

CEC Stuyvesant Cove, Inc.

Financial Statements

December 31, 2008



O'Connor Davies Munns & Dobbins, llp
ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report

The Board of Directors of the CEC Stuyvesant Cove, Inc.

We have audited the accompanying statement of financial position of CEC Stuyvesant Cove, Inc. as of December 31, 2008 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CEC Stuyvesant Cove, Inc. as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

O'Connor Davies Munns & Dobbins, LLP

New York, New York
February 3, 2010

CEC Stuyvesant Cove, Inc.

Statement of Financial Position

December 31, 2008

ASSETS

Cash and cash equivalents	\$ 211,101
Grants receivable	158,304
Service fees receivable	355,586
Property, plant and equipment, net of accumulated depreciation of \$85,590	342,722
Other assets	<u>7,700</u>
	<u>1,075,413</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	102,474
Loan payable	100,000
Due to Community Environmental Center, Inc.	<u>749,513</u>

Total Liabilities 951,987

Net Assets

Unrestricted	33,426
Temporarily restricted	<u>90,000</u>

Total Net Assets 123,426

\$ 1,075,413

CEC Stuyvesant Cove, Inc.

Statement of Activities

Year Ended December 31, 2008

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
SUPPORT AND REVENUE			
Governmental income	\$ 493,595	\$ -	\$ 493,595
Service fees income	54,541	-	54,541
Fundraising (net of expense of \$132,872)	31,792	-	31,792
Contributions			
Foundation	309,067	-	309,067
Corporate	88,874	-	88,874
Individual	7,711	-	7,711
Other income	18,310	-	18,310
Total Support and Revenue	1,003,890	-	1,003,890
EXPENSES			
Salaries and benefits	695,599	-	695,599
Insurance	10,092	-	10,092
Rent and utilities	32,574	-	32,574
Automobile and travel	3,577	-	3,577
Professional fees	46,217	-	46,217
Office expense	58,761	-	58,761
Equipment purchases and tools	27,990	-	27,990
Conferences	4,360	-	4,360
Telephone	8,218	-	8,218
Printing, postage and shipping	14,468	-	14,468
Advertising	675	-	675
Depreciation	3,166	-	3,166
Other administrative	46,043	-	46,043
Total Expenses	951,740	-	951,740
Change in Net Assets	52,150	-	52,150
NET ASSETS (DEFICIT)			
Beginning of year	(18,724)	90,000	71,276
End of year	\$ 33,426	\$ 90,000	\$ 123,426

See notes to financial statements

CEC Stuyvesant Cove, Inc

Statement of Cash Flows

Year Ended December 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Government grants received	\$ 345,132
Service fees received	(32,589)
Fund raising income received	164,664
Contributions received	423,962
Fund raising expenses paid	(132,872)
Payments to vendors, suppliers and employees	<u>(360,876)</u>
Net Cash from Operating Activities	<u>407,421</u>

Net Change in Cash and Cash Equivalents 407,421

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property, plant and equipment	(296,870)
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CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from loan	100,000
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CASH AND CASH EQUIVALENTS

Beginning of year	<u>550</u>
End of year	<u>\$ 211,101</u>

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Change in net assets	\$ 52,150
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	3,166
Changes in:	
Grants receivable	(148,463)
Service fees receivable	(87,130)
Other assets	(200)
Due to Community Environmental Center, Inc.	496,913
Accounts payable	<u>90,985</u>

Net Cash from Operating Activities \$ 407,421

See notes to financial statements

CEC Stuyvesant Cove, Inc.

Notes to Financial Statements

1. Organization

Nature of Business

CEC Stuyvesant Cove, Inc. (the "Organization"), a New York not-for-profit corporation, educates individuals about the critical environmental issues facing the Metropolitan area and maintains a park and environmental learning center. The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is controlled through common directors by Community Environmental Center, Inc. ("CEC") and is included in the consolidated financial statements of that entity.

2. Summary of Significant Accounting Policies

Net Asset Classification

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as temporarily restricted or unrestricted.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. Actual results may differ from those estimates.

Grants and Service Fees Receivable

Allowance for doubtful accounts is based on management's review of outstanding balances, credit history and other factors. Management believes that all receivables are collectible and accordingly no provision for doubtful collection is deemed necessary.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are recorded at cost, or for donated items, at fair value at date of donation. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

CEC Stuyvesant Cove, Inc.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Contributions

Contributions, including promises to give, are recorded as unrestricted support unless received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, temporarily restricted net assets are released to unrestricted net assets

Government Contracts and Grants

The Organization's government contracts and grants are exchange transactions and reported as revenue. Such revenue is limited for the use specified by the grantor, who monitors actual costs incurred.

Revenue Recognition

Performance-based contracts revenue is recorded when the performance tests have been met. Expenditures related to the performance-based contracts are recorded when the expenditure is incurred. Service fees are recognized when performed.

Cash Flows

For the purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized in the statement of activities. Expenses are charged to each government contract based on direct expenses incurred. Common costs are allocated to contracts based on contract budgets. Allocated costs in excess of budgetary limits are first allocated to contracts with available funds, and the excess, if any, is allocated to the non-governmental programs.

Advertising Costs

All publicity and advertising costs are expensed as incurred. Advertising costs were \$675 in 2008.

CEC Stuyvesant Cove, Inc.

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Accounting for Uncertainty in Income Taxes

Management of the the Organization is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax. Consequently, in the opinion of management, adoption of FIN 48 should not have a significant affect on the the Organization. The Organization's current accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is February 3, 2010.

3. Concentration of Credit Risk and Fair Value

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash, and service fees receivable. At times, cash deposited in banks may exceed FDIC insured limits.

The Organization is substantially supported by governmental grants. Governmental grants represents 49% in 2008 of total support and revenue. Accordingly, revenues may fluctuate depending upon availability of funds from grantors.

Service fees receivable are principally from clients in the New York City area.

4. Property and Equipment, Net

Property and equipment consists of:

Equipment	\$ 4,507
Leasehold improvements	94,897
Consruction in progress	<u>328,908</u>
	428,312
Less accumulated depreciation	<u>85,590</u>
	<u><u>\$ 342,722</u></u>

CEC Stuyvesant Cove, Inc.

Notes to Financial Statements

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available to fund the Solar 2 Educational Center.

6. Employee Benefit Plans

The Organization participates in an annuity plan whereby employees can defer a portion of their income through contributions to the plan. Organization contributions under the plan approximated \$1,161 in 2008.

7. Loans

At December 31, 2008 the Organization owed \$100,000 under a loan with FJC, Inc., a not for profit company that provides for borrowings up to \$600,000. The interest rate per annum was prime plus 3% and is paid quarterly. The entire principal amount remaining outstanding and any unpaid interest under the loan shall be payable on November 11, 2010. The purpose of the loan is to provide the funding to complete the preliminary design work on the Solar 2 Educational Center. CEC guarantees the debt for this loan.

8. Commitments and Contingencies

Commitments

The Organization is paid \$100,000 annually for maintaining a park for the City of New York (The City). The lease allows for the construction of an environmental learning center on the adjoining piece of property. Title of that property and any construction related improvements rest with the city. At December 31, 2008, the company had not commenced construction.

Contingencies

The expenditures related to government grants are subject to audit by the respective funding sources. Management believes that the results of any such audit would not have an adverse effect on the financial statements.

Litigation

There are currently no legal matters which management believes will have a financial impact on the Organization.