



CODEVA, Inc.

Financial Statements

June 30, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018, 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
December 9, 2019

CODEVA, Inc.

**Statements of Financial Position
June 30, 2019 and 2018**

Assets	2019	2018
Cash and cash equivalents	\$ 293,395	\$ 129,344
Accounts receivable	-	5,362
Contributions and grants receivable	78,200	78,581
Prepays and deposits	3,106	2,500
Property and equipment, net	7,716	10,760
Total assets	\$ 382,417	\$ 226,547
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 17,161	\$ 17,726
Accrued payroll taxes and deductions	16,396	14,067
Total liabilities	33,557	31,793
Net Assets		
Without donor restrictions	318,692	183,643
With donor restrictions	30,168	11,111
Total net assets	348,860	194,754
Total liabilities and net assets	\$ 382,417	\$ 226,547

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 Activities
Year Ended June 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	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 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
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
Teacher training	188,591	-	-	188,591
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.

**Statement of Functional Expenses
Year Ended June 30, 2018**

	Program Services	Management & General	Fundraising	Total
Salaries	\$ 301,703	\$ 41,603	\$ 23,310	\$ 366,616
Employee benefits	14,963	2,019	2,019	19,001
Payroll taxes	21,795	3,183	1,783	26,761
Total salaries and related expenses	338,461	46,805	27,112	412,378
Advertising	15,306	-	1,906	17,212
Bank charges	-	140	-	140
Camps	5,404	-	-	5,404
Consulting	1,280	-	32,334	33,614
Depreciation	-	792	-	792
Dues and publications	222	469	100	791
Equipment rental and maintenance	-	2,621	-	2,621
Insurance	-	2,117	-	2,117
Licenses	-	250	-	250
Meetings and conferences	17,092	41	6,884	24,017
Miscellaneous	2,183	1,862	145	4,190
Postage	277	661	359	1,297
Professional fees	-	26,588	-	26,588
Rent	25,599	6,826	1,707	34,132
Supplies	16	7,618	-	7,634
Teacher training	198,599	-	-	198,599
Utilities	2,889	770	193	3,852
Total expenses	\$ 607,328	\$ 97,560	\$ 70,740	\$ 775,628

See Notes to Financial Statements

CODEVA, Inc.

Statements of Cash Flows
Year Ended June 30, 2019 and 2018

	2019	2018
Cash Flow from Operating Activities		
Change in net assets	\$ 154,106	\$ (65,706)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities		
Depreciation	3,044	792
Changes in operating assets		
Accounts receivable	5,362	(3,279)
Contributions and grants receivable	381	(78,581)
Prepays and deposits	(606)	-
Changes in operating liabilities		
Accounts payable and accrued expenses	(565)	1,057
Accrued payroll taxes and deductions	2,329	(225)
Net cash and cash equivalents provided by (used in) operating activities	164,051	(145,942)
Investing Activities		
Purchase of property and equipment	-	(10,745)
Net cash and cash equivalents (used in) investing activities	-	(10,745)
Net change in cash and cash equivalents	164,051	(156,687)
Cash and cash equivalents, beginning	129,344	286,031
Cash and cash equivalents, ending	\$ 293,395	\$ 129,344

See Notes to Financial Statements

CODEVA, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

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 and contracts.

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, 2019 and 2018

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 \$20,909 and \$17,212 for the years ended June 30, 2019 and 2018, 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.

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.

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.

CODEVA, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

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

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, 2019 and 2018.

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, 2016.

The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2019 and 2018. 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, 2019 and 2018.

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.

Change in accounting principles

The Foundation adopted FASB ASU No. 2016-14 in the year ended June 30, 2019. The new standards change the following aspects of the financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions;
- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions;
- The financial statements include expenses by nature and function;
- Investment expenses are reported net of investment returns; and
- The financial statements include a disclosure about liquidity and availability of resources (Note 3).

CODEVA, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

Note 2. Property and Equipment

Property and equipment consist of the following:

	<u>2019</u>	<u>2018</u>
Computer equipment	\$ 11,845	\$11,845
Accumulated depreciation	(4,129)	(1,085)
	<u>\$ 7,716</u>	<u>\$10,760</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, 2019 are:

Cash and cash equivalents	\$ 293,395
Contributions and grants receivable	<u>78,200</u>
Total financial assets	371,595
Less financial assets held to meet donor imposed restrictions	
Purpose-restricted net assets	<u>30,168</u>
Amounts available for general expenditures within one year	<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, 2019 and 2018, approximately 24% and 31% 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, 2019 and 2018, 100% and approximately 83% of contributions and grants receivable, or \$78,200 and \$64,939, respectively, represent amounts due from three and four funding sources, respectively.

CODEVA, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

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:

	<u>2019</u>	2018
CS Honor Society	5,168	6,111
Robotics Program	-	5,000
Microsoft CS Praxis Prep	25,000	-
	<u>\$ 30,168</u>	<u>\$ 11,111</u>

Note 7. 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, 2019 and 2018. The minimum long-term rental commitments under this noncancellable lease as of June 30, 2019 are as follows:

December 31, 2019	<u>19,813</u>
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Note 8. Subsequent Events

Management has evaluated subsequent events through December 9, 2019, the date the financial statements were available for issue.