



CODEVA, Inc.

Financial Statements

June 30, 2020 and 2019

CODEVA, Inc.

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Independent Auditor's Report

Board of Directors
CODEVA, Inc.
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of CODEVA, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 auditor's 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 the Organization as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mitchell Wiggins

Petersburg, Virginia
October 15, 2020

CODEVA, Inc.

Statements of Financial Position
June 30, 2020 and 2019

Assets	2020	2019
Cash and cash equivalents	\$1,370,883	\$ 293,395
Accounts receivable	5,398	-
Contributions and grants receivable	83,100	78,200
Prepays and deposits	3,800	3,106
Property and equipment, net	20,987	7,716
Total assets	\$1,484,168	\$ 382,417
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 15,926	\$ 17,161
Accrued payroll taxes and deductions	69,149	16,396
Refundable advance	122,510	-
Total liabilities	207,585	33,557
Net Assets		
Without donor restrictions	1,173,952	318,692
With donor restrictions	102,631	30,168
Total net assets	1,276,583	348,860
Total liabilities and net assets	\$1,484,168	\$ 382,417

See Notes to Financial Statements

CODEVA, Inc.

Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Direct public support	\$ 2,230,523	\$ 95,000	\$ 2,325,523
Program service fees	43,513	-	43,513
Interest income	8,045	-	8,045
Net assets released from restrictions	22,537	(22,537)	-
Total revenues and other support	2,304,618	72,463	2,377,081
Expenses			
Program services	1,054,521	-	1,054,521
Management and general	322,201	-	322,201
Fundraising	72,636	-	72,636
Total expenses	1,449,358	-	1,449,358
Changes in net assets	855,260	72,463	927,723
Net assets, beginning	318,692	30,168	348,860
Net assets, ending	\$ 1,173,952	\$ 102,631	\$ 1,276,583

See Notes to Financial Statements

CODEVA, Inc.

**Statement of Activities
Year Ended June 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Direct public support	\$ 899,161	\$ 33,722	\$ 932,883
Program service fees	45,649	-	45,649
Interest income	1,238	-	1,238
Net assets released from restrictions	14,665	(14,665)	-
Total revenues and other support	960,713	19,057	979,770
Expenses			
Program services	639,996	-	639,996
Management and general	109,943	-	109,943
Fundraising	75,725	-	75,725
Total expenses	825,664	-	825,664
Changes in net assets	135,049	19,057	154,106
Net assets, beginning	183,643	11,111	194,754
Net assets, ending	\$ 318,692	\$ 30,168	\$ 348,860

See Notes to Financial Statements

CODEVA, Inc.

**Statement of Functional Expenses
Year Ended June 30, 2020**

	Program Services	Management & General	Fundraising	Total
Salaries	\$ 630,654	\$ 179,913	\$ 55,113	\$ 865,680
Employee benefits	37,339	13,805	5,915	57,059
Payroll taxes	50,286	14,346	4,395	69,027
Total salaries and related expenses	718,279	208,064	65,423	991,766
Advertising	21,465	10,243	68	31,776
Bank charges	-	473	-	473
Consulting	38,612	2,601	-	41,213
Depreciation	2,620	1,038	-	3,658
Education services	139,632	2,947	-	142,579
Equipment rental and maintenance	6,474	6,485	2,420	15,379
Insurance	-	1,879	-	1,879
Licenses	-	331	-	331
Meetings and conferences	4,064	1,559	-	5,623
Miscellaneous	-	3,707	-	3,707
Postage	11,538	1,991	-	13,529
Professional fees	6,455	66,831	2,800	76,086
Rent	47,104	5,061	1,481	53,646
Supplies	49,334	8,187	142	57,663
Utilities	8,944	804	302	10,050
Total expenses	\$1,054,521	\$ 322,201	\$ 72,636	\$1,449,358

See Notes to Financial Statements

CODEVA, Inc.

**Statement of Functional Expenses
Year Ended June 30, 2019**

	Program Services	Management & General	Fundraising	Total
Salaries	\$ 291,584	\$ 60,164	\$ 33,539	\$ 385,287
Employee benefits	31,573	1,667	1,667	34,907
Payroll taxes	23,565	4,862	2,711	31,138
Total salaries and related expenses	346,722	66,693	37,917	451,332
Advertising	10,672	150	10,087	20,909
Bank charges	-	12	-	12
Consulting	-	-	24,682	24,682
Depreciation	2,252	792	-	3,044
Education services	188,591	-	-	188,591
Equipment rental and maintenance	5,578	1,264	-	6,842
Insurance	-	1,893	-	1,893
Licenses	-	2,135	-	2,135
Meetings and conferences	17,126	101	-	17,227
Miscellaneous	3,747	-	-	3,747
Postage	1,048	764	415	2,227
Professional fees	9,532	25,713	198	35,443
Rent	23,480	8,521	2,131	34,132
Supplies	27,043	727	-	27,770
Utilities	4,205	1,178	295	5,678
Total expenses	\$ 639,996	\$ 109,943	\$ 75,725	\$ 825,664

See Notes to Financial Statements

CODEVA, Inc.

Statements of Cash Flows
Year Ended June 30, 2020 and 2019

	2020	2019
Cash Flow from Operating Activities		
Change in net assets	\$ 927,723	\$ 154,106
<i>Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities</i>		
Depreciation	3,658	3,044
Changes in operating assets		
Accounts receivable	(5,398)	5,362
Contributions and grants receivable	(4,900)	381
Prepays and deposits	(694)	(606)
Changes in operating liabilities		
Accounts payable and accrued expenses	(1,235)	(565)
Accrued payroll taxes and deductions	52,753	2,329
Refundable advance	122,510	-
Net cash and cash equivalents provided by operating activities	<u>1,094,417</u>	<u>164,051</u>
Investing Activities		
Purchase of property and equipment	(16,929)	-
Net cash and cash equivalents (used in) investing activities	<u>(16,929)</u>	<u>-</u>
Net change in cash and cash equivalents	1,077,488	164,051
Cash and cash equivalents, beginning	<u>293,395</u>	<u>129,344</u>
Cash and cash equivalents, ending	<u>\$ 1,370,883</u>	<u>\$ 293,395</u>

See Notes to Financial Statements

CODEVA, Inc.

Notes to Financial Statements

June 30, 2020 and 2019

Note 1. Nature of Business and Significant Accounting Policies

CODEVA, Inc. (the Organization) is a private nonprofit Virginia corporation whose mission is to provide teacher training, support, and curriculum development, and was founded with the intention of ensuring that Virginia students are ready to meet the demands of a 21st century workforce. The Organization was founded in 2013 and is funded primarily through grants, contracts, and contributions.

A summary of the Organization's significant accounting policies follows:

Basis of accounting

The Organization's financial statements are presented in accordance with accounting principles generally accepted in the United States of America on an accrual basis. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Cash and cash equivalents

For purposes of the statements of cash flows, the Organization includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months as cash and cash equivalents.

Accounts, contributions, and grants receivable

The Organization is routinely involved in programs that result in unsecured receivables, similar to those associated with commercial businesses. Uncollectible receivables resulting from this type of transaction are charged to expense in the year an account is determined to be uncollectible. Grants and contributions receivable normally represent funds that the Organization will receive during the next fiscal year. Contributions and grants receivable due in subsequent years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the contributions and grants are received. No allowance for uncollectible accounts has been provided because management has evaluated the receivables and believes they are fully collectible.

Property and equipment

Equipment is valued at cost or, if donated, at fair market value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Maintenance and repairs are charged to expense when incurred.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

CODEVA, Inc.

Notes to Financial Statements

June 30, 2020 and 2019

Note 1. Nature of Business and Significant Accounting Policies (continued)

Advertising costs

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$31,776 and \$20,909 for the years ended June 30, 2020 and 2019, respectively.

Revenue recognition

Contributions which include unconditional promises to give are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been substantially met. Contributions are considered to be unrestricted unless specifically restricted by the donor. Program support grants are recognized as revenue at the time of award if they are unconditional.

The Organization reports grants and contributions in the net assets with donor restrictions class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, nets assets with donor restrictions are released and reclassified to net assets without donor restrictions in the statement of activities. However, if restrictions on grants and contributions are met in the same reporting period as the grant or contribution is received, the revenues are reported as increases in net assets without donor restrictions. Interest is recorded when earned.

Revenues from exchange contracts and cost reimbursement grants are recognized to the extent allowable expenses are incurred under the respective agreements. Amounts reported as accounts receivable include exchange contract and grant program expenses incurred in advance of the receipt of funds, as well as amounts billed for program support grants that have been awarded but not received. Funds received in advance of exchange contract and grant program expenses are reported as deferred revenue.

Revenue from program service fees is recognized over the period to which the program services are performed. Amounts reported as accounts receivable represent amounts billed for programs performed by the Organization.

Net assets without donor restrictions

The Organization reports assets whose use is not restricted by donors as nets assets without donor restrictions. Contributions are available for unrestricted use unless specifically restricted by the donor. In general, the net assets without donor restrictions of the Organization may be used at the discretion of the Organization's management and Board of Directors to support the Organization's purpose and operations.

CODEVA, Inc.

Notes to Financial Statements

June 30, 2020 and 2019

Note 1. Nature of Business and Significant Accounting Policies (continued)

Net assets with donor restrictions

The Organization reports gifts of cash and other assets as net assets with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Income taxes

The Organization is exempt from Federal income taxes as an organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income. The Organization had no unrelated business income during the years ended June 30, 2020 and 2019.

The Organization follows generally accepted accounting principles regarding "Accounting for Uncertain Tax Positions". This standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in the Organization's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. With few exceptions, the Organization is no longer subject to income tax examinations by the taxing authorities for years ending before June 30, 2017.

The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2020 and 2019. The Organization includes penalties and interest assessed by income taxing authorities in operating expenses. The Organization did not have penalties and interest expenses for the years ended June 30, 2020 and 2019.

Functional allocation of expenses

The statement of activities reports expenses by both natural and functional classification. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs are directly applied to the related program or supporting category when identifiable and possible. General operating costs across nearly all natural categories are allocated based on estimates of time and effort.

CODEVA, Inc.

Notes to Financial Statements

June 30, 2020 and 2019

Note 2. Property and Equipment

Property and equipment consist of the following:

	<u>2020</u>	<u>2019</u>
Computer equipment	\$ 28,774	\$ 11,845
Accumulated depreciation	(7,787)	(4,129)
	<u>\$ 20,987</u>	<u>\$ 7,716</u>

Note 3. Liquidity and Availability

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of June 30, 2020 and 2019 are:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,370,883	\$ 293,395
Accounts receivable	5,398	-
Contributions and grants receivable	83,100	78,200
Total financial assets	<u>1,459,381</u>	<u>371,595</u>
Less financial assets held to meet donor imposed restrictions		
Purpose-restricted net assets	<u>102,631</u>	<u>30,168</u>
Amounts available for general expenditures within one year	<u>\$ 1,356,750</u>	<u>\$ 341,427</u>

Management and the Board of Directors regularly monitor liquidity needs of the Organization.

Note 4. Economic Dependency

For the years ended June 30, 2020 and 2019, approximately 74% and 24% of total revenues and other support came from two funding sources. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Organization's programs and activities.

For the years ended June 30, 2020 and 2019, 100% and 100% of contributions and grants receivable, or \$83,100 and \$78,200, respectively, represent amounts due from three funding sources, respectively.

CODEVA, Inc.

Notes to Financial Statements

June 30, 2020 and 2019

Note 5. Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocable include salaries and related expenses, postage, rent, and utilities.

Note 6. Restrictions on Net Assets

Net assets with donor restrictions are available for the following purposes or periods:

	2020	2019
CS Honor Society	\$ 5,168	\$ 5,168
Full STEAM Ahead Program	20,000	-
Microsoft CS Praxis Prep	25,000	25,000
Robotics Program	52,463	-
	<u>\$ 102,631</u>	<u>\$ 30,168</u>

Note 7. Lease Commitments

The Organization leases office space in Richmond, Virginia. The lease, which was for a five-year period, expired December 31, 2019. The lease was extended for an additional five-year period through December 31, 2024. Total rental expense recognized on the straight-line basis under the lease agreements was \$38,896 and \$34,132 for the years ended June 30, 2020 and 2019. The minimum long-term rental commitment under this noncancellable lease as of June 30, 2020 is as follows:

2021	\$ 41,578
2022	42,929
2023	44,325
2024	45,765
2025	<u>23,248</u>
	<u>\$ 197,845</u>

In addition to the above lease, the Organization rents additional space as well as storage space under month-to-month lease arrangements. Total rental expense recognized under these month-to-month lease agreements was \$14,750 for the year ended June 30, 2020.

CODEVA, Inc.

Notes to Financial Statements

June 30, 2020 and 2019

Note 8. COVID-19 and Payroll Protection Program Loan

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it be a pandemic. COVID-19 and actions to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. The extent to which the COVID-19 pandemic may impact operating results, financial condition, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted as of the date of this report. The Organization is adequately capitalized and continues to evaluate operational impacts and implement mitigation tactics where possible and necessary.

In response to the Coronavirus pandemic, Congress established the Paycheck Protection Program (the PPP) to provide relief to small businesses during the Coronavirus pandemic as part of the \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136. The legislation authorized Treasury to use the SBA’s 7(a) small business lending program to fund loans of up to \$10 million per borrower that qualifying businesses could spend to cover payroll, mortgage interest, rent, and utilities. The Organization applied for the PPP and was given a loan in the amount of \$122,510. Interest in the amount of 1% is due and payable at the time of the SBA’s measurement of possible forgiveness. The loan is to be repaid within two years from date of funding of May 1, 2020.

The Organization has accounted for the proceeds as a financial liability in accordance with ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. Under this standard, a transfer of assets that is a conditional contribution is accounted for as a refundable advance until the conditions have been substantially met or explicitly waived by the resource provider. Conditions will be considered substantially met when notified by the lender of the amount forgiven. Based on the criteria, the entire amount of the PPP funds have been shown as a refundable advance on the statements of financial position.

Note 9. Subsequent Events

Management has evaluated subsequent events through October 15, 2020, the date the financial statements were available for issue.