

**THE CARVER FOUNDATION OF NORWALK, INC.**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**THE CARVER FOUNDATION OF NORWALK, INC.  
FOR THE YEAR ENDED JUNE 30, 2022**

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

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**INDEPENDENT AUDITOR'S REPORT**



## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of The Carver Foundation of Norwalk, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Carver Foundation of Norwalk, Inc., as of June 30, 2022, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Carver Foundation of Norwalk, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Carver Foundation of Norwalk, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **INDEPENDENT AUDITOR'S REPORT**

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Carver Foundation of Norwalk, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise a substantial doubt about The Carver Foundation of Norwalk, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2022, on our consideration of The Carver Foundation of Norwalk, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to

## INDEPENDENT AUDITOR'S REPORT

Continued...

describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Carver Foundation of Norwalk, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Carver Foundation of Norwalk, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Hope + Hernandez P.C." in a cursive style.

HOPE & HERNANDEZ, P.C.  
Bridgeport, Connecticut  
December 30, 2022

FINANCIAL STATEMENTS

**THE CARVER FOUNDATION OF NORWALK, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Current Assets:			
Cash	\$ 2,123,844	\$ 917,588	\$ 3,041,432
Investments	23,363	0	23,363
Program Accounts Receivable, Net	251,960	0	251,960
Contributions and Grants Receivable, Net	141,296	0	141,296
Prepaid Expenses	115,185	0	115,185
Total Current Assets	<u>2,655,648</u>	<u>917,588</u>	<u>3,573,236</u>
Non-Current Assets:			
Fixed Assets, net of accumulated depreciation of \$1,025,516	<u>1,229,903</u>	<u>1,660,489</u>	<u>2,890,392</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>3,885,551</u></b>	<b>\$ <u>2,578,077</u></b>	<b>\$ <u>6,463,628</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
Current Liabilities:			
Accounts Payable	\$ 231,766	\$ 0	\$ 231,766
Accrued Payroll	68,370	0	68,370
Deferred Revenue	112,872	0	112,872
Line of Credit	0	0	0
Total Current Liabilities	<u>413,008</u>	<u>0</u>	<u>413,008</u>
Net Assets			
Without Donor Restrictions	3,472,543	0	3,472,543
With Donor Restrictions	<u>0</u>	<u>2,578,077</u>	<u>2,578,077</u>
Total Net Assets	<u>3,472,543</u>	<u>2,578,077</u>	<u>6,050,620</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>3,885,551</u></b>	<b>\$ <u>2,578,077</u></b>	<b>\$ <u>6,463,628</u></b>



**THE CARVER FOUNDATION OF NORWALK, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues:</b>			
Contributions	\$ 870,513	\$ 563,268	\$ 1,433,781
Fundraisers	425,683	0	425,683
Grants	3,678,329	1,481,608	5,159,937
Program Fees	2,146,884	0	2,146,884
Interest & Dividend Income	6,647	0	6,647
In-Kind Revenue	40,270	0	40,270
Net Assets Released From Restrictions	<u>1,550,063</u>	<u>(1,550,063)</u>	<u>0</u>
 Total Revenues	 <u>8,718,389</u>	 <u>494,813</u>	 <u>9,213,202</u>
 <b>Operating Expenses:</b>			
Program Services	6,633,448	48,896	6,682,344
Management and General	390,116	0	390,116
Fundraising/Development	<u>610,709</u>	<u>0</u>	<u>610,709</u>
 Total Expenses	 <u>7,634,273</u>	 <u>48,896</u>	 <u>7,683,169</u>
 Changes in Net Assets from Operations	 1,084,116	 445,917	 1,530,033
 <b>Non-Operating Activities:</b>			
Investment Return, Net	<u>(2,073)</u>	<u>0</u>	<u>(2,073)</u>
 Changes in Net Assets	 1,082,043	 445,917	 1,527,960
<b>Net Assets, Beginning of Year</b>	<u>2,390,500</u>	<u>2,132,160</u>	<u>4,522,660</u>
 <b>Net Assets, End of Year</b>	 <u>\$ 3,472,543</u>	 <u>\$ 2,578,077</u>	 <u>\$ 6,050,620</u>

See accompanying notes and accountant's report.

**THE CARVER FOUNDATION OF NORWALK, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Program Services</b>					<b>Totals</b>	
	<b>After School Programs</b>	<b>Summer Programs</b>	<b>Community Programs</b>	<b>Total Program</b>	<b>Management and General</b>		<b>Fundraising/Development</b>
Salaries	\$ 3,188,619	\$ 619,372	\$ 7,449	\$ 3,815,440	\$ 104,295	\$ 345,052	\$ 4,264,787
Payroll Taxes	284,367	53,125	707	338,199	7,701	25,665	371,565
Employee Benefits	219,734	13,784	-	233,518	24,364	65,272	323,154
Professional Fees	83,856	7,797	-	91,653	87,311	41,753	220,717
Supplies & Program Services	375,577	134,739	49,569	559,885	58,597	35,776	654,258
Voice & Data	15,017	-	-	15,017	17,120	664	32,801
Postage & Shipping	9	-	-	9	1,279	734	2,022
Occupancy	97,339	3,775	-	101,114	8,652	2,163	111,929
Travel	3,127	46	-	3,173	294	-	3,467
Meetings, Conferences & Training	5,915	92	8,640	14,647	478	707	15,832
Printing/Copying & Advertising	-	-	-	-	516	19,468	19,984
Stipends/Scholarships	670,945	1,624	2,500	675,069	-	-	675,069
Transportation	140,227	87,395	6,800	234,422	7,512	-	241,934
Insurance	65,034	8,129	-	73,163	6,503	1,626	81,292
Service Fees & Interest Expense	95,242	15,394	-	110,636	23,804	16,162	150,602
Dues, Subscriptions & Licenses	24,518	2,064	-	26,582	27,602	23,684	77,868
Bad Debt Expense	219,514	-	-	219,514	-	-	219,514
Depreciation	140,883	8,805	8,805	158,493	14,088	3,523	176,104
In-Kind Expenses	4,500	-	7,310	11,810	-	28,460	40,270
<b>TOTALS</b>	<b>\$ 5,634,423</b>	<b>\$ 956,141</b>	<b>\$ 91,780</b>	<b>\$ 6,682,344</b>	<b>\$ 390,116</b>	<b>\$ 610,709</b>	<b>\$ 7,683,169</b>

See accompanying notes and accountant's report.

**THE CARVER FOUNDATION OF NORWALK, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022**

	Amount
<b><u>Operating Activities:</u></b>	
Change in Net Assets	\$ 1,527,960
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation Expense	176,104
<b><u>Change in Fund Assets and Liabilities:</u></b>	
Increase in Accounts Receivable	(235,551)
Decrease in Contributions and Grants Receivable	45,698
Increase in Prepaid Expenses	(76,082)
Increase in Accounts and Payroll Payable	167,332
Decrease in Deferred Revenue	(103,077)
Net Cash Provided by Operating Activities	1,502,384
<b><u>Investing Activities:</u></b>	
Purchase of Fixed Assets	(219,567)
Net Investment Activity	(3,454)
Net Cash Used by Investing Activities	(223,021)
<b><u>Financing Activities:</u></b>	
Paycheck Protection Program Loan Forgiveness	(647,319)
Net Cash Used by Financing Activities	(647,319)
Increase in Cash	632,044
Cash at Beginning of Year	2,409,388
Cash at End of Year	\$ 3,041,432
<b><u>Supplementary Disclosures of Cash Flow Information:</u></b>	
Cash paid for:	
Interest	\$ -
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, 2022**

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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 mission is to close opportunity gaps for all vulnerable children and ensure they graduate high school on time and college-ready. To achieve its mission, Carver combines a set of key partnerships between school districts and their highly skilled educators, community organizations and parents to deliver after school, summer and community programs that consistently demonstrate striking results. Carver’s reach includes almost all Norwalk Public Schools, Carver Community Center in Norwalk and the Classical Studies Magnet Academy in Bridgeport. Carver’s vision, strategies for impact, resource development, organizational effectiveness and program activities are consistently linked to carefully evaluated student outcomes. Carver’s after school students grow faster academically than the national average in each grade. Since 2005, 100% of Carver seniors have graduated high school on time and almost all become first generation college students. Carver also offers college scholarship funds, 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**

**Basis of Presentation**

The Foundation’s financial statements have been prepared in accordance with U.S. generally accepted accounting principles, which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation’s management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions can be perpetual in nature, where by the donor has

THE CARVER FOUNDATION OF NORWALK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

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

stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations

The statement of activities reports all changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Foundation's ongoing programs and interest and dividends earned on investments. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

In-kind Contributions

In-kind contributions represent the value of donated materials 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).

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, 2022

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

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.

Revenue Recognition from Programs

Program revenue is reported at the amount that reflects the consideration to which the Foundation expects to be entitled in exchange for providing programs to its clients. Revenue is recognized as performance obligations are satisfied. Any unearned amounts for payments received in advance are included in deferred revenue.

Program accounts receivable consists of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Program Accounts Receivable	\$ 251,960	\$ 16,409
Allowance for Doubtful Accounts	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 251,960</u>	<u>\$ 16,409</u>

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.

Investments

Investments are recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position, and changes in fair value are reported as investment return in the statement of activities. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

**THE CARVER FOUNDATION OF NORWALK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

**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.

**Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities and presented in detail in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Chief Executive Officer's Salary	Time and Effort
Chief Financial Officer's Salary	Time and Effort
Chief Operating Officer's Salary	Time and Effort
Executive Administrative Assistant's Salary	Time and Effort
Manager of Administration's Salary	Time and Effort
Payroll Taxes	Time and Effort
Employee Benefits	Time and Effort
Occupancy	Square Footage

**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 2018 through 2021 remain open to examination by the Internal Revenue Service.



**THE CARVER FOUNDATION OF NORWALK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**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, 2022, maintained \$2,427,432 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.

**NOTE 4 – AVAILABILTY AND LIQUIDITY**

The following represents the Foundation’s financial assets at June 30, 2022:

Financial assets at year end:	
Cash and cash equivalents	\$ 3,041,432
Investments	23,363
Program Accounts Receivable	251,960
Contributions and grants receivable	<u>141,296</u>
Total Financial Assets	\$ 3,458,051
Less amounts not available to be used within one year	-0-
Financial assets available to meet general expenditures over the next twelve months	\$ <u>3,458,051</u>

The Foundation has a \$500,000 line of credit available to meet cash flow needs.

**NOTE 5 – PROGRAM ACCOUNTS RECEIVABLE**

Program 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, 2022 are \$0.

**NOTE 6 - INVESTMENTS - FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. generally accepted accounting principles establish a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active

**THE CARVER FOUNDATION OF NORWALK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 6 - INVESTMENTS - FAIR VALUE MEASUREMENTS** - Continued

markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Foundation groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

**Level 1**      Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

**Level 2**      Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

**Level 3**      Unobservable inputs that cannot be corroborated by observable market data.

The Foundation's investments are reported at fair value in the accompanying statement of financial position at June 30, 2022 as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets Level 1
Cash & Cash Equivalents	\$ 1,456	\$ 1,456
Equities	<u>21,907</u>	<u>21,907</u>
	<u>\$ 23,363</u>	<u>\$ 23,363</u>

The class of assets shown are the class of assets reported by the investment advisor.

**THE CARVER FOUNDATION OF NORWALK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 7 - FIXED ASSETS**

Below is a summary of fixed assets at June 30, 2022:

**Without Donor Restrictions**

Building Improvements	\$ 1,593,021
Furniture and Fixtures	8,459
Vehicles	147,341
Machinery and Equipment	<u>163,740</u>
Sub-Total Depreciable Assets	1,912,561
Less: Accumulated Depreciation	<u>( 778,995)</u>
Net Book Value of Depreciable Assets	1,133,566
Construction Work In Process	91,337
Land	<u>5,000</u>
<b>TOTAL</b>	<b><u>\$ 1,229,903</u></b>

**With Donor Restrictions**

Building	\$ 1,907,010
Less: Accumulated Depreciation	<u>( 246,521)</u>
<b>TOTAL</b>	<b><u>\$ 1,660,489</u></b>

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 classified as With Donor Restrictions. If the Foundation ceases using the building as a neighborhood community center, ownership of the building reverts back to the City of Norwalk.

**NOTE 8 - DEFERRED REVENUE**

During the year ended June 30, 2022, the Foundation received fees for programs to be run subsequent to year end. These fees have been deferred and will be recognized as revenue in the year earned.

**NOTE 9 - 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 6.75% annual interest rate. The credit line expires May 1, 2023. As of June 30, 2022, the credit line balance outstanding is \$0.

**THE CARVER FOUNDATION OF NORWALK, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 10 – NET ASSETS**

Net assets with donor restrictions are as follows for the year ended June 30, 2022:

Specific Purpose	
Completion of Technical Center	\$ 30,775
Construction of Teen Center	886,813
Use Building as a Community Center	<u>1,660,489</u>
Total	\$ 2,578,077

**NOTE 11 - 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 12 - 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 \$188 per quarter.

The Foundation entered into a 48 month operating lease for a copier in June, 2020 with monthly lease payments of \$985 and a 60 month operating lease for a copier in September, 2021 with monthly lease payments of \$275.

Minimum lease payments are as follows:

2023	\$ 15,120
2024	14,135
2025	3,300
2026	3,300
2027	<u>825</u>
	\$ <u>36,680</u>

**THE CARVER FOUNDATION OF NORWALK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 13 – SUBSEQUENT EVENTS**

Date of Management Evaluation - Management has evaluated subsequent events through December 30, 2022, the date on which the financial statements were available to be issued.

Management has identified the following significant subsequent events requiring disclosure:

The Foundation is in the planning phase of an estimated \$2,800,000 rehabilitation of its facility, including the construction of a teen center.

THE CARVER FOUNDATION OF NORWALK, INC.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Carver Foundation of Norwalk, Inc., (a nonprofit organization) which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2022.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered The Carver Foundation of Norwalk, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Carver Foundation of Norwalk, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Carver Foundation of Norwalk, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Continued...

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether The Carver Foundation of Norwalk, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hope & Hernandez P.C.*

HOPE & HERNANDEZ, P.C.  
Bridgeport, Connecticut  
December 30, 2022