



Financial Statements

June 30, 2021 and 2020



4401 Dominion Boulevard
Glen Allen, Virginia 23060
Tel: 804.747.0000
www.keitercpa.com

CODEVA, INC.

Table of Contents

	<u>Page</u>
Report of Independent Accountants	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9

REPORT OF INDEPENDENT ACCOUNTANTS

To the 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 statement of financial position as of June 30, 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.

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; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. 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, 2021, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Other Matter

The financial statements of the Organization as of June 30, 2020 were audited by other auditors whose report dated October 15, 2020 expressed an unmodified opinion on those statements.

A handwritten signature in black ink, appearing to read "Keiter", with a long, sweeping horizontal stroke extending to the right.

October 12, 2021
Glen Allen, Virginia

CODEVA, INC.

Statements of Financial Position
June 30, 2021 and 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,639,990	\$ 1,370,883
Accounts receivable	1,717	5,398
Contributions and grants receivable	325,709	83,100
Other assets	3,800	3,800
Property and equipment, net	<u>28,912</u>	<u>20,987</u>
 Total assets	 <u>\$ 3,000,128</u>	 <u>\$ 1,484,168</u>
 <u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 49,340	\$ 15,926
Accrued payroll and taxes	163,414	69,149
Refundable advance	<u>-</u>	<u>122,510</u>
 Total liabilities	 <u>212,754</u>	 <u>207,585</u>
Net assets:		
Without donor restrictions	1,245,056	1,173,952
With donor restrictions	<u>1,542,318</u>	<u>102,631</u>
 Total net assets	 <u>2,787,374</u>	 <u>1,276,583</u>
 Total liabilities and net assets	 <u>\$ 3,000,128</u>	 <u>\$ 1,484,168</u>

See accompanying notes to financial statements.

CODEVA, INC.

Statements of Activities
Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Contributions and grants	\$ 2,585,552	\$ 1,470,000	\$ 4,055,552
Program service fees	45,133	-	45,133
Interest income	3,976	-	3,976
Forgiveness of refundable advance	122,510	-	122,510
Total support and revenue	<u>2,757,171</u>	<u>1,470,000</u>	<u>4,227,171</u>
Net assets released from restrictions	<u>30,313</u>	<u>(30,313)</u>	<u>-</u>
Expenses:			
Program services	1,581,342	-	1,581,342
Management and general	980,967	-	980,967
Fundraising	138,252	-	138,252
Total expenses	<u>2,700,561</u>	<u>-</u>	<u>2,700,561</u>
Loss on disposal of property and equipment	<u>15,819</u>	<u>-</u>	<u>15,819</u>
Change in net assets	71,104	1,439,687	1,510,791
Net assets, beginning of year	<u>1,173,952</u>	<u>102,631</u>	<u>1,276,583</u>
Net assets, end of year	<u>\$ 1,245,056</u>	<u>\$ 1,542,318</u>	<u>\$ 2,787,374</u>

See accompanying notes to financial statements.

CODEVA, INC.

Statements of Activities, Continued
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Contributions and grants	\$ 2,230,523	\$ 95,000	\$ 2,325,523
Program service fees	43,513	-	43,513
Interest income	<u>8,045</u>	<u>-</u>	<u>8,045</u>
Total support and revenue	<u>2,282,081</u>	<u>95,000</u>	<u>2,377,081</u>
Net assets released from restrictions	<u>22,537</u>	<u>(22,537)</u>	<u>-</u>
Expenses:			
Program services	1,054,521	-	1,054,521
Management and general	322,201	-	322,201
Fundraising	<u>72,636</u>	<u>-</u>	<u>72,636</u>
Total expenses	<u>1,449,358</u>	<u>-</u>	<u>1,449,358</u>
Change in net assets	855,260	72,463	927,723
Net assets, beginning of year	<u>318,692</u>	<u>30,168</u>	<u>348,860</u>
Net assets, end of year	<u>\$ 1,173,952</u>	<u>\$ 102,631</u>	<u>\$ 1,276,583</u>

See accompanying notes to financial statements.

CODEVA, INC.Statements of Functional Expenses
Year Ended June 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 942,573	\$ 436,761	\$ 88,026	\$ 1,467,360
Consultants and professional fees	227,228	213,550	3,475	444,253
Employee benefits	122,587	134,845	29,291	286,723
Education services and supplies	80,718	78,674	2,546	161,938
Payroll taxes	78,647	36,573	7,551	122,771
Rent and occupancy	71,917	15,893	2,900	90,710
Staff recruitment & development	2,180	40,359	890	43,429
Advertising	39,746	779	-	40,525
Meetings and conferences	3,187	13,918	3,146	20,251
Other expenses	6,363	9,615	427	16,405
Depreciation	6,196	-	-	6,196
	<u>\$ 1,581,342</u>	<u>\$ 980,967</u>	<u>\$ 138,252</u>	<u>\$ 2,700,561</u>

See accompanying notes to financial statements.

CODEVA, INC.

Statements of Functional Expenses, Continued
Year Ended June 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 630,654	\$ 179,913	\$ 55,113	\$ 865,680
Education services and supplies	188,966	11,134	142	200,242
Rent and occupancy	62,522	12,350	4,203	79,075
Consultants and professional fees	45,067	69,432	2,800	117,299
Payroll taxes	50,286	14,346	4,395	69,027
Employee benefits	37,339	13,805	5,915	57,059
Advertising	21,465	10,243	68	31,776
Other expenses	11,538	4,674	-	16,212
Meetings and conferences	4,064	1,559	-	5,623
Miscellaneous	-	3,707	-	3,707
Depreciation	2,620	1,038	-	3,658
	<u>\$ 1,054,521</u>	<u>\$ 322,201</u>	<u>\$ 72,636</u>	<u>\$ 1,449,358</u>

See accompanying notes to financial statements.

CODEVA, INC.

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,510,791	\$ 927,723
Adjustments to reconcile change in net assets to net cash from operating activities:		
Forgiveness of refundable advance	(122,510)	-
Depreciation	6,196	3,658
Loss on disposal of property and equipment	15,819	-
Changes in operating assets and liabilities:		
Accounts receivable	3,681	(5,398)
Contributions and grants receivable	(242,609)	(4,900)
Other assets	-	(694)
Accounts payable and accrued expenses	33,414	(1,235)
Accrued payroll and taxes	<u>94,265</u>	<u>52,753</u>
Net cash provided by operating activities	<u>1,299,047</u>	<u>971,907</u>
Cash flows used in investing activities:		
Purchase of property and equipment	<u>(29,940)</u>	<u>(16,929)</u>
Cash flows provided by financing activities:		
Refundable advance	<u>-</u>	<u>122,510</u>
Net change in cash and cash equivalents	1,269,107	1,077,488
Cash and cash equivalents, beginning of year	<u>1,370,883</u>	<u>293,395</u>
Cash and cash equivalents, end of year	<u>\$ 2,639,990</u>	<u>\$ 1,370,883</u>

See accompanying notes to financial statements.

CODEVA, INC.

Notes to Financial Statements

1. Organization and Nature of Activities:

CodeVA, Inc. (the "Organization") is a private nonprofit Virginia corporation that partners with schools, parents, and communities to bring equitable computer science education to all of Virginia's students. The Organization was founded in 2013 and is primarily funded through grants and contributions.

2. Summary of Significant Accounting Policies:

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date. Estimates also affect the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Cash Equivalents: Cash equivalents consist of highly liquid investments with a purchased maturity of three months or less.

Accounts Receivable: The Organization is routinely involved in programs that result in unsecured receivables. Uncollectible receivables resulting from this type of transaction are charged to expense in the year an account is determined to be uncollectible.

Contributions and Grants Receivable: Contributions and grants receivable represent funds that the Organization will receive during future fiscal years. 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. All contributions and grants receivable as of June 30, 2021 and 2020 were due within one year.

Property and Equipment, Net: Property and equipment is recorded at cost, or if donated, at fair market value on the date of the gift. Equipment is depreciated using the straight-line method over the estimated useful lives of 5-7 years for furniture and fixtures and 3 years for software. When property and equipment are sold or retired, their costs and related accumulated depreciation are removed from the accounts and any gains or losses realized are reflected in the statements of activities.

Compensated Absences: Effective in 2021, the Organization's employees are entitled to carry over paid annual leave earned in the current or prior years to future years. Accrued compensated absences of \$54,514 at June 30, 2021 are included in accrued payroll and taxes in the accompanying statements of financial position.

CODEVA, INC.

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

In-Kind Contributions: In-kind contributions, which meet established reporting criteria, are included in contributions and the appropriate expense category, at fair market value as of the date of donation. In-kind contributions totaled \$18,234 for 2021. There were no in-kind contributions in 2020.

Classification of Net Assets: The Organization's net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets available for general use that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions: Net assets whose use is limited by donor-imposed time and/or purpose restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. See Note 5.

Revenue Recognition: The Organization follows ASC 958 which prescribes a specific framework for not-for-profit entities to determine whether revenue streams qualify as exchange-based or non-exchange-based transactions. Substantially all of the Organization's revenue is from direct public support and cost reimbursement grants, accounted for as contributions. 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, net assets with donor restrictions are released and reclassified to net assets without donor restrictions in the statements 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.

Revenue from program service fees is recognized over the period to which the program services are performed.

Advertising Costs: The Organization follows the policy of charging advertising costs to expense as incurred. Advertising expense was \$40,525 for 2021 and \$31,776 for 2020.

CODEVA, INC.

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Functional Allocation of Expenses: The statements of activities report expenses by their functional classification. The statements of functional expenses present expenses by functional and natural classification. Certain natural categories of expenses are attributable to more than one function, and thus require a reasonable allocation that is consistently applied. Costs are applied based on direct identification.

Income Taxes: The Organization is a qualifying non-profit entity as defined under section 501(c)(3) of the Internal Revenue Code and the tax statutes of the Commonwealth of Virginia and is therefore exempt from federal and state income taxation.

Income Tax Uncertainties: The Organization follows FASB guidance for how uncertain tax positions should be recognized, measured, disclosed, and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year.

The Organization has determined that it does not have any significant unrecognized tax benefits or obligations as of June 30, 2021 or 2020. The Organization is not currently under audit by any tax jurisdiction.

Concentration of Credit Risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalents and contributions and grants receivable. The Organization maintains its cash and cash equivalent balances in large financial institutions. The balances at times may exceed federally insured limits and is monitored by management to minimize credit risk.

Contributions and grants receivable are from businesses, government entities, and foundations. For 2021, two grantors comprised 78% of total revenue, and as of June 30, 2021, two grantors comprised 74% of contributions and grants receivable. For 2020, two grantors comprised 74% of total revenue, and as of June 30, 2020, three grantors comprised 100% of contributions and grants receivable. The Organization believes its credit risk related to these grants receivable is limited due to the nature of its grantors. The ability to collect receivables is affected by the general economic conditions.

Reclassifications: Certain prior year balances have been reclassified to conform with current year presentation.

Subsequent Events: Management has evaluated subsequent events through October 12, 2021, the date the financial statements were available for issuance, and has determined there are no subsequent events to be reported in the accompanying financial statements.

CODEVA, INC.

Notes to Financial Statements, Continued

3. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditure within one year of June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Financial assets available within one year:		
Cash and cash equivalents	\$ 2,639,990	\$ 1,370,883
Accounts receivable	1,717	5,398
Contributions and grants receivable	<u>325,709</u>	<u>83,100</u>
 Total financial assets available within one year	 2,967,416	 1,459,381
 Less those unavailable for general expenditure:		
Net assets with donor restrictions	<u>1,542,318</u>	<u>102,631</u>
 Financial assets available within one year for general expenditure	 <u>\$ 1,425,098</u>	 <u>\$ 1,356,750</u>

As a part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. Property and Equipment, Net:

Property and equipment consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Furniture, fixtures, and equipment	\$ 6,495	\$ 28,774
Website	29,940	-
Less: accumulated depreciation	<u>(7,523)</u>	<u>(7,787)</u>
 Property and equipment, net	 <u>\$ 28,912</u>	 <u>\$ 20,987</u>

Depreciation expense totaled \$6,196 for 2021 and \$3,658 for 2020.

CODEVA, INC.

Notes to Financial Statements, Continued

5. Net Assets With Donor Restrictions:

The Organization receives contributions and grants for specific student or educator programs. Net assets with donor restrictions consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
CS Honor Society	\$ -	\$ 5,168
Student programs	184,918	72,463
Educator programs	<u>1,357,400</u>	<u>25,000</u>
	<u>\$ 1,542,318</u>	<u>\$ 102,631</u>

Net assets with donor restrictions totaling \$30,313 for 2021 and \$22,537 for 2020 were released from restriction when expenses were incurred for the restricted purposes.

6. Commitments and Contingencies:

The Organization leases an office space under an operating lease through December 31, 2024.

Future minimum payments for noncancellable lease are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2022	\$ 42,929
2023	44,324
2024	45,765
2025	<u>23,248</u>
	<u>\$ 156,266</u>

Rent expense totaled \$57,674 for 2021 and \$38,896 for 2020.

CODEVA, INC.

Notes to Financial Statements, Continued

7. COVID-19 and Paycheck Protection Program Loan:

In March 2020, COVID-19 was declared a worldwide health pandemic and has had a significant impact on the national and global economy. As a result, during 2020 and 2021, certain programs were moved to an online format.

During 2020, the Organization applied for and received a loan under the Paycheck Protection Program (PPP) totaling \$122,510. The loan was accounted for as a refundable advance until the conditions for forgiveness were substantially met. During 2021, the Organization received full forgiveness and the refundable advance was recognized as revenue.

8. Accounting Standards Updates:

Leases: The FASB issued ASU 2016-02: “*Leases*”, which requires that all leasing activity with initial terms in excess of twelve months be recognized on the statement of financial position with a right of use asset and a lease liability. The standard will require entities to classify leases as with a finance or operating lease based upon the contractual terms. ASU 2020-05 allowed deferral of this adoption to periods beginning after December 15, 2021. The Organization is currently evaluating the implications of this new standard.

In-Kind Disclosure Requirements: The FASB issued ASU 2020-07: “*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*.” The standard provides additional guidance on how to record and disclose in-kind contributions. The overall purpose of the update is to provide more transparency in how organizations are receiving and valuing in-kind contributions. The ASU requires nonprofit organizations to present in-kind contributions as a separate line item in the Statement of Activities and to provide additional disclosures in the footnotes covering the following areas:

- A description of the organization’s policy for monetizing or utilizing in-kind contributions;
- A listing of in-kind contributions categorized by type with a description about whether each type was monetized or utilized during the reporting period;
- For in-kind contributions that were utilized during the reporting period, a description of the programs for which those contributions were used; and
- A description of the valuation process utilized by the organization to determine the fair value of the in-kind contributions.

The ASU is effective for periods beginning after June 30, 2021. The Organization is currently evaluating the reporting and economic implications of the new standard.