

**THE CARVER INC.**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2023**



**THE CARVER INC.  
FOR THE YEAR ENDED JUNE 30, 2023**

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**THE CARVER INC.**

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**INDEPENDENT AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Carver Inc.

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

#### ***Opinion***

We have audited the accompanying financial statements of The Carver Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 Inc., as of June 30, 2023, 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 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 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 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 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 October 26, 2023, on our consideration of The Carver 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 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 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  
October 26, 2023

**THE CARVER INC.**

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**FINANCIAL STATEMENTS**

**THE CARVER INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Current Assets:			
Cash	\$ 250,086	\$ 885,775	\$ 1,135,861
Investments	859,129	0	859,129
Program Accounts Receivable, Net	20,027	0	20,027
Contributions and Grants Receivable, Net	189,193	0	189,193
Prepaid Expenses	151,284	0	151,284
Total Current Assets	<u>1,469,719</u>	<u>885,775</u>	<u>2,355,494</u>
Non-Current Assets:			
Fixed Assets, net of accumulated depreciation of \$1,173,552	1,228,065	1,611,593	2,839,658
Operating Lease Right-of-Use Assets	21,515	0	21,515
Total Non-Current Assets	<u>1,249,580</u>	<u>1,611,593</u>	<u>2,861,173</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>2,719,299</u></b>	<b>\$ <u>2,497,368</u></b>	<b>\$ <u>5,216,667</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
Current Liabilities:			
Accounts Payable	\$ 92,046	\$ 0	\$ 92,046
Accrued Payroll	35,582	0	35,582
Deferred Revenue	145,859	0	145,859
Line of Credit	0	0	0
Operating Lease Liability - Short-Term	14,107	0	14,107
Total Current Liabilities	<u>287,594</u>	<u>0</u>	<u>287,594</u>
Long-Term Liabilities:			
Operating Lease Liability - Long-Term	7,409	0	7,409
<b>TOTAL LIABILITIES</b>	<b><u>295,003</u></b>	<b><u>0</u></b>	<b><u>295,003</u></b>
Net Assets			
Without Donor Restrictions	2,424,296	0	2,424,296
With Donor Restrictions	0	2,497,368	2,497,368
Total Net Assets	<u>2,424,296</u>	<u>2,497,368</u>	<u>4,921,664</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>2,719,299</u></b>	<b>\$ <u>2,497,368</u></b>	<b>\$ <u>5,216,667</u></b>



**THE CARVER INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues:</b>			
Contributions	\$ 547,583	\$ 184,381	\$ 731,964
Fundraisers	413,787	0	413,787
Grants	3,096,774	1,811,558	4,908,332
Program Fees	2,666,962	0	2,666,962
Interest & Dividend Income	27,204	0	27,204
In-Kind Revenue	8,440	0	8,440
Net Assets Released From Restrictions	<u>2,027,752</u>	<u>(2,027,752)</u>	<u>0</u>
 Total Revenues	 <u>8,788,502</u>	 <u>(31,813)</u>	 <u>8,756,689</u>
 <b>Operating Expenses:</b>			
Program Services	8,656,499	48,896	8,705,395
Management and General	506,098	0	506,098
Fundraising/Development	<u>677,885</u>	<u>0</u>	<u>677,885</u>
 Total Expenses	 <u>9,840,482</u>	 <u>48,896</u>	 <u>9,889,378</u>
 Changes in Net Assets from Operations	 (1,051,980)	 (80,709)	 (1,132,689)
 <b>Non-Operating Activities:</b>			
Investment Return, Net	<u>3,733</u>	<u>0</u>	<u>3,733</u>
 Changes in Net Assets	 (1,048,247)	 (80,709)	 (1,128,956)
Net Assets, Beginning of Year	<u>3,472,543</u>	<u>2,578,077</u>	<u>6,050,620</u>
 Net Assets, End of Year	 <u>\$ 2,424,296</u>	 <u>\$ 2,497,368</u>	 <u>\$ 4,921,664</u>

See accompanying notes and accountant's report.

**THE CARVER INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services					Fundraising/ Development	Totals
	After School Programs	Summer Programs	Community Programs	Total Program	Management and General		
Salaries	\$ 4,166,633	\$ 758,068	\$ 112,827	\$ 5,037,528	\$ 166,871	\$ 429,232	\$ 5,633,631
Payroll Taxes	362,075	69,100	9,760	440,935	11,726	32,786	485,447
Employee Benefits	166,307	18,183	-	184,490	14,470	66,451	265,411
Professional Fees	60,204	1,970	-	62,174	64,133	4,724	131,031
Supplies & Program Services	536,444	214,189	69,131	819,764	92,770	8,774	921,308
Voice & Data	18,485	113	724	19,322	42,386	1,426	63,134
Postage & Shipping	-	-	-	-	1,327	1,243	2,570
Occupancy	89,932	4,191	-	94,123	7,994	1,998	104,115
Travel	1,655	549	33,119	35,323	1,609	45	36,977
Meetings, Conferences & Training	1,210	1,335	-	2,545	717	-	3,262
Printing/Copying & Advertising	-	-	-	-	-	24,768	24,768
Stipends/Scholarships	864,758	2,230	89,522	956,510	-	-	956,510
Transportation	176,382	138,985	16,433	331,800	8,517	-	340,317
Insurance	110,285	13,786	-	124,071	11,028	2,757	137,856
Service Fees & Interest Expense	184,038	32,477	-	216,515	26,554	13,993	257,062
Dues, Subscriptions & Licenses	62,221	3,979	-	66,200	44,153	20,148	130,501
Bad Debt Expense	180,863	-	-	180,863	-	-	180,863
Fundraisers	-	-	-	-	-	58,139	58,139
Depreciation	119,910	6,661	6,661	133,232	11,843	2,961	148,036
In-Kind Expenses	-	-	-	-	-	8,440	8,440
<b>TOTALS</b>	<b>\$ 7,101,402</b>	<b>\$ 1,265,816</b>	<b>\$ 338,177</b>	<b>\$ 8,705,395</b>	<b>\$ 506,098</b>	<b>\$ 677,885</b>	<b>\$ 9,889,378</b>

**THE CARVER INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Amount
<b><u>Operating Activities:</u></b>	
Change in Net Assets	\$ (1,128,956)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation Expense	148,036
Effect of FASB ASC 842	15,064
<b><u>Change in Fund Assets and Liabilities:</u></b>	
Decrease in Accounts Receivable	231,933
Increase in Contributions and Grants Receivable	(47,897)
Increase in Prepaid Expenses	(36,099)
Decrease in Accounts and Payroll Payable	(172,508)
Increase in Deferred Revenue	32,987
Net Cash Used by Operating Activities	(957,440)
<b><u>Investing Activities:</u></b>	
Purchase of Fixed Assets	(112,365)
Net Investment Activity	(835,766)
Net Cash Used by Investing Activities	(948,131)
Decrease in Cash	(1,905,571)
Cash at Beginning of Year	3,041,432
Cash at End of Year	\$ 1,135,861
<b><u>Supplementary Disclosures of Cash Flow Information:</u></b>	
Cash paid for:	
Interest	\$ 7,309
Income Taxes	\$ -

**THE CARVER INC.**

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**NOTES TO THE FINANCIAL STATEMENTS**

**THE CARVER INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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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

Change In Accounting Principle – No Restatement – Adoption of FASB ASC 842

Effective July 1, 2022, Carver adopted FASB ASC 842, *Leases*. The Center determines if an arrangement contains a lease at inception based on whether the Center has the right to control the asset during the contract period and other facts and circumstances. Carver elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 resulted in the recognition of right-of-use assets, net of prepaid lease payments and lease incentives, of \$36,579 and operating lease liabilities of \$36,636 as of July 1, 2022. Results for periods beginning prior to July 1, 2022 continue to be reported in accordance with the historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Center’s results of operations or cash flows. See Note 12.

**THE CARVER INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

**Basis of Presentation**

Carver's financial statements have been prepared in accordance with U.S. generally accepted accounting principles, which require the Center 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 Center'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 Center or by the passage of time. Other donor restrictions can be perpetual in nature, where by the donor has 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 Carver'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.

**THE CARVER INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

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.

**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 Carver expects to be entitled in exchange for providing programs to its clients. Program payments are due monthly for participants. 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Program Accounts Receivable	\$ 20,027	\$ 251,960
Allowance for Doubtful Accounts	<u>-0-</u>	<u>-0-</u>
Total	\$ <u>20,027</u>	\$ <u>251,960</u>

**THE CARVER INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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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, Carver 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.

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 Carver. 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 CARVER INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

Functional Expenses - Continued

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

Carver 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 Carver are not subject to federal or state income taxes. The tax years 2019 through 2022 remain open to examination by the Internal Revenue Service.

NOTE 3 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject Carver to concentration of credit risk consists principally of cash. Carver at June 30, 2023, maintained \$854,159 in cash balances in excess of Federal Deposit Insurance Corporation (FDIC) limits. Carver has not incurred any losses in the past and it believes it is not exposed to any significant credit risk.

NOTE 4 - AVAILABILITY AND LIQUIDITY

The following represents Carver's financial assets at June 30, 2023:

Financial assets at year end:	
Cash and cash equivalents	\$ 1,135,861
Investments	859,129
Program Accounts Receivable	20,027
Contributions and grants receivable	<u>189,193</u>
Total Financial Assets	\$ 2,204,210
Less amounts not available to be used within one year	-0-
Financial assets available to meet general expenditures over the next twelve months	\$ <u>2,204,210</u>

**THE CARVER INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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NOTE 4 – AVAILABILITY AND LIQUIDITY - Continued

Carver 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, 2023 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 markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Carver 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 CARVER INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

Carver’s investments are reported at fair value in the accompanying statement of financial position at June 30, 2023 as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets Level 1</u>
Cash & Cash Equivalents	\$ 305,622	\$ 305,622
Equities	23,563	23,563
Fixed income	<u>529,944</u>	<u>529,944</u>
	<u>\$ 859,129</u>	<u>\$ 859,129</u>

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

**NOTE 7 - FIXED ASSETS**

Below is a summary of fixed assets at June 30, 2023:

**Without Donor Restrictions**

Building Improvements	\$ 1,674,430
Furniture and Fixtures	8,459
Vehicles	147,341
Machinery and Equipment	<u>163,740</u>
Sub-Total Depreciable Assets	1,993,970
Less: Accumulated Depreciation	<u>( 878,135)</u>
Net Book Value of Depreciable Assets	1,115,835
Construction Work In Process	107,230
Land	<u>5,000</u>
TOTAL	<u>\$ 1,228,065</u>

**With Donor Restrictions**

Building	\$ 1,907,010
Less: Accumulated Depreciation	<u>( 295,417)</u>
TOTAL	<u>\$ 1,611,593</u>

On June 22, 2017, the City of Norwalk gifted the building located at 7 Academy Street to Carver. The gift is classified as With Donor Restrictions. If Carver ceases using the building as a neighborhood community center, ownership of the building reverts back to the City of Norwalk.

**THE CARVER INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 8 - DEFERRED REVENUE**

During the year ended June 30, 2023, Carver 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**

Carver 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 an 8.75% annual interest rate. The credit line expires May 1, 2024. As of June 30, 2023, the credit line balance outstanding is \$0.

**NOTE 10 – NET ASSETS**

Net assets with donor restrictions are as follows for the year ended June 30, 2023:

Specific Purpose	
Completion of Technical Center	\$ 30,775
Construction of Teen Center	855,000
Use Building as a Community Center	<u>1,611,593</u>
Total	\$ 2,497,368

**NOTE 11 - EMPLOYEE BENEFITS**

Deferred Compensation Plan - Carver maintains a 403(b) plan open to all full time employees. Carver makes no contributions to the plan which is administered through the Vanguard Group.

**NOTE 12 - OPERATING LEASES**

Carver 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.

Carver 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.

**THE CARVER INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 12 - OPERATING LEASES – Continued**

The following summarizes the line items in the statement of financial position which includes amounts for operating leases as of June 30, 2023:

Operating lease right-of-use assets	\$21,515
Current portion of long term debt operating lease liabilities	\$14,107
Long term debt operating lease liabilities	<u>7,409</u>
Total operating lease liabilities	\$21,516

The components of operating lease expenses that are included in “Supplies & Program Services” in the statement of activities for the year ended June 30, 2023 were as follows:

Operating lease costs calculated under FASB ASC 842 (Right of Use Asset Depreciation \$15,064 + Lease Liability Interest Expense \$56)	\$15,120
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The following summarizes the cash flow information related to operating leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows for operating leases	\$15,120
Lease assets obtained in exchange for lease liabilities:	
Operating leases	\$36,579

Weighted average lease term and discount rate as of June 30, 2023, are as follows:

Weighted average remaining lease term	3 years
Weighted average discount rate (risk free rate method)	.45%

The maturities of operating lease liabilities as of June 30, 2023, are as follows:

	Cash	Interest Expense	Liability (Accretion) Reduction
2024	\$14,135	\$28	\$14,107
2025	3,300	11	3,289
2026	3,300	5	3,295
2027	825	-	825
2028	-	-	-

**THE CARVER INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**NOTE 13 – SUBSEQUENT EVENTS**

Date of Management Evaluation - Management has evaluated subsequent events through October 26, 2023, the date on which the financial statements were available to be issued.

Management has identified the following significant subsequent events requiring disclosure:

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

THE CARVER 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 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 Inc., (a nonprofit organization) which comprise the statement of financial position as of June 30, 2023, 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 October 26, 2023.

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

In planning and performing our audit of the financial statements, we considered The Carver 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 Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Carver 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.



**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**

Continued...

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

As part of obtaining reasonable assurance about whether The Carver 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.  
Bridgeport, Connecticut  
October 26, 2023