

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

Financial Statements

December 31, 2022

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, 2022, 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, 2022 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. 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.

Change in Accounting Policy

As discussed in Note 2 to the financial statements, Solar One adopted Financial Accounting Standards Board ("FASB") Topic 842, *Leases*, using the effective date method with January 1, 2022, as the initial adoption. Our opinion is not modified with respect to that matter.

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 Solar One's ability to continue as a going concern within one year after the date that 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 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted 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, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 19, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

August 9, 2023

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

Statement of Financial Position
December 31, 2022
(with comparative amounts at December 31, 2021)

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,198,033	\$1,696,448
Contributions receivable	1,148,280	286,225
Government contract and service fee receivables	1,177,271	1,243,990
Prepaid expenses	35,770	5,925
Total Current Assets	4,559,354	3,232,588
Contributions receivable, net	863,558	-
Equipment and leasehold improvements, net	1,644,992	1,551,779
Security deposits	595	5,312
Right of use asset, net	2,385,419	-
	\$ 9,453,918	\$4,789,679
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 846,191	\$1,032,655
Deferred revenue	213,200	453,963
Lease liability	2,506,605	-
Total Current Liabilities	3,565,996	1,486,618
 Net Assets		
Without donor restrictions	2,420,239	2,626,659
With donor restrictions	3,467,683	676,402
Total Net Assets	5,887,922	3,303,061
	\$ 9,453,918	\$4,789,679

See notes to financial statements

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

Statement of Activities
Year Ended December 31, 2022
(with summarized totals for the year ended December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Governmental income	\$ 3,676,865	\$ -	\$ 3,676,865	\$2,815,365
Service fees income	1,390,628	-	1,390,628	1,293,441
Fundraising events	13,000	-	13,000	30,757
Contributions				
Foundation	222,013	3,504,000	3,726,013	1,113,382
Corporate	12,000	515,000	527,000	241,423
Individual	15,816	-	15,816	23,008
In-kind contributions	209,276	-	209,276	539,918
PPP loan forgiveness	-	-	-	513,102
Other income	755	-	755	4,591
Net assets released from restrictions	<u>1,227,719</u>	<u>(1,227,719)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>6,768,072</u>	<u>2,791,281</u>	<u>9,559,353</u>	<u>6,574,987</u>
EXPENSES				
Program	5,456,454	-	5,456,454	4,896,532
Management and general	1,073,206	-	1,073,206	830,141
Fundraising	<u>444,832</u>	<u>-</u>	<u>444,832</u>	<u>314,529</u>
Total Expenses	<u>6,974,492</u>	<u>-</u>	<u>6,974,492</u>	<u>6,041,202</u>
Change in Net Assets	(206,420)	2,791,281	2,584,861	533,785
NET ASSETS				
Beginning of year	<u>2,626,659</u>	<u>676,402</u>	<u>3,303,061</u>	<u>2,769,276</u>
End of year	<u>\$ 2,420,239</u>	<u>\$3,467,683</u>	<u>\$ 5,887,922</u>	<u>\$3,303,061</u>

See notes to financial statements

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

Statement of Functional Expenses
Year Ended December 31, 2022
(with summarized totals for the year ended December 31, 2021)

	Program	Management and General	Fundraising	2022 Total	2021 Total
Salaries and benefits	\$ 3,058,258	\$ 522,906	\$ 266,325	\$ 3,847,489	\$ 3,435,226
Contract services	1,982,382	168,467	147,501	2,298,350	1,744,808
Donated goods and services	27,687	181,589	-	209,276	455,918
Office expenses	102,527	46,066	5,561	154,154	106,242
Facilities and equipment (Includes in-kind rent of \$84,000 for 2021)	224,034	58,307	20,297	302,638	162,967
Travel and meetings	24,266	12,037	2,543	38,846	21,903
Other expenses	14,815	43,640	2,605	61,060	8,321
Business and insurance expenses	22,485	29,822	-	52,307	39,818
Depreciation	-	10,372	-	10,372	-
Bad debt expense	-	-	-	-	66,000
Total Expenses	<u>\$ 5,456,454</u>	<u>\$ 1,073,206</u>	<u>\$ 444,832</u>	<u>\$ 6,974,492</u>	<u>\$ 6,041,203</u>

See notes to financial statements

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

Statement of Cash Flows
Year Ended December 31, 2022
(with comparative amounts for the year ended December 31, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,584,861	\$ 533,785
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	10,372	-
Bad debt expense	-	66,000
Discount on contributions receivable	36,442	-
PPP loan forgiveness	-	(513,102)
Amortization of right of use asset	189,771	-
Changes in Operating Assets and Liabilities		
Contributions receivable	(1,762,055)	113,775
Government contract and service fee receivables	66,719	(751,412)
Prepaid expenses	(29,845)	(174)
Security deposits	4,717	(2,737)
Accounts payable and accrued expenses	(186,464)	670,699
Deferred revenue	(240,763)	448,363
Lease liability	(68,585)	-
Net Cash from Operating Activities	605,170	565,197
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and leasehold improvements	(103,585)	-
Net Change in Cash and Cash Equivalents	501,585	565,197
CASH AND CASH EQUIVALENTS		
Beginning of year	1,696,448	1,131,251
End of year	\$ 2,198,033	\$ 1,696,448
NON-CASH FINANCING ACTIVITIES		
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, 2022

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.

Recently Adopted Accounting Standards

Contributed Nonfinancial Assets

As of January 1, 2022, Solar One adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958). ASU 2020-07 brings more transparency and consistency to the presentation and disclosure of gifts-in-kind. The standard does not change the accounting for gifts-in-kind, however, provides matters related to presentation and disclosure.

Leases

Solar One adopted FASB Topic 842, Leases, using the effective date method with January 1, 2022, as the date of initial adoption, with certain practical expedients available. Solar One elected the available practical expedients to account for its existing operating leases as operating leases, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

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

Notes to Financial Statements
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Standards (continued)

Leases (continued)

The standard had a material impact on Solar One's statement of financial position but did not have a significant impact on its statements of activities and cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

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, 2022 and 2021.

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.

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, 2022 and 2021.

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

Notes to Financial Statements
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Leases

As of January 1, 2022, Solar One determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (“ROU”) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. Solar One does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Solar One’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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 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. Solar One’s service fee contracts are recognized as services are performed. At December 31, 2022, all contracts and service fee receivables are due in 2023.

CEC Stuyvesant Cove, Inc.
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Notes to Financial Statements
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Government and Service Fee Contracts (continued)

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

	December 31,		
	2022	2021	2020
Service fee contract assets	\$ 476,092	\$ 318,705	\$ 142,731
Service fee contract liabilities	213,200	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 2019.

CEC Stuyvesant Cove, Inc.
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Notes to Financial Statements
December 31, 2022

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 2021, 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 August 9, 2023.

3. Concentration of Credit Risk

Financial instruments that potentially subject Solar One to concentrations of credit and market risk consist principally of cash and cash equivalents and receivables. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. As of December 31, 2022 and 2021, Solar One's uninsured cash, cash equivalents, and restricted cash balances on deposit totaled approximately \$1,196,000 and \$1,698,000.

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>2022</u>	<u>2021</u>
Due within one year	\$ 1,148,280	\$ 286,225
Due within two years	<u>900,000</u>	<u>-</u>
	2,048,280	286,225
Less discount to present value	<u>(36,442)</u>	<u>-</u>
	<u>\$ 2,011,838</u>	<u>\$ 286,225</u>

To reflect time value of money, contributions receivable as of December 31, 2022 were discounted to the present value at a risk free rate of 4.22%. Solar One had amounts due of \$1,700,000 and \$250,000 from one donor as of December 31, 2022 and 2021.

CEC Stuyvesant Cove, Inc.
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Notes to Financial Statements
December 31, 2022

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. At December 31, 2022 and 2021, management provided a full allowance against the loan.

6. Equipment and Leasehold Improvements

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

	2022	2021
Leasehold improvements	\$ 52,403	\$ -
Equipment	51,182	-
Construction in progress	1,551,779	1,551,779
	1,655,364	1,551,779
Less accumulated depreciation	10,372	-
	<u>\$ 1,644,992</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 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.

7. Net Assets with Donor Restrictions

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

	2022	2021
Green Design Lab	\$ 393,268	\$ 150,316
S1EEC	267,085	142,086
Green Workforce	1,208,719	-
Here Comes Solar	1,493,685	234,000
Leadership	104,926	150,000
	<u>\$ 3,467,683</u>	<u>\$ 676,402</u>

CEC Stuyvesant Cove, Inc.
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Notes to Financial Statements
December 31, 2022

8. Net Assets Released from Restrictions

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

	2022	2021
Green Design Lab	\$ 445,049	\$ 326,683
Green Workforce	206,281	25,645
Park	1,000	5,850
Here Comes Solar	530,315	512,500
Leadership	45,074	-
	\$ 1,227,719	\$ 870,678

9. Loan Payable

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. There were no amounts drawn upon or outstanding under the EFA as of December 31, 2022 and 2021.

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, over a period of either eight or twenty-four weeks (the “Covered Period”).

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.

CEC Stuyvesant Cove, Inc.
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Notes to Financial Statements
December 31, 2022

11. In-kind Contributions

In-kind contributions are comprised of professional and legal services, donated goods and donated rent on property, which are reflected in the accompanying financial statements as in-kind contributions revenue, donated goods and services and facilities and equipment expenses within program services and management and general in the statement of functional expenses. Donated services are valued based on the hourly rate and expenses incurred by the independent contractors. Donated goods are valued based on the cost of the goods. Donated rent is valued using average rent price per square foot for the area of the market. The value of professional services for the years ended December 31, 2022 and 2021 totaled \$202,876 and \$446,950. The value of the donated goods for the years ended December 31, 2022 and 2021 was \$6,400 and \$15,368. The value of donated rent on property was \$0 and \$84,000 for the years ended December 31, 2022 and 2021. There were no in-kind contributions that were restricted by donors.

12. Commitments and Contingencies

Commitments

Solar One evaluated current contracts to determine which met the criteria of a lease. The ROU assets represent Solar One's right to use underlying assets for the lease term, and the lease liabilities represent Solar One's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from an operating lease, was calculated based on the present value of future lease payments over the lease term. Solar One has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

Solar One maintained a non-cancelable lease agreement for office space that expired on March 31, 2022. Effective March 1, 2022, Solar One entered into a 10 year and 5 month non-cancelable lease agreement for warehouse and office space.

On March 1, 2022 Solar One recognized a lease liability and a right-of-use asset ("ROU asset"), of \$2,575,190, that represents the present value of the remaining operating lease payments of \$2,830,849,136, discounted using Solar One's risk-free interest rate using a weighted-average treasury rate of 1.72% and a ROU asset of \$2,575,190.

As of December 31, 2022, the weighted-average remaining lease terms for Solar One's operating leases was 9 years and 7 months and the weighted average discount rate was 1.72%. ROU asset as of December 31, 2022 was \$2,385,419 and amortization of ROU asset during 2022 was \$189,771. Cash paid for operating leases for the year ended December 31, 2022 was \$105,283.

CEC Stuyvesant Cove, Inc.
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Notes to Financial Statements
December 31, 2022

12. Commitments and Contingencies (continued)

Commitments (continued)

Solar One amortizes the operating lease ROU asset over the life of the lease agreement. The ROU asset consist of the following at December 31, 2022:

Right of use asset	\$2,575,190
Less: Accumulated amortization	<u>(189,771)</u>
Present value of right of use asset	<u><u>\$2,385,419</u></u>

Future maturities of the lease liability are presented in the following table, for the fiscal years ending December 31:

2023	\$ 255,310
2024	261,693
2025	268,236
2026	274,941
2027	281,815
Thereafter	<u>1,383,572</u>
Total undiscounted cash flows	2,725,567
Less present value discount	<u>(218,962)</u>
	<u><u>\$2,506,605</u></u>

Rent expense was \$243,193 and \$128,083 for the years ended December 31, 2022 and 2021. Rent expense under Topic 842, *Leases* during 2022 was \$223,897 and rent under the short-term leases was \$19,296.

Solar One has an outstanding irrevocable standby letter for credit in the amount of \$84,226. The letter of credit is used to provide a security deposit for the lease of Solar One's premises. The letter of credit is collateralized by a money market account included in the 2022 cash and cash equivalents and amounts to \$84,940 with a 2.2% interest rate at December 31, 2022.

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, in-kind contributions for the donated rent of \$84,000 is recognized in the statement of activities.

CEC Stuyvesant Cove, Inc.
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Notes to Financial Statements
December 31, 2022

12. Commitments and Contingencies (continued)

Contingencies (continued)

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.

13. 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:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$2,198,033	\$1,696,448
Contributions receivable	1,148,280	286,225
Government contracts receivable	1,177,271	1,243,990
Total Financial Assets	4,523,584	3,226,663
Less: Contractual or donor imposed restrictions amounts		
Letter of credit	84,226	-
Restricted by donor with purpose restrictions	3,467,683	676,402
	3,551,909	676,402
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 971,675	\$2,550,261

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.

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