



CODEVA, Inc.

Financial Statements

June 30, 2018 and 2017

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, 2018 and 2017, 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 CODEVA, Inc. as of June 30, 2018 and 2017, 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
January 11, 2019

CODEVA, Inc.

**Statements of Financial Position
June 30, 2018 and 2017**

Assets	2018	2017
Cash and cash equivalents	\$ 129,344	\$ 286,031
Accounts receivable	5,362	2,083
Contributions and grants receivable	78,581	-
Deposit	2,500	2,500
Property and equipment, net	10,760	807
Total assets	\$ 226,547	\$ 291,421
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 17,726	\$ 16,669
Accrued payroll taxes and deductions	14,067	14,292
Total liabilities	31,793	30,961
Net Assets		
Unrestricted	183,643	164,078
Temporarily restricted	11,111	96,382
Total net assets	194,754	260,460
Total liabilities and net assets	\$ 226,547	\$ 291,421

See Notes to Financial Statements

CODEVA, Inc.

**Statement of Activities
Year Ended June 30, 2018**

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support			
Direct public support	\$ 638,355	\$ 11,111	\$ 649,466
Program service fees	60,348	-	60,348
Interest income	108	-	108
Net assets released from restrictions	96,382	(96,382)	-
Total revenues and other support	795,193	(85,271)	709,922
Expenses			
Program services	607,328	-	607,328
Management and general	97,560	-	97,560
Fundraising	70,740	-	70,740
Total expenses	775,628	-	775,628
Changes in net assets	19,565	(85,271)	(65,706)
Net assets, beginning	164,078	96,382	260,460
Net assets, ending	\$ 183,643	\$ 11,111	\$ 194,754

See Notes to Financial Statements

CODEVA, Inc.

**Statement of Activities
Year Ended June 30, 2018**

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support			
Direct public support	\$ 638,355	\$ 11,111	\$ 649,466
Program service fees	60,348	-	60,348
Interest income	108	-	108
Net assets released from restrictions	96,382	(96,382)	-
Total revenues and other support	795,193	(85,271)	709,922
Expenses			
Program services	607,328	-	607,328
Management and general	97,560	-	97,560
Fundraising	70,740	-	70,740
Total expenses	775,628	-	775,628
Changes in net assets	19,565	(85,271)	(65,706)
Net assets, beginning	164,078	96,382	260,460
Net assets, ending	\$ 183,643	\$ 11,111	\$ 194,754

See Notes to Financial Statements

CODEVA, Inc.

**Statement of Activities
Year Ended June 30, 2017**

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support			
Direct public support	\$ 448,313	\$ 109,750	\$ 558,063
Program service fees	30,111	-	30,111
Interest income	304	-	304
Miscellaneous income	532	-	532
Net assets released from restrictions	43,368	(43,368)	-
Total revenues and other support	522,628	66,382	589,010
Expenses			
Program services	423,565	-	423,565
Management and general	57,419	-	57,419
Fundraising	62,471	-	62,471
Total expenses	543,455	-	543,455
Changes in net assets	(20,827)	66,382	45,555
Net assets, beginning	184,905	30,000	214,905
Net assets, ending	\$ 164,078	\$ 96,382	\$ 260,460

See Notes to Financial Statements

CODEVA, Inc.

**Statement of Functional Expenses
Year Ended June 30, 2017**

	Program Services	Management & General	Fundraising	Total
Salaries	\$ 121,956	\$ 15,343	\$ 26,051	\$ 163,350
Payroll taxes	9,401	1,169	1,985	12,555
Total salaries and related expenses	131,357	16,512	28,036	175,905
Advertising	16,600	158	3,941	20,699
Bank charges	-	212	-	212
Camps	5,732	-	-	5,732
Consulting	14,373	-	26,153	40,526
Depreciation	-	220	-	220
Dues and publications	123	887	100	1,110
Equipment rental and maintenance	318	3,306	-	3,624
Insurance	-	537	-	537
Licenses	-	324	-	324
Meetings and conferences	802	65	2,301	3,168
Postage	118	82	-	200
Professional fees	-	25,823	-	25,823
Rent	25,599	6,826	1,707	34,132
Supplies	4,738	1,534	-	6,272
Teacher training	220,305	-	-	220,305
Utilities	3,500	933	233	4,666
Total expenses	\$ 423,565	\$ 57,419	\$ 62,471	\$ 543,455

See Notes to Financial Statements

CODEVA, Inc.

Statements of Cash Flows
Year Ended June 30, 2018 and 2017

	2018	2017
Cash Flow from Operating Activities		
Change in net assets	\$ (65,706)	\$ 45,555
<i>Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities</i>		
Depreciation	792	220
Changes in operating assets		
Accounts receivable	(3,279)	333
Contributions and grants receivable	(78,581)	100,850
Changes in operating liabilities		
Accounts payable and accrued expenses	1,057	(3,137)
Accrued payroll taxes and deductions	(225)	3,072
Net cash and cash equivalents provided by (used in) operating activities	(145,942)	146,893
Investing Activities		
Purchase of property and equipment	(10,745)	-
Repayment of advances from officer	-	(10,000)
Net cash and cash equivalents (used in) investing activities	(10,745)	(10,000)
Net change in cash and cash equivalents	(156,687)	136,893
Cash and cash equivalents, beginning	286,031	149,138
Cash and cash equivalents, ending	\$ 129,344	\$ 286,031

See Notes to Financial Statements

CODEVA, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

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.

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, 2018 and 2017

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 \$17,212 and \$20,699 for the years ended June 30, 2018 and 2017, 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 temporarily restricted net asset 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, temporarily restricted net assets are released and reclassified to unrestricted net assets 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 unrestricted net assets. Interest is recorded when earned.

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.

Unrestricted net assets

The Organization reports assets whose use is not restricted by donors as unrestricted net assets. Contributions are available for unrestricted use unless specifically restricted by the donor. In general, the unrestricted net assets 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.

Temporarily restricted net assets

The Organization reports gifts of cash and other assets as temporarily restricted 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

CODEVA, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

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

Permanently restricted net assets

Permanently restricted net assets are those which are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity and the income only be utilized for purposes specified by the donor. The Organization had no permanently restricted net assets as of June 30, 2018 and 2017.

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, 2018 and 2017.

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, 2015.

The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2018 and 2017. 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, 2018 and 2017.

Note 2. Property and Equipment

Property and equipment consist of the following:

	2018	2017
Computer equipment	\$11,845	\$1,100
Accumulated depreciation	(1,085)	(293)
	<u>\$10,760</u>	<u>\$ 807</u>

Note 3. Economic Dependency

For the years ended June 30, 2018 and 2017, approximately 31% and 51% 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.

CODEVA, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

Note 3. Economic Dependency (continued)

For the year ended June 30, 2018, approximately 83% of total contributions and grants receivables, or \$65,000, represented amounts due from three funding sources. At June 30, 2017, the Organization did not have any contributions or grants receivable.

Note 4. Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	2018	2017
Building the Digital Domain Program	\$ -	\$ 15,624
Capital improvements	-	49,436
CS Honor Society	6,111	-
Robotics Program	5,000	11,322
Summer camps	-	20,000
	<u>\$ 11,111</u>	<u>\$ 96,382</u>

Note 5. Lease Commitments

The Organization leases office space in Richmond, Virginia. The lease, which is for a five-year period, expires December 31, 2019. Total rental expense recognized on the straight-line basis under this lease agreement was \$34,132 for each of the years ended June 30, 2018 and 2017. The minimum long-term rental commitments under this noncancellable lease as of June 30, 2018 are as follows:

June 30, 2019	\$ 39,002
June 30, 2020	19,813
Total	<u>\$ 58,815</u>

Note 6. Subsequent Events

Management has evaluated subsequent events through January 11, 2019, the date the financial statements were available for issue.