

CEC Stuyvesant Cove, Inc.
(d/b/a Solar One)

Financial Statements

December 31, 2020

Independent Auditors' Report

Board of Directors, CEC Stuyvesant Cove, Inc. (d/b/a Solar One)

We have audited the accompanying financial statements of CEC Stuyvesant Cove, Inc. (d/b/a Solar One), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CEC Stuyvesant Cove, Inc. (d/b/a Solar One) as of December 31, 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited CEC Stuyvesant Cove, Inc.'s (d/b/a Solar One) December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

June 16, 2021

CEC Stuyvesant Cove, Inc.
(d/b/a Solar One)

Statement of Financial Position
December 31, 2020
(with comparative amounts at December 31, 2019)

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$1,131,251	\$ 536,603
Contributions receivable, net	400,000	791,428
Government contract and service fee receivables	492,578	617,714
Loan receivable	66,000	66,000
Prepaid expenses	5,751	9,259
Total Current Assets	2,095,580	2,021,004
Equipment and leasehold improvements, net	1,551,779	1,551,779
Security deposits	2,575	23,575
	\$3,649,934	\$3,596,358
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 361,956	\$ 419,534
Deferred revenue	5,600	-
Paycheck Protection Program loan payable	513,102	-
Loan payable	-	56,500
Total Liabilities	880,658	476,034
 Net Assets		
Without donor restrictions	1,845,046	1,843,811
With donor restrictions	924,230	1,276,513
Total Net Assets	2,769,276	3,120,324
	\$3,649,934	\$3,596,358

See notes to financial statements

CEC Stuyvesant Cove, Inc.
(d/b/a Solar One)

Statement of Activities
Year Ended December 31, 2020
(with summarized totals for the year ended December 31, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Governmental income	\$ 1,352,906	\$ -	\$ 1,352,906	\$ 1,435,539
Service fees income	1,330,361	-	1,330,361	1,333,406
Fundraising events, net of expenses of \$0 and \$11,103 for 2020 and 2019	20,634	-	20,634	48,950
Contributions				
Foundation	502,617	330,000	832,617	1,651,251
Corporate	8,588	160,000	168,588	124,901
Individual	9,450	-	9,450	7,108
In-kind contributions	325,816	-	325,816	419,549
Other income	3,001	-	3,001	12,854
Net assets released from restrictions	<u>842,283</u>	<u>(842,283)</u>	-	-
Total Revenue and Support	<u>4,395,656</u>	<u>(352,283)</u>	<u>4,043,373</u>	<u>5,033,558</u>
EXPENSES				
Program	3,527,622	-	3,527,622	3,569,184
Management and general	722,253	-	722,253	641,610
Fundraising	<u>144,546</u>	-	<u>144,546</u>	<u>195,822</u>
Total Expenses	<u>4,394,421</u>	-	<u>4,394,421</u>	<u>4,406,616</u>
Change in Net Assets	1,235	(352,283)	(351,048)	626,942
NET ASSETS				
Beginning of year	<u>1,843,811</u>	<u>1,276,513</u>	<u>3,120,324</u>	<u>2,493,382</u>
End of year	<u>\$ 1,845,046</u>	<u>\$ 924,230</u>	<u>\$ 2,769,276</u>	<u>\$ 3,120,324</u>

See notes to financial statements

CEC Stuyvesant Cove, Inc.
(d/b/a Solar One)

Statement of Functional Expenses
Year Ended December 31, 2020
(with summarized totals for the year ended December 31, 2019)

	Program	Management and General	Fundraising	2020 Total	2019 Total
Salaries and benefits	\$ 2,471,446	\$ 408,494	\$ 81,643	\$ 2,961,583	\$ 2,845,482
Event expenses	4,155	-	-	4,155	25,381
Contract services	661,601	56,900	58,309	776,810	673,414
Donated goods and services	241,816	-	-	241,816	335,549
Office expenses	50,045	48,145	3,892	102,082	119,011
Facilities and equipment (Includes in-kind rent of \$84,000 for 2020 and 2019)	78,101	158,271	-	236,372	273,218
Travel and meetings	6,658	1,103	48	7,809	28,712
Other expenses	1,466	573	654	2,693	61,203
Business and insurance expenses	12,334	48,767	-	61,101	55,749
Total Functional Expenses	<u>3,527,622</u>	<u>722,253</u>	<u>144,546</u>	<u>4,394,421</u>	<u>4,417,719</u>
Less direct benefit to donors	-	-	-	-	(11,103)
Total Expenses	<u>\$ 3,527,622</u>	<u>\$ 722,253</u>	<u>\$ 144,546</u>	<u>\$ 4,394,421</u>	<u>\$ 4,406,616</u>

See notes to financial statements

CEC Stuyvesant Cove, Inc.
(d/b/a Solar One)

Statement of Cash Flows
Year Ended December 31, 2020
(with comparative amounts for the year ended December 31, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (351,048)	\$ 626,942
Adjustments to reconcile change in net assets to net cash from operating activities		
Discount on contributions receivable	(8,572)	8,572
Loss on sale of construction in progress	-	41,604
Changes in Operating Assets and Liabilities		
Contributions receivable	400,000	(795,000)
Government contract and service fee receivables	125,136	(25,876)
Loan receivable	-	(66,000)
Prepaid expenses	3,508	(3,216)
Security deposits	21,000	-
Accounts payable and accrued expenses	(57,578)	141,284
Deferred revenue	5,600	-
Net Cash from Operating Activities	138,046	(71,690)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of equipment	-	20,000
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	513,102	-
Proceeds from working capital facility	175,000	-
Payment on working capital facility	(175,000)	-
Payment on loan borrowings	(56,500)	(81,000)
Net Cash from Financing Activities	456,602	(81,000)
Net Change in Cash and Cash Equivalents	594,648	(132,690)
 CASH AND CASH EQUIVALENTS		
Beginning of year	536,603	669,293
End of year	\$1,131,251	\$ 536,603
 SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 6,229	\$ 10,029

See notes to financial statements

CEC Stuyvesant Cove, Inc.
(d/b/a Solar One)

Notes to Financial Statements
December 31, 2020

1. Organization

Nature of Business

CEC Stuyvesant Cove, Inc. (d/b/a Solar One) ("Solar One") was incorporated on May 16, 2003 under the laws of the State of New York.

Solar One is a New York not-for-profit corporation, which educates individuals about the critical environmental issues facing the New York Metropolitan area and maintains a park and environmental learning center. Solar One is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Solar One considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Net Asset Classification

Net assets without donor restrictions include funds having no restriction as to use or purpose imposed by donors. Net assets with donor restrictions are those whose use is limited by donors to a specific time period or purpose or limited by donors for investment in perpetuity. There were no net assets limited by donors for investment in perpetuity as of December 31, 2020 and 2019.

Allowance for Doubtful Accounts

The 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.

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Notes to Financial Statements
December 31, 2020

2. Summary of Significant Accounting Policies (continued)

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. The range of these lives is 3 to 5 years. Solar One capitalizes equipment over \$1,000 with a life greater than a year.

Equipment and leasehold improvements are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value. There were no asset impairments for the years ended December 31, 2020 and 2019.

Contributions

Contributions, including promises to give, are recorded when received as net assets without donor restrictions unless donor stipulations limit the use of the donation. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished or time restriction has lapsed, net assets with donor restrictions are released to net assets without donor restrictions.

In-kind Contributions

Contributions of services are recognized at fair value when they are received if the services either create or enhance nonfinancial assets, or require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Donated goods distributed are recorded as income and expense at the time they are received which is normally also the time they are placed into service or distributed. Solar One receives discounted rent on property leased from the City of New York and records the fair value of the discount on the statement of activities as revenue and support.

Government Contracts

Solar One's government contracts are reported as revenue when the related expenses are incurred. Such revenue is limited for the use specified by the contracting government agency, who monitors costs incurred. At December 31, 2020, all contracts and service fee receivables are due in 2021.

Revenue Recognition

Performance-based contract revenue is recorded when the performance tests have been met. Expenditures related to the performance-based contracts are recorded when the expenditures are incurred. Service fees are recognized when services are rendered and when collection is reasonably assured.

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Notes to Financial Statements
December 31, 2020

2. Summary of Significant Accounting Policies (continued)

Advertising Costs

All publicity and advertising costs are expensed as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function, specifically program services which consist of green hard skills technical training, environmental STEM education, and solar and resiliency education and initiatives. Certain expenses are attributable to more than one program or supporting function and have been allocated among program services, management and general and fundraising. These expenses include salaries and benefits, insurance, rent and utilities, computer and other office expenses, telephone among others, which are allocated based on estimates of time and effort.

Accounting for Uncertainty in Income Taxes

Solar One recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that Solar One had no uncertain tax positions that would require financial statement recognition or disclosure. Solar One is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2017.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total only, which does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Solar One's financial statements for 2019, from which the summarized information was derived.

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 June 16, 2021.

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Notes to Financial Statements
December 31, 2020

3. Concentration of Credit Risk

Solar One's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and receivables. At times, cash deposited in banks may exceed Federal Deposit Insurance Corporation ("FDIC") insured limits.

Government contracts receivable are principally from federal, state and city government agencies.

4. Contributions Receivable

Management expects contributions receivable to be realized in the following periods at December 31:

	<u>2020</u>	<u>2019</u>
Due within one year	\$ 400,000	\$ 400,000
Due within two years	<u>-</u>	<u>400,000</u>
	400,000	800,000
Less discount to present value	<u>-</u>	<u>(8,572)</u>
	<u>\$ 400,000</u>	<u>\$ 791,428</u>

To reflect time value of money, contributions receivable as of December 31, 2019 were discounted to the present value at a rate of 2.19%. Solar One had amounts due of \$400,000 and \$800,000 from one donor as of December 31, 2020 and 2019.

5. Loan Receivable

On December 20, 2019, Solar One entered into a predevelopment loan agreement to lend a Massachusetts energy cooperative \$66,000 to pay for solar equipment. The loan will not accrue any interest until April 1, 2020. However, if the loan is not repaid in full by April 1, 2020, it will accrue interest of \$25 per calendar day starting on April 2, 2020. Solar One elected to waive the interest due to delays caused by the coronavirus pandemic. There is no expiration date on this loan agreement and has not been paid as of the date these financial statements were available for issuance.

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6. Equipment and Leasehold Improvements

Equipment and leasehold improvements consist of the following at December 31:

	2020	2019
Leasehold improvements	\$ 5,773	\$ 5,773
Equipment	267,757	267,757
Construction in progress	1,551,779	1,551,779
	1,825,309	1,825,309
Less accumulated depreciation	273,530	273,530
	<u>\$ 1,551,779</u>	<u>\$ 1,551,779</u>

Construction in progress consists principally of architectural and engineering fees for the construction of the Solar One Environmental Education Center (“S1EEC”). During 2017, Solar One executed an agreement with the New York City Economic Development Corporation (“NYC EDC”), where the NYC EDC and Solar One would be responsible to design, construct and manage S1EEC. S1EEC will be a state of the art facility for Solar One’s environmental educational programs. During 2019, Solar One sold solar panels with a cost of \$61,604, which was previously reported in construction in progress.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31:

	2020	2019
Green Design Lab	\$ 104,999	\$ 70,999
S1EEC	67,086	17,086
Green Workforce	5,645	-
Here Comes Solar	746,500	1,188,428
	<u>\$ 924,230</u>	<u>\$ 1,276,513</u>

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Notes to Financial Statements
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8. Net Assets Released from Restrictions

Net assets were released from restriction for the following purposes for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Green Design Lab	\$ 194,000	\$ 206,500
S1EEC	-	103,210
Green Workforce	35,355	20,000
Park	21,000	1,000
Here Comes Solar	<u>591,928</u>	<u>917,126</u>
	<u>\$ 842,283</u>	<u>\$ 1,247,836</u>

9. Loans Payable

In 2015, Solar One obtained a \$250,000 promissory note from a foundation, which matured on July 31, 2020. Interest was payable quarterly and bore a floating interest of the prime rate as published in the Wall Street Journal, plus 3.00%. At December 31, 2019 the interest rate was 7.75% (Wall Street Journal prime rate 4.75%). The loan was secured by Solar One's assets. The loan balance was \$0 as of December 31, 2020 and \$56,500 at December 31, 2019. Interest expense was \$4,530 and \$10,029 for the years ended December 31, 2020 and 2019.

Solar One has a \$425,000 program-related investment loan from a foundation to provide a working capital facility for the operations of its programs. The maturity date for any outstanding and additional advances is May 31, 2022. Interest is payable quarterly and bears a floating interest of the prime rate as published in the Wall Street Journal plus 3.00% only on amounts drawn down. The loan is secured by Solar One's assets. The promissory note required Solar One to open an "Earmarked Fund Account-Money Market" ("EFA") with another foundation and deposit all of the loan proceeds in such EFA. Funds may be withdrawn or deposited from and to the EFA on five business days' notice to the foundation and shall be limited to three withdrawals and two deposits per month. During 2020, Solar One drew down \$175,000 and had a \$0 outstanding balance under the EFA as of December 31, 2020 and 2019. Interest expense was \$1,685 and \$0 for the years ended December 31, 2020 and 2019.

10. Paycheck Protection Program Loan Payable

On April 15, 2020, Solar One received loan proceeds in the amount of \$513,102 under the Paycheck Protections Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest is forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act,

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10. Paycheck Protection Program Loan Payable (continued)

over a period of either eight or twenty-four weeks (the “Covered Period”). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries below a certain threshold during the Covered Period and does not qualify for certain safe harbors. The unforgiven portion of the PPP loan, if any, is payable within two years from the date of the PPP loan with a deferral of payments of principal and interest until the amount of loan forgiveness is determined by the SBA.

As of December 31, 2020 the PPP loan is recognized as debt on the 2020 statement of financial position. Solar One will recognize the income from the forgiveness of the PPP loan when it receives the notification of forgiveness from SBA in accordance with Accounting Standards Codification 470 Debt. On April 13, 2021, Solar One received notification of forgiveness for the entire PPP loan amount.

11. Commitments and Contingencies

Commitments

Solar One maintains a non-cancelable lease agreement for office space that expires on March 31, 2022. At December 31, 2020, one of Solar One’s non-cancelable lease agreements for office space expired and management elected not to renew the lease. Rent expense was \$201,369 and \$216,719 for the years ended December 31, 2020 and 2019. The minimum annual future rental payments under this agreement is as follows:

2021	\$ 27,783
2022	<u>6,946</u>
	<u>\$ 34,729</u>

Contingencies

The NYC EDC has a thirty-year lease agreement with the City of New York for \$1 a year for the blacktop area at the north end of Stuyvesant Cove Park and assigned the lease to another non-profit organization upon the execution of the lease. The non-profit organization assigned the lease to Solar One in 2004. The agreement, which expires in October of 2032 has the option to extend this lease for two additional five year periods expiring in 2042. The lease is contingent upon the construction of S1EEC.

Expenditures related to government contracts can be 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.

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Notes to Financial Statements
December 31, 2020

12. Liquidity and Availability of Financial Assets

Solar One’s financial assets and resources available to meet cash needs for general expenditures within one year of the date of the statement of financial position were as follows as of December 31:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 1,131,251	\$ 536,603
Contributions receivable, net	400,000	791,428
Government contracts receivable	492,578	617,714
Loan receivable	66,000	66,000
Total Financial Assets	2,089,829	2,011,745
Less: Contractual or donor imposed restrictions amounts		
Restricted by donor with purpose restrictions	924,230	1,276,513
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 1,165,599	\$ 735,232

As part of Solar One’s liquidity management strategy, Solar One structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. Solar One’s working capital and cash flows have cyclical variations during the year attributable to the cash receipts of service fees and contributions from donors. A majority of general expenditures over the next twelve months are financed through cash and receivables. In the event of financial distress or an immediate liquidity need resulting from events outside the typical lifecycle of converting financial assets to cash or settling financial liabilities, Solar One established a \$425,000 program-related investment loan to provide working capital for its operation.

13. Risks and Uncertainties

As the coronavirus pandemic continues to evolve globally, changes to behavior intended to reduce its spread are uncertain as of the date these financial statements were available for issuance. While management has implemented measures to mitigate the impact of the pandemic, including obtaining a PPP loan under the CARES Act as detailed in Note 10, the full extent of any adverse impact on the results of operations, financial position and cash flows in 2021 and beyond cannot be reasonably estimated at this time.

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