	1,966,508	1,703,661
Total net assets	5,419,808	4,825,165
Total liabilities and net assets	\$6,066,778	\$5,770,556

See notes to financial statements.

PORT CHESTER CARVER CENTER, INC.

Statement of Activities
Year ended June 30, 2021
(with Summarized Comparative Information for the Year Ended June 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue				
Contributions	\$ 1,107,723	\$ 258,401	\$ 1,366,124	\$ 1,460,424
Fundraising events	392,136	-	392,136	581,548
Government grants	589,390	-	589,390	203,633
Program fees	29,435	-	29,435	300,214
Food service	142,723	-	142,723	158,306
Net investment return (loss)	-	395,809	395,809	(101,761)
Rental	161,752	-	161,752	167,604
Donated supplies	17,545	-	17,545	19,703
Other	135,729	-	135,729	121,509
Net assets released from restrictions	391,363	(391,363)	-	-
Total support and revenue	2,967,796	262,847	3,230,643	2,911,180
Expenses				
Program services	2,136,555	-	2,136,555	2,588,184
Supporting activities				
Management and general	129,995	-	129,995	171,312
Fundraising	369,450	-	369,450	279,422
Total expenses	2,636,000	-	2,636,000	3,038,918
Increase (decrease) in net assets	331,796	262,847	594,643	(127,738)
Net assets, beginning of year	3,121,504	1,703,661	4,825,165	4,952,903
Net assets, end of year	\$ 3,453,300	\$ 1,966,508	\$ 5,419,808	\$ 4,825,165

See notes to financial statements.

PORT CHESTER CARVER CENTER, INC.

**Statement of Functional Expenses
Year Ended June 30, 2021
(with Summarized Comparative Information for the
Year Ended June 30, 2020)**

Expenses	2021				2020
	Program Services	Supporting Activities		Total	Total
		Management and General	Fundraising		
Salaries, benefits and taxes	\$1,253,649	\$ 65,982	\$ 164,193	\$1,483,824	\$1,913,433
Consultants and contract labor	13,879	730	147,390	161,999	43,760
Occupancy, building and grounds	225,353	11,861	-	237,214	267,022
Professional fees	137,034	7,212	3,243	147,489	153,452
Conference, meeting and seminars	-	-	-	-	434
Supplies	42,327	2,228	19,244	63,799	105,006
Program expense					
Food	192,410	10,127	231	202,768	126,052
Field trips	3,297	174	-	3,471	7,669
Staff development	2,022	106	945	3,073	2,781
Transportation	215	11	-	226	130
Community activities	19,330	1,017	-	20,347	2,954
Fundraising events	783	41	17,724	18,548	33,644
Advertising	219	12	-	231	2,695
Insurance	71,752	3,776	-	75,528	126,275
Donated supplies	-	17,545	-	17,545	19,703
Bank service charges	15,983	841	-	16,824	11,524
Bad debt expense	-	-	-	-	28,743
Total expenses before depreciation	1,978,253	121,663	352,970	2,452,886	2,845,277
Depreciation	158,302	8,332	16,480	183,114	193,641
Total	\$2,136,555	\$ 129,995	\$ 369,450	\$2,636,000	\$3,038,918

See notes to financial statements.

PORT CHESTER CARVER CENTER, INC.

Statement of Cash Flows

	Year Ended	
	June 30	
	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 594,643	\$ (127,738)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation	183,114	193,641
Net realized and unrealized (gain) loss on investments	(365,794)	140,772
Decrease in pledges and accounts receivable	26,075	61,940
(Increase) decrease in prepaid expenses and other	(4,896)	32,639
Increase (decrease) in accounts payable, accrued expenses and other	59,505	(199,820)
Increase (decrease) in deferred revenue	2,650	(111,418)
Net cash provided by (used in) operating activities	<u>495,297</u>	<u>(9,984)</u>
Cash flows from investing activities		
Proceeds from sale of investments	668,032	610,828
Purchases of investments	(687,675)	(259,430)
Acquisition of property and equipment	<u>(11,679)</u>	<u>(52,011)</u>
Net cash provided by (used in) investing activities	<u>(31,322)</u>	<u>299,387</u>
Cash flows from financing activities		
Repayment of line of credit	(350,000)	-
Proceeds from term note – PPP	469,734	469,700
Forgiveness of term note – PPP	(469,700)	-
Repayment of loan payable	<u>(10,610)</u>	<u>(6,723)</u>
Net cash provided by (used in) financing activities	<u>(360,576)</u>	<u>462,977</u>
Net increase in cash	103,399	752,380
Cash, beginning of year	<u>930,098</u>	<u>177,718</u>
Cash, end of year	<u>\$1,033,497</u>	<u>\$ 930,098</u>
Supplemental disclosure of cash flows information:		
Cash paid for interest	<u>\$ 12,009</u>	<u>\$ 23,746</u>

See notes to financial statements.

PORT CHESTER CARVER CENTER, INC.**Notes to Financial Statements
June 30, 2021****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**Net assets**

The Center maintains its net assets in two categories as follows:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions and are available for the general operations of the Center.

With donor restrictions**With temporary donor restrictions**

Net assets subject to donor-imposed restrictions that will be met either by actions of the Center or the passage for time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Restrictions that have been met on net assets with donor restrictions are reported as net assets released from restrictions.

With permanent donor restrictions

Net assets subject to donor-imposed restrictions to be maintained perpetuity by the Center, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity from which the revenue is to be used for the donor stipulated purpose.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, 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, net assets with temporary donor restrictions are reclassified to net assets without donor restrictions 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, 2021****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.

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 original maturities of ninety days or less at the date of acquisition, 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 and receivables. The Center places its cash and cash equivalents with what it believes to be quality financial institutions. At times during the year, cash balances exceeded the FDIC insurance limit, however, the Center has not experienced any losses to date in such accounts. The Center’s 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, 2021. 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.

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.

PORT CHESTER CARVER CENTER, INC.**Notes to Financial Statements (continued)
June 30, 2021****Note 2 – Significant accounting policies (continued)**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, 2021, all of the Center's investments are deemed to be Level 1; their fair values are measured using quoted prices in active markets that the Center can access at the measurement date.

Allowance for doubtful accounts

As of June 30, 2021, the Center deems its pledges and accounts receivable to be collectible and therefore, 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 3 to 39 years.

Deferred revenue

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. Due to the COVID-19 pandemic, all summer camps have been deferred until further notice, as a result, there were no fees paid in advance for camp fees in the 2020 fiscal year. During the 2021 fiscal year, all camps resumed subject to restrictions set forth by State and Local Government.

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 estimate of time and effort spent.

PORT CHESTER CARVER CENTER, INC.**Notes to Financial Statements (continued)****June 30, 2021****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 financial statements since it is not susceptible to objective measurements or valuation.

Donated supplies

During the 2021 fiscal year, the Center received donations of clothing, food, toys, and household supplies with an estimated fair value of \$17,545 which are to be used in the Center's programs. These donated supplies were recorded at the estimated fair value of 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, functional expenses and the notes to the financial statements.

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 2021 to 2020 at the net asset class and functional level, the June 30, 2020 financial statements should be read in conjunction with the 2021 statements of activities, functional expenses and notes to the financial statements.

Risks and uncertainties

On March 13, 2020, a national emergency was declared due to extraordinary circumstances resulting from the coronavirus. As a direct result of this executive order, the facilities and associated operations were closed on March 17, 2020 with limited openings on various dates through June 30, 2021, subject to restrictions set forth by State and Local Government. The extent to which the coronavirus may impact business activity and Center operations will depend on future developments, which are uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, and related factors. Management believes that the COVID-19 pandemic may have a material impact on its financial condition and operations.

Subsequent events

The Center has evaluated events and transactions for potential recognition or disclosure through December 16, 2021, which is the date the financial statements were available to be issued.

PORT CHESTER CARVER CENTER, INC.

Notes to Financial Statements (continued)
June 30, 2021

Note 3 – Financial assets and liquidity resources

As of June 30, 2021 and June 30, 2020, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,033,497	\$ 930,098
Investments, at fair value	527,198	141,761
Pledges and accounts receivables	<u>34,991</u>	<u>61,066</u>
Sub-total	1,595,686	1,132,925
Less: Assets with donor restrictions	(562,508)	(299,661)
Add: Appropriation of investment return for subsequent year operations	<u>100,000</u>	<u>100,000</u>
Total	<u>\$ 1,133,178</u>	<u>\$ 933,264</u>

The Center's assets include donor-restricted funds. As described in note 11, the Center has an annual spending rate of investment return earned on donor restricted funds of up to a maximum of 7% of the rolling twenty-quarter average fair value of the Center's investment portfolio. An appropriation of \$100,000 from these funds will be available within the next 12 months as of June 30, 2021.

The Center's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts from contributions and other revenue items. As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 4 – Investments

The Center's investments, including those classified as net assets with donor restrictions, at June 30, 2021 and June 30, 2020, are as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 75,182	\$ 75,182	\$ 34,366	\$ 34,366
Mutual fund - equities	51,165	67,662	51,165	46,326
Real estate investment trusts	25,325	61,002	37,293	50,916
Common stocks	717,041	1,216,571	677,792	935,210
Government and agency obligations	223,226	238,069	307,326	313,492
Corporate bonds	<u>276,422</u>	<u>272,712</u>	<u>154,210</u>	<u>165,451</u>
Totals	<u>\$ 1,368,361</u>	<u>\$ 1,931,198</u>	<u>\$ 1,262,152</u>	<u>\$ 1,545,761</u>

PORT CHESTER CARVER CENTER, INC.

Notes to Financial Statements (continued)
June 30, 2021

Note 4 – Investments (continued)

Net investment return consists of the following for the years ended June 30, 2021 and June 30, 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 43,476	\$ 53,755
Realized gain on sales of investments	86,566	21,924
Unrealized gain (loss) on investments	279,228	(162,696)
Investment fees	<u>(13,461)</u>	<u>(14,744)</u>
Net investment return	<u>\$ 395,809</u>	<u>\$ (101,761)</u>

Note 5 – Property and equipment

At June 30, 2021, and June 30, 2020 property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Building	\$ 705,000	\$ 705,000
Building improvements	4,879,099	4,879,099
Furniture and equipment	<u>473,588</u>	<u>461,909</u>
Sub-total	6,057,687	6,046,008
Less: accumulated depreciation	<u>3,015,788</u>	<u>2,832,674</u>
Property and equipment, net	<u>\$ 3,041,899</u>	<u>\$ 3,213,334</u>

Note 6 – Loan payable

In December 2016, the Center obtained a \$33,000 loan, for the purpose of purchasing a vehicle. The loan required 60 monthly installments of \$608, applicable first to interest at a fixed rate of 3.99% per annum and the balance to the reduction of principal through maturity on December 20, 2021. During May 2021, the Center paid the balance of the loan payable in full.

Note 7 – Term note

2020 Paycheck Protection Program

On April 6, 2020, the Center was approved for and received a \$469,700 term note under the Paycheck Protection Program (the “PPP Loan”). The PPP Loan was created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (“SBA”). As disclosed in the PPP Loan documents, principal and interest payments were deferred for the first six months. During the deferral period, interest on the outstanding principal accrued at a fixed rate of 1.0% per annum. The Center met the requirements in the 2021 fiscal year and filed an application for PPP Loan forgiveness. During February 2021, the PPP Loan forgiveness application was confirmed by the SBA and as a result, the Center recorded \$469,700 as a government grant in the 2021 statement of activities.

PORT CHESTER CARVER CENTER, INC.**Notes to Financial Statements (continued)
June 30, 2021****Note 7 – Term note (continued)****2021 Paycheck Protection Program (continued)**

On March 17, 2021, the Center received a second draw under the PPP loan, totaling \$469,734 at terms substantially similar to the first draw received in 2020. The Center met the requirements and in the 2022 fiscal year filed an application for PPP Loan forgiveness. During November 2021, the PPP Loan forgiveness application was confirmed by the SBA and as a result, the Center will record the PPP Loan as revenue 2022 statement of activities.

Note 8 – 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. Rental revenue received in connection with these agreements totaled \$161,752 and \$167,604 for the fiscal years ended June 30, 2021 and June 30, 2020, respectively.

Note 9 – 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 \$13,780 and \$12,263 for the 2021 and 2020 fiscal years, respectively.

Note 10 – Net assets with perpetual donor restrictions

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 net assets with permanent donor restrictions, the original value of gifts donated to the perpetual endowment. The portion of the donor-restricted endowment fund that is not classified as net assets with permanent restrictions is classified as net assets without donor restrictions or net assets with temporary donor restrictions based on donor stipulations.

PORT CHESTER CARVER CENTER, INC.

**Notes to Financial Statements (continued)
June 30, 2021**

Note 10 – Net assets with perpetual donor restrictions (continued)

Net assets with permanent donor restrictions as of June 30, 2021 are restricted to investments in perpetuity. Investment return on the endowment funds is available to support programs and activities of the Center at the direction of the Executive Director and the Board of Directors, including the Board's Program Committee. The Center's Board of Directors has adopted a policy whereby interest, dividends and net realized and unrealized gains and losses on investments are considered part of the Center's total investment return. The Center's long-term spending rate, designated by the Board, permits the Center to use up to a maximum of 7% of the rolling twenty-quarter average of the total investment portfolio's fair value to support its operations annually. For the 2021 fiscal year, the Board had authorized a withdrawal of \$100,000 to support programs and activities.

The following is a summary of the Center's net assets with perpetual donor restrictions as of June 30, 2021:

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

Net assets with temporary donor restrictions

Changes in net assets with temporary donor restrictions for the year ended June 30, 2021 are as follows:

	<u>Balance at June 30, 2020</u>	<u>Support/Net Investment Return</u>	<u>Released from Restrictions</u>	<u>Balance at June 30, 2021</u>
Carver program	\$ 25,000	\$ 25,483	\$ (25,483)	\$ 25,000
Carver market grants	132,962	232,918	(265,880)	100,000
Net investment income	<u>141,699</u>	<u>395,809</u>	<u>(100,000)</u>	<u>437,508</u>
Total	<u>\$ 299,661</u>	<u>\$ 654,210</u>	<u>\$ (391,363)</u>	<u>\$ 562,508</u>

There were no endowment funds with deficiencies as of June 30, 2021.