

**THE CARVER FOUNDATION OF NORWALK, INC.**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**THE CARVER FOUNDATION OF NORWALK, INC.  
FOR THE YEAR ENDED JUNE 30, 2018**

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TABLE OF CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT.....</b>	<b>3</b>
 <u>FINANCIAL STATEMENTS:</u>	
Statement of Financial Position.....	5
Statement of Activities .....	6
Statement of Functional Expenses .....	7
Statement of Cash Flows .....	8
Notes to the Financial Statements .....	9

**THE CARVER FOUNDATION OF NORWALK, INC.**

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**INDEPENDENT AUDITOR'S REPORT**



## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
The Carver Foundation of Norwalk, Inc.

We have audited the accompanying financial statements of The Carver Foundation of Norwalk, Inc., (a non-profit organization), which comprise the statement of financial position as of June 30, 2018, 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.

**INDEPENDENT AUDITOR'S REPORT**

Continued...

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Carver Foundation of Norwalk, Inc., as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Hope + Hernandez P.C.*

Hope & Hernandez, P.C.  
Bridgeport, Connecticut  
September 28, 2018

**THE CARVER FOUNDATION OF NORWALK, INC.**

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**FINANCIAL STATEMENTS**

**THE CARVER FOUNDATION OF NORWALK, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
Current Assets:				
Cash	\$ 917,592	\$ 83,959	\$ 0	\$ 1,001,551
Investments	11,707	0	0	11,707
Accounts Receivable	1,200	0	0	1,200
Contributions and Grants Receivable	4,248	0	0	4,248
Prepaid Insurance	36,031	0	0	36,031
Total Current Assets	<u>970,778</u>	<u>83,959</u>	<u>0</u>	<u>1,054,737</u>
Non-Current Assets:				
Fixed Assets, net of accumulated depreciation of \$483,264	<u>938,311</u>	<u>0</u>	<u>1,856,073</u>	<u>2,794,384</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>1,909,089</u></b>	<b>\$ <u>83,959</u></b>	<b>\$ <u>1,856,073</u></b>	<b>\$ <u>3,849,121</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Current Liabilities:				
Accounts Payable	\$ 40,052	\$ 0	\$ 0	\$ 40,052
Accrued Payroll	145,440	0	0	145,440
Deferred Revenue	306,663	0	0	306,663
Line of Credit	0	0	0	0
Total Current Liabilities	<u>492,155</u>	<u>0</u>	<u>0</u>	<u>492,155</u>
Net Assets				
Unrestricted - Operating	1,416,934	0	0	1,416,934
Temporarily Restricted	0	83,959	0	83,959
Permanently Restricted	0	0	1,856,073	1,856,073
Total Net Assets	<u>1,416,934</u>	<u>83,959</u>	<u>1,856,073</u>	<u>3,356,966</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>1,909,089</u></b>	<b>\$ <u>83,959</u></b>	<b>\$ <u>1,856,073</u></b>	<b>\$ <u>3,849,121</u></b>

**THE CARVER FOUNDATION OF NORWALK, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues:</b>				
Contributions	\$ 356,325	\$ 204,994	\$ 0	\$ 561,319
Fundraisers	1,033,043	0	0	1,033,043
Grants	2,216,230	0	0	2,216,230
Program Fees	283,408	0	0	283,408
Other Revenues	8,337	0	0	8,337
Net Assets Released From Restrictions	<u>241,068</u>	<u>(241,068)</u>	<u>0</u>	<u>0</u>
<b>Total Revenues</b>	<u>4,138,411</u>	<u>(36,074)</u>	<u>0</u>	<u>4,102,337</u>
<b>Operating Expenses:</b>				
Program Services	2,977,840	0	48,896	3,026,736
Management and General	132,744	0	0	132,744
Fundraising/Development	<u>387,217</u>	<u>0</u>	<u>0</u>	<u>387,217</u>
<b>Total Expenses</b>	<u>3,497,801</u>	<u>0</u>	<u>48,896</u>	<u>3,546,697</u>
Changes in Net Assets	640,610	(36,074)	(48,896)	555,640
Net Assets, beginning of year	<u>776,324</u>	<u>120,033</u>	<u>1,904,969</u>	<u>2,801,326</u>
<b>Net Assets, end of year</b>	<u>\$ 1,416,934</u>	<u>\$ 83,959</u>	<u>\$ 1,856,073</u>	<u>\$ 3,356,966</u>



THE CARVER FOUNDATION OF NORWALK, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services					Totals	
	After School Programs	Summer Programs	Community Programs	Total Program	Management and General		Fundraising/Development
Salaries	\$ 1,290,969	\$ 476,602	\$ 4,427	\$ 1,771,998	\$ 75,113	\$ 218,563	\$ 2,065,674
Payroll Taxes	113,059	41,226	383	154,668	6,497	18,906	180,071
Employee Benefits	78,879	31,280	5,440	115,599	5,440	14,960	135,999
Professional Fees	27,852	4,175	-	32,027	11,730	11,155	54,912
Supplies & Program Services	173,964	92,008	8,215	274,187	9,297	85,938	369,422
Voice & Data	14,910	1,864	373	17,147	745	745	18,637
Postage & Shipping	711	169	135	1,015	66	2,305	3,386
Occupancy	75,833	11,375	1,896	89,104	3,792	1,895	94,791
Travel	13,274	-	-	13,274	865	-	14,139
Meetings, Conferences & Training	5,669	4,063	-	9,732	5,645	3,933	19,310
Printing/Copying & Advertising	-	-	-	-	350	21,838	22,188
Stipends/Scholarships	62,879	-	-	62,879	-	-	62,879
Transportation	117,993	106,940	-	224,933	-	-	224,933
Insurance	73,582	9,198	3,679	86,459	3,679	1,840	91,978
Service Fees & Interest Expense	41,878	5,235	2,094	49,207	2,094	1,047	52,348
Dues, Subscriptions & Licenses	1,404	630	-	2,034	3,312	2,033	7,379
Bad Debt Expense	18,480	-	-	18,480	-	-	18,480
Depreciation	82,381	10,298	4,119	96,798	4,119	2,059	102,976
In-Kind Expenses	2,150	-	5,045	7,195	-	-	7,195
<b>TOTALS</b>	<b>\$ 2,195,867</b>	<b>\$ 795,063</b>	<b>\$ 35,806</b>	<b>\$ 3,026,736</b>	<b>\$ 132,744</b>	<b>\$ 387,217</b>	<b>\$ 3,546,697</b>

**THE CARVER FOUNDATION OF NORWALK, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

	Amount
<b><u>Operating Activities:</u></b>	
Change in Net Assets	\$ 555,640
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation Expense	102,976
<b><u>Change in Fund Assets and Liabilities:</u></b>	
Increase in Accounts Receivable	(229)
Decrease in Contributions and Grants Receivable	138,777
Increase in Prepaid Insurance and Services	(935)
Increase in Accounts and Payroll Payable	16,414
Decrease in Deferred Revenue	(29,657)
Net Cash Provided by Operating Activities	782,986
<b><u>Investing Activities:</u></b>	
Purchase of Fixed Assets	(177,415)
Net Investment Activity	(2,379)
Net Cash Used by Investing Activities	(179,794)
Increase in Cash	603,192
Cash at Beginning of Year	398,359
Cash at End of Year	\$ 1,001,551
<b><u>Supplementary Disclosures of Cash Flow Information:</u></b>	
Cash paid for:	
Interest	\$ 15,801
Income Taxes	\$ -

**THE CARVER FOUNDATION OF NORWALK, INC.**

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**NOTES TO THE FINANCIAL STATEMENTS**

**THE CARVER FOUNDATION OF NORWALK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Founded in 1938 as a neighborhood community center, named the 2013 *“Nonprofit of the Year”* by the Norwalk Chamber of Commerce, Carver today is the largest provider of free after-school programs for elementary, middle and high school students in Norwalk, Connecticut. Carver’s free after-school Youth Development Program, is conducted in the Carver Community Center, Norwalk’s four middle schools, two high schools and in Norwalk’s Side By Side Charter School. Carver conducts after-school programming for elementary students at the Carver Community Center, in Brookside Elementary School and Tracey Elementary School. Carver also offers college scholarship funds, multiple summer programs, winning basketball travel teams, a parent leadership academy, spring and fall college tours, community food drives and holiday events, and more for the benefit of the Norwalk community.

**Summary of Significant Accounting Policies**

**Net Asset Classes**

The Foundation prepares its financial statements using guidelines established under FASB ASC 958. FASB ASC 958 requires that a nonprofit organization provide information regarding the net assets of the organization based on the existence or absence of donor-imposed restrictions. The types of restrictions are described as follows:

**Unrestricted Net Assets**

Unrestricted net assets consist of net assets over which the Foundation has direct control to use in carrying out the operations of the Foundation. These assets are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

**Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor or grantor-imposed restrictions which either expire with the passage of time (time restriction) or can be fulfilled and removed by actions of the Foundation pursuant to the stipulations (purpose restriction). When the donor or grantor-imposed restrictions 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 accompanying Statement of Activities as Net Assets Released from Restrictions.

**THE CARVER FOUNDATION OF NORWALK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued

Permanently Restricted Net Assets

Permanently restricted net assets consist of net assets resulting from contributions or other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations whose limits do not expire with the passage of time nor can be fulfilled or otherwise removed by action of the Foundation.

Contributions

Unconditional contributions received or promises to give without donor-imposed restrictions are reflected as unrestricted support. Unconditional contributions received or promises to give with donor-imposed restrictions are reflected as either Temporarily or Permanently restricted support based upon the respective restrictions. The Foundation reports gifts of cash, stock, and fixed assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

In-kind Contributions

In-kind contributions represent the value of donated services, materials and equipment and are recorded when these contributions are both specifically identifiable and can be objectively valued in monetary terms (fair market value, as determined by management).

Accounting Policies

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These assumptions include but are not limited to the depreciable lives of long-lived assets and allocation of functional expenses. Actual results could differ from those estimates.

Support and Revenue Recognition

Revenues and expenses are recognized on the accrual basis of accounting which recognizes revenues when earned and expenses when incurred.

**THE CARVER FOUNDATION OF NORWALK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Fixed Assets and Accumulated Depreciation

Fixed assets are recorded at cost and include expenditures that naturally increase values or extend useful lives. Contributed assets are recorded at their fair market value at the date of receipt as determined by the Foundation. Depreciation is computed over the estimated useful lives of the assets, which range from 5 to 39 years, using the straight-line method for financial and tax reporting purposes. Expenditures in the nature of normal repairs and maintenance are charged to operations as incurred.

Subsequent Events

Date of Management Evaluation - Management has evaluated subsequent events through September 28, 2018, the date on which the financial statements were available to be issued.

Management has not identified any significant subsequent events requiring disclosure.

NOTE 2 - INCOME TAXES

The Foundation operates as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Pursuant to Section 501(c)(3) of the Internal Revenue Code, the activities engaged in by the Foundation are not subject to federal or state income taxes. The tax years 2014 through 2017 remain open to examination by the Internal Revenue Service.

NOTE 3 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentration of credit risk consists principally of cash. The Foundation at June 30, 2018, maintained \$563,859 in cash balances in excess of Federal Deposit Insurance Corporation (FDIC) limits. The Foundation has not incurred any losses in the past and it believes it is not exposed to any significant credit risk.

**THE CARVER FOUNDATION OF NORWALK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable and contributions and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. The allowance balances at June 30, 2018 are \$0.

**NOTE 5 - INVESTMENTS - FAIR VALUE MEASUREMENTS**

As of January 1, 2008, the Foundation implemented FASB ASC 820, Fair Value Measurements. The Foundation's investments are reported at fair value in the accompanying statement of financial position at June 30, 2018 as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets Level 1
Stocks	<u>\$ 11,707</u>	<u>\$ 11,707</u>

FASB ASC 820 Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1      Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2      Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3      Prices or valuations that require inputs that are both significant to the fair value measurements and unobservable.

**Level 1 - Fair Value Measurements**

The fair value of the Foundation's stocks are based on quoted net asset values of the shares held by the Foundation in an active market.

**THE CARVER FOUNDATION OF NORWALK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 6 - FIXED ASSETS**

Below is a summary of fixed assets at June 30, 2018:

<u>Unrestricted</u>		
Building Improvements		\$ 1,132,511
Furniture and Fixtures		8,459
Vehicles		89,641
Machinery and Equipment		<u>135,027</u>
Sub-Total Depreciable Assets		1,365,638
Less: Accumulated Depreciation		<u>( 432,327)</u>
Net Book Value of Depreciable Assets		933,311
Land		<u>5,000</u>
TOTAL		<u>\$ 938,311</u>
 <u>Permanently Restricted</u>		
Building		\$1,907,010
Less: Accumulated Depreciation		<u>( 50,937)</u>
TOTAL		<u>\$1,856,073</u>

On June 22, 2017, the City of Norwalk gifted the building located at 7 Academy Street to The Carver Foundation of Norwalk. The gift is permanently restricted as if the Foundation ceases using the building as a neighborhood community center, ownership of the building reverts back to the City of Norwalk.

**NOTE 7 - DEFERRED REVENUE**

During the year ended June 30, 2018, the Foundation received fees and grants for programs to be run subsequent to year end. These fees and grants have been deferred and will be recognized as revenue in the year earned.

**NOTE 8 - LINE OF CREDIT**

The Foundation has a \$500,000 line of credit with Patriot National Bank, secured by a first security interest on Carver's business assets. Interest on the outstanding balance is payable monthly at a 5.25% annual interest rate. The credit line expires September 1, 2018. As of June 30, 2018, the credit line balance outstanding is \$0.



**THE CARVER FOUNDATION OF NORWALK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS**

As of June 30, 2018, there are \$83,959 in temporarily restricted net assets for the completion of Carver’s technical center.

**NOTE 10 - EMPLOYEE BENEFITS**

Deferred Compensation Plan - The Foundation maintains a 457(b)(7) plan open to all full time employees. The Foundation makes no contributions to the plan which is administered through the Vanguard Group.

**NOTE 11 - OPERATING LEASES**

The Foundation entered into a 42 month lease for a postage machine on June 7, 2010. The lease expired December 7, 2013 and has continued on a month-to-month basis at a rate of \$182 per quarter.

The Foundation entered into a 63 month operating lease for two copiers in March, 2016. Minimum lease payments are as follows:

2019	\$ 8,028
2020	8,028
2021	7,359
2022	-0-
2023	<u>-0-</u>
	\$ <u>23,415</u>