

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

Financial Statements and  
Uniform Guidance Schedules  
Together With Independent Auditors' Reports

December 31, 2021

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

Financial Statements and  
Uniform Guidance Schedules  
Together With Independent Auditors' Reports

December 31, 2021 and 2020

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## Independent Auditors' Report

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

#### **Opinion**

We have audited the accompanying financial statements of CEC Stuyvesant Cove, Inc. (d/b/a Solar One) ("Solar One"), which comprise the statement of financial position as of December 31, 2021, 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 referred to above present fairly, in all material respects, the financial position of Solar One as of December 31, 2021 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.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Solar One 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 these 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 Solar One's ability to continue as a going concern within one year after the date of the financial statements are available to be issued.

#### **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

**Auditors' Responsibilities for the Audit of the Financial Statements (*continued*)**

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 Solar One'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 substantial doubt about Solar One'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.

**Report on Summarized Comparative Information**

We have previously audited Solar One's December 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2022 on our consideration of Solar One'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 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 Solar One'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 Solar One's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

July 19, 2022

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

Statement of Financial Position  
December 31, 2021  
(with comparative amounts at December 31, 2020)

	2021	2020
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$1,696,448	\$1,131,251
Contributions receivable	286,225	400,000
Government contract and service fee receivables	1,243,990	492,578
Loan receivable	-	66,000
Prepaid expenses	5,925	5,751
Total Current Assets	3,232,588	2,095,580
Equipment and leasehold improvements, net	1,551,779	1,551,779
Security deposits	5,312	2,575
	<b>\$4,789,679</b>	<b>\$3,649,934</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$1,032,655	\$ 361,956
Deferred revenue	453,963	5,600
Paycheck Protection Program loan payable	-	513,102
Total Current Liabilities	1,486,618	880,658
 Net Assets		
Without donor restrictions	2,626,659	1,845,046
With donor restrictions	676,402	924,230
Total Net Assets	3,303,061	2,769,276
	<b>\$4,789,679</b>	<b>\$3,649,934</b>

See notes to financial statements

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

Statement of Activities  
Year Ended December 31, 2021  
(with summarized totals for the year ended December 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE AND SUPPORT</b>				
Governmental income	\$ 2,815,365	\$ -	\$ 2,815,365	\$1,352,906
Service fees income	1,293,441	-	1,293,441	1,330,361
Fundraising events	30,757	-	30,757	20,634
Contributions				
Foundation	710,532	402,850	1,113,382	832,617
Corporate	21,423	220,000	241,423	168,588
Individual	23,008	-	23,008	9,450
In-kind contributions	539,918	-	539,918	325,816
PPP loan forgiveness	513,102	-	513,102	-
Other income	4,591	-	4,591	3,001
Net assets released from restrictions	<u>870,678</u>	<u>(870,678)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>6,822,815</u>	<u>(247,828)</u>	<u>6,574,987</u>	<u>4,043,373</u>
<b>EXPENSES</b>				
Program	4,896,532	-	4,896,532	3,527,622
Management and general	830,141	-	830,141	722,253
Fundraising	<u>314,529</u>	<u>-</u>	<u>314,529</u>	<u>144,546</u>
Total Expenses	<u>6,041,202</u>	<u>-</u>	<u>6,041,202</u>	<u>4,394,421</u>
Change in Net Assets	781,613	(247,828)	533,785	(351,048)
<b>NET ASSETS</b>				
Beginning of year	<u>1,845,046</u>	<u>924,230</u>	<u>2,769,276</u>	<u>3,120,324</u>
End of year	<u>\$ 2,626,659</u>	<u>\$ 676,402</u>	<u>\$ 3,303,061</u>	<u>\$2,769,276</u>

See notes to financial statements

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

Statement of Functional Expenses  
Year Ended December 31, 2021  
(with summarized totals for the year ended December 31, 2020)

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2021 Total</u>	<u>2020 Total</u>
Salaries and benefits	\$ 2,731,872	\$ 458,930	\$ 244,424	\$ 3,435,226	\$ 2,961,583
Event expenses	-	-	-	-	4,155
Contract services	1,555,661	128,429	60,718	1,744,808	776,810
Donated goods and services	455,918	-	-	455,918	241,816
Office expenses	65,703	34,508	6,031	106,242	102,082
Facilities and equipment (Includes in-kind rent of \$84,000 for 2021 and 2020)	64,598	98,369	-	162,967	236,372
Travel and meetings	10,465	10,784	654	21,903	7,809
Other expenses	3,613	2,006	2,702	8,321	2,693
Business and insurance expenses	8,702	31,115	-	39,817	61,101
Bad debt expense	-	66,000	-	66,000	-
<b>Total Expenses</b>	<b><u>\$ 4,896,532</u></b>	<b><u>\$ 830,141</u></b>	<b><u>\$ 314,529</u></b>	<b><u>\$ 6,041,202</u></b>	<b><u>\$ 4,394,421</u></b>

See notes to financial statements

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

Statement of Cash Flows  
Year Ended December 31, 2021  
(with comparative amounts for the year ended December 31, 2020)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 533,785	\$ (351,048)
Adjustments to reconcile change in net assets to net cash from operating activities		
Bad debt expense	66,000	-
Discount on contributions receivable	-	(8,572)
PPP loan forgiveness	(513,102)	-
Changes in Operating Assets and Liabilities		
Contributions receivable	113,775	400,000
Government contract and service fee receivables	(751,412)	125,136
Prepaid expenses	(174)	3,508
Security deposits	(2,737)	21,000
Accounts payable and accrued expenses	670,699	(57,578)
Deferred revenue	448,363	5,600
Net Cash from Operating Activities	565,197	138,046
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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)
Net Cash from Financing Activities	-	456,602
Net Change in Cash and Cash Equivalents	565,197	594,648
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	1,131,251	536,603
End of year	\$1,696,448	\$1,131,251
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ -	\$ 6,229
<b>NON-CASH FINANCING ACTIVITIES</b>		
PPP loan forgiveness	513,102	-

See notes to financial statements

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

Notes to Financial Statements  
December 31, 2021

**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, 2021 and 2020.

***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 government contract and service fee receivables are collectible and, accordingly, no provision for doubtful collection is deemed necessary. The allowance for doubtful accounts for the loan receivable was \$66,000 and \$0 as of December 31, 2021 and 2020.

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

Notes to Financial Statements  
December 31, 2021

**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, 2021 and 2020.

***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. At December 31, 2021 and 2020, all contributions receivable were due within one year.

***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 and Service Fee 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, 2021, all contracts and service fee receivables are due in 2022.

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

Notes to Financial Statements  
December 31, 2021

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

***Government and Service Fee Contracts (continued)***

The beginning and ending government and service fee contract balances were as follows:

	December 31,		
	2021	2020	2019
Government and service fee contract assets	\$ 318,705	\$ 142,731	\$ 196,629
Government and service fee contract liabilities	453,963	5,600	-

***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.

***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 2018.

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

Notes to Financial Statements  
December 31, 2021

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

***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 2020, 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 July 19, 2022.

**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. 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. At December 31, 2021, management has provided a full allowance against the loan.

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

Notes to Financial Statements  
December 31, 2021

**5. Equipment and Leasehold Improvements**

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

	2021	2020
Leasehold improvements	\$ -	\$ 5,773
Equipment	-	267,757
Construction in progress	1,551,779	1,551,779
	1,551,779	1,825,309
Less accumulated depreciation	-	273,530
	\$ 1,551,779	\$ 1,551,779

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 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.

**6. Net Assets with Donor Restrictions**

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

	2021	2020
Green Design Lab	\$ 150,316	\$ 104,999
S1EEC	142,086	67,086
Green Workforce	-	5,645
Here Comes Solar	234,000	746,500
Leadership	150,000	-
	\$ 676,402	\$ 924,230

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

Notes to Financial Statements  
December 31, 2021

**7. Net Assets Released from Restrictions**

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

	2021	2020
Green Design Lab	\$ 326,683	\$ 194,000
Green Workforce	25,645	35,355
Park	5,850	21,000
Here Comes Solar	512,500	591,928
	\$ 870,678	\$ 842,283

**8. 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%. The loan was secured by Solar One's assets. The loan balance was \$0 as of December 31, 2021 and 2020. Interest expense was \$0 and \$4,530 for the years ended December 31, 2021 and 2020.

Solar One has a \$425,000 program-related investment working capital facility from a foundation that Solar One can draw on for the operations of its programs. The maturity date for any outstanding and additional advances is May 31, 2024. 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. Amounts drawn on the working capital facility is secured by Solar One's assets. The working capital facility 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, 2021 and 2020. Interest expense was \$0 and \$1,685 for the years ended December 31, 2021 and 2020.

**9. 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, over a period of either eight or twenty-four weeks (the "Covered Period").

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

Notes to Financial Statements  
December 31, 2021

**9. Paycheck Protection Program Loan Payable (continued)**

As of December 31, 2020 the PPP loan is recognized as debt on the statement of financial position. On April 13, 2021, Solar One received notification of forgiveness for the entire PPP loan amount and recognized the loan proceeds as PPP loan forgiveness on the 2021 statement of activities.

**10. Commitments and Contingencies**

***Commitments***

Solar One maintains a non-cancelable lease agreement for office space that expired on March 31, 2022. The minimum annual future rental payments under this agreement is \$6,946 for 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. During 2022, Solar One entered into a 10 year and 5 month non-cancelable lease agreement for warehouse and office space. Rent expense was \$128,083 and \$201,369 for the years ended December 31, 2021 and 2020.

***Contingencies***

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. For 2021 and 2020, in-kind contributions for the discounted rent of \$84,000 is recognized in the statement of activities.

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.

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

Notes to Financial Statements  
December 31, 2021

**11. 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:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 1,696,448	\$ 1,131,251
Contributions receivable	286,225	400,000
Government contracts receivable	1,243,990	492,578
Loan receivable	-	66,000
Total Financial Assets	<u>3,226,663</u>	<u>2,089,829</u>
Less: Contractual or donor imposed restrictions amounts restricted by donor with purpose restrictions	<u>676,402</u>	<u>924,230</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 2,550,261</u>	<u>\$ 1,165,599</u>

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.

**12. 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 9, 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.

\* \* \* \* \*

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

Uniform Guidance Reports and Schedules

December 31, 2021

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

Schedule of Expenditures of Federal Awards and Accompanying Notes  
Year Ended December 31, 2021

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identification Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Department of Housing and Urban Development: CDBG -Disaster Recovery Grants – Pub. L. No. 113-2 Cluster				
Pass-through Governor's Office of Storm Recovery: Hurricane Sandy Community Development Block Grant				
Disaster Recovery Grants (CDBG-DR)	14.269	B-13-DS-36-0001	\$ -	\$ 1,149,823

**1. Basis of Presentation**

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of CEC Stuyvesant Cove, Inc. (d/b/a Solar One) ("Solar One") under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Solar One, it is not intended to and does not present the financial position, changes in net assets or cash flows of Solar One.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Indirect Cost Rate**

Solar One has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**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 Auditors' Report**

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

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 CEC Stuyvesant Cove, Inc. (d/b/a Solar One) ("Solar One") which comprise the statement of financial position as of December 31, 2021, 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 July 19, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Solar One'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 Solar One's internal control. Accordingly, we do not express an opinion on the effectiveness of Solar One'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 have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Solar One'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

July 19, 2022



## **Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

### **Independent Auditors' Report**

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

#### **Report on Compliance for Each Major Federal Program**

##### **Opinion on Each Major Federal Program**

We have audited CEC Stuyvesant Cove, Inc.'s (d/b/a Solar One) ("Solar One") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Solar One's major federal programs for the year ended December 31, 2021. Solar One's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Solar One complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

##### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Solar One and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Solar One's compliance with the compliance requirements referred to above.

##### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Solar One's federal programs.

### **Auditors' Responsibility for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Solar One's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Solar One's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Solar One's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Solar One's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Solar One's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

**Report on Internal Control over Compliance (*continued*)**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

July 19, 2022

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

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2021

**Section I - Summary of Auditors' Results**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  yes  no

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.269	CDBG -Disaster Recovery Grants – Pub. L. No. 113-2 Cluster Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

Section II – Financial Statement Findings

During our audit, we noted no material findings for the year ended December 31, 2021.

Section III – Federal Award Findings and Questioned Costs

During our audit, we noted no material instances of noncompliance and none of the costs reported in the federal financially assisted programs are questioned or recommended to be disallowed.

Section IV – Prior Year Audit Findings

There were no prior year audit findings.