PORT CHESTER CARVER CENTER, INC.

Financial Statements
for the year ended
June 30, 2012
(with summarized comparative
information for year ended
June 30, 2011)

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Independent Auditors' Report

To the Board of Directors of the
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, 2012 and the related statements of activities, functional expenses and cash flows 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 has been derived from the Center's 2011 financial statements and in our report, dated November 9, 2011, we 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, 2012 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

October 4, 2012

PORT CHESTER CARVER CENTER, INC.

Statement of Financial Position

Assets

	June 30	
	2012	**2011**
Current assets		
Cash and cash equivalents	$ 205,267	$ 211,790
Investments, at fair value	1,611,560	1,557,136
Pledges and accounts receivable	73,167	82,185
Prepaid expenses and other	15,986	8,017
Total current assets	1,905,980	1,859,128
Property and equipment, net	3,132,542	3,158,271
Investments – permanently restricted	1,404,000	1,404,000
Security deposits	12,850	12,850
Total assets	**$6,455,372**	**$6,434,249**

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	$ 81,221	$ 67,399
Deferred revenue	62,646	50,922
Current portion of capital leases payable	10,683	9,735
Total current liabilities	154,550	128,056
Capital leases payable, net of current portion	37,135	47,818
Total liabilities	191,685	175,874
Net assets		
Unrestricted	4,437,117	3,877,335
Temporarily restricted	422,570	977,040
Permanently restricted	1,404,000	1,404,000
Total net assets	6,263,687	6,258,375
Total liabilities and net assets	**$6,455,372**	**$6,434,249**

See notes to financial statements.

PORT CHESTER CARVER CENTER, INC.

Statement of Activities

For the year ended June 30, 2012
(with Summarized Comparative Information for the Year Ended June 30, 2011)

	2012				2011
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Support and revenue					
Contributions	$ 1,103,678	$ 508,652	$ -	$ 1,612,330	$ 1,928,304
Fundraising	363,481	-	-	363,481	223,910
Government grants	-	125,881	-	125,881	285,846
Contract revenue	-	-	-	-	49,000
Program fees	270,195	-	-	270,195	132,302
Interest and dividends	691	49,306	-	49,997	24,453
Net realized and unrealized gain on investments	-	286	-	286	175,259
Other	7,605	-	-	7,605	5,097
Rental revenue	193,193	-	-	193,193	212,752
Net assets released from restrictions	560,533	(560,533)	-	-	-
Total support and revenue	2,499,376	123,592	-	2,622,968	3,036,923
Expenses					
Program services	2,095,750	-	-	2,095,750	2,259,707
Management and general	224,181	-	-	224,181	283,967
Fundraising	297,725	-	-	297,725	332,008
Total expenses	2,617,656	-	-	2,617,656	2,875,682
Increase (decrease) in net assets	**(118,280)**	**123,592**	**-**	**5,312**	**161,241**
Reclassification of net assets	**678,062**	**(678,062)**	**-**	**-**	**-**
Net assets, beginning of year	3,877,335	977,040	1,404,000	6,258,375	6,097,134
Net assets, end of year	$ 4,437,117	$ 422,570	$ 1,404,000	$ 6,263,687	$ 6,258,375

See notes to financial statements.

PORT CHESTER CARVER CENTER, INC.

Statement of Functional Expenses
Year Ended June 30, 2012
(with Summarized Comparative Information for the Year Ended June 30, 2011)

	2012				2011
	Program	Management and General	Fundraising	Total	Total
Expenses					
Salaries, benefits and taxes	$1,336,939	$ 124,142	$ 98,690	$1,559,771	$1,698,543
Occupancy, building and grounds	225,989	26,598	10,260	262,847	345,822
Professional fees	120,928	36,919	19,989	177,836	200,947
Supplies	75,558	14,836	13,814	104,208	112,034
Program expense	134,532	-	-	134,532	221,326
Fundraising	-	-	130,367	130,367	59,126
Advertising	2,817	-	-	2,817	3,320
Insurance	41,995	3,705	3,705	49,405	57,851
Total expenses before depreciation	1,938,758	206,200	276,825	2,421,783	2,698,969
Depreciation	156,992	17,981	20,900	195,873	176,713
Total expenses	**$2,095,750**	**$ 224,181**	**$ 297,725**	**$2,617,656**	**$2,875,682**

See notes to financial statements.

PORT CHESTER CARVER CENTER, INC.

Statement of Cash Flows

	Year Ended June 30 2012	Year Ended June 30 2011
Cash flows from operating activities		
Increase in net assets	$ 5,312	$ 161,241
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation	195,873	176,713
Net realized and unrealized (gain) on investments	(286)	(175,259)
(Increase) decrease in pledges and contracts receivable	9,018	(16,439)
(Increase) in prepaid expenses and other	(7,969)	(1,143)
Increase (decrease) in accounts payable and accrued expenses	13,822	(124,246)
Increase in deferred revenue	11,724	50,922
Permanently restricted net assets	-	(604,000)
Net cash provided by (used in) operating activities	227,494	(532,211)
Cash flows from investing activities		
Proceeds from the sale of investments	407,928	380,165
Purchases of investments	(462,066)	(856,764)
Acquisition of property and equipment	(170,144)	(297,216)
Principal payments on mortgage receivable	-	263,043
Decrease in mortgage receivable	-	15,935
Net cash (used in) investing activities	(224,282)	(494,837)
Cash flows from financing activities		
Payments on capital leases payable	(9,735)	(1,016)
Permanently restricted net assets	-	604,000
Net cash provided by (used in) financing activities	(9,735)	602,984
Net (decrease) in cash and cash equivalents	**(6,523)**	**(424,064)**
Cash and cash equivalents, beginning of year	**211,790**	**635,854**
Cash and cash equivalents, end of year	**$ 205,267**	**$ 211,790**
Supplemental disclosure of cash flows information		
Assets acquired under capital leases	$ -	$ 58,569

See notes to financial statements.

PORT CHESTER CARVER CENTER, INC.

Notes to Financial Statements
June 30, 2012

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 these financial statements.

Permanently restricted net assets

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

During the 2012 fiscal year, the Center determined that certain of its temporarily restricted net assets should have been released from restrictions in prior fiscal years. Accordingly, a transfer of $678,062 was made from temporarily restricted net assets to unrestricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence of any donor-imposed restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

PORT CHESTER CARVER CENTER, INC.

Notes to Financial Statements (continued)
June 30, 2012

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, 2012, no amounts have been recognized for uncertain income tax positions. The Center's tax returns for the 2009 fiscal year and forward are subject to the usual review by the appropriate authorities.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash equivalents

The Center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Concentrations of credit risk

The Center's financial instruments that are potentially exposed to concentrations of credit risk consist of cash, cash equivalents, investments, pledges and accounts receivable. The Center places its cash and cash equivalents with what it believes to be quality financial institutions and the Center has not incurred any losses in such accounts to date. The Center's investments consist of money market funds, certificates of deposit, an exchange traded fund, a mutual fund, real estate investment trusts, common stocks, United States government and agency obligations, municipal bonds 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, 2012. 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, 2012

Note 2 – Significant accounting policies (continued)

Investments

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

Fair value measurements

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. At June 30, 2012, all of the Center's investments are deemed to be Level 1; their fair values are measured using quoted prices in active markets.

Allowance for doubtful accounts

The Center has determined that an allowance for doubtful accounts is not required for any potentially uncollectible pledges and accounts receivable. 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.

Deferred revenue

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

Functional allocation of expenses

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

PORT CHESTER CARVER CENTER, INC.

Notes to Financial Statements (continued)
June 30, 2012

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

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 2012 to 2011 at the net asset class and functional level, the June 30, 2011 financial statements should be read in conjunction with the 2012 statements of activities and functional expenses.

Subsequent events

The Center has evaluated events and transactions for potential recognition or disclosure through October 4, 2012, which is the date the financial statements were available to be issued.

Note 3 – Investments

The Center's investments, including those classified as permanently restricted, at June 30, 2012 and June 30, 2011, are as follows:

	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Money market funds	$ 1,150,212	$ 1,150,212	$ 1,184,759	$ 1,184,759
Certificates of deposit	283,151	283,151	283,022	283,022
Precious metal exchange traded fund	57,007	69,836	57,007	65,700
Equity mutual fund	56,985	59,257	55,621	67,274
Real estate investment trusts	39,994	47,282	27,592	29,435
Common stocks	721,281	816,285	707,561	814,223
U.S. Government and agency	124,586	128,653	114,958	116,333
Municipal bonds	20,002	20,115	20,007	20,191
Corporate bonds	422,029	440,769	378,607	380,199
Totals	$ 2,875,247	$ 3,015,560	$ 2,829,134	$ 2,961,136

PORT CHESTER CARVER CENTER, INC.

Notes to Financial Statements (continued)
June 30, 2012

Note 4 – Property and equipment

At June 30, 2012, and 2011 property and equipment consisted of the following:

	2012	2011
Building	$ 705,000	$ 705,000
Building improvements	3,534,936	3,405,281
Furniture and equipment	301,744	261,255
Sub-total	4,541,680	4,371,536
Less: accumulated depreciation	1,409,138	1,213,265
Property and equipment, net	$ 3,132,542	$ 3,158,271

Note 5 – Rental revenue

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

Rental revenue received in connection with these agreements totaled $193,193 and $212,752 for the fiscal years ended June 30, 2012 and June 30, 2011, respectively.

Note 6 – Equipment lease

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

The following is a summary of the future required minimum annual lease principle payments:

Fiscal Year	Amount
2013	$ 10,683
2014	11,724
2015	12,869
2016	12,542
Total	$ 47,818

PORT CHESTER CARVER CENTER, INC.

Notes to Financial Statements (continued)
June 30, 2012

Note 7 – Permanently restricted net assets

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

Permanently restricted net assets as of June 30, 2012 are restricted to investments in perpetuity, with investment return on the Program Endowment Fund to support programs of the Center at the direction of the Executive Director and the Board of Directors, including the Board's Program Committee. Investment return on the balance of $654,000 in the Endowment Fund is to be used to support any activities of the Center.

Program Endowment Fund	$ 750,000
Endowment Fund	654,000
Total	$1,404,000

There were no endowment funds with deficiencies as of June 30, 2012.

Note 8 – Retirement plan

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 2012 and 2011 fiscal years, the Center's contribution to the plan was $24,240 and $24,755, 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.