

# CODEVA, Inc.

## Financial Statements

June 30, 2016

# ***CODEVA, Inc.***

## ***Table of Contents***

	<b><i>Page</i></b>
<b><i>Independent Auditor's Report</i></b>	1 - 2
<b><i>Financial Statements</i></b>	
<i>Statement of financial position</i>	3
<i>Statement of activities</i>	4
<i>Statement of functional expenses</i>	5
<i>Statement of cash flows</i>	6
<i>Notes to financial statements</i>	7 - 11



## ***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 statement of financial position as of June 30, 2016, 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 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 audit. We conducted our audit 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, 2016, 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.

***Emphasis of Matter***

As discussed in Note 6 to the financial statements, the 2015 financial statements have been restated to correct a misstatement. The opinion is not modified with respect to this matter.

*Mitchell, Wiggins & Company LLP*

Petersburg, Virginia  
March 21, 2017

**CODEVA, Inc.**

**Statement of Financial Position  
June 30, 2016**

**Assets**

Cash and cash equivalents	<b>\$ 149,138</b>
Account receivable	<b>2,416</b>
Contributions and grants receivable	<b>100,850</b>
Deposit	<b>2,500</b>
Property and equipment, net	<b>1,027</b>
<b>Total assets</b>	<b><u>\$ 255,931</u></b>

**Liabilities and Net Assets**

**Liabilities**

Accounts payable and accrued expenses	<b>\$ 19,806</b>
Accrued payroll taxes and deductions	<b>11,220</b>
Advances from officer	<b>10,000</b>
<b>Total liabilities</b>	<b><u>41,026</u></b>

**Net Assets**

Unrestricted	<b>184,905</b>
Temporarily restricted	<b>30,000</b>
<b>Total net assets</b>	<b><u>214,905</u></b>

<b>Total liabilities and net assets</b>	<b><u>\$ 255,931</u></b>
---	--------------------------

*See Notes to Financial Statements*

**CODEVA, Inc.**

**Statement of Activities  
Year Ended June 30, 2016**

	Temporarily		
	Unrestricted	Restricted	Total
<b>Revenues and Other Support</b>			
Direct public support	\$ 420,923	\$ 30,000	\$ 450,923
Program service fees	40,764	-	40,764
Interest income	246	-	246
Miscellaneous income	143	-	143
<b>Total revenues and other support</b>	<b>462,076</b>	<b>30,000</b>	<b>492,076</b>
<b>Expenses</b>			
Program services	359,087	-	359,087
Management and general	52,882	-	52,882
Fundraising	47,648	-	47,648
<b>Total expenses</b>	<b>459,617</b>	<b>-</b>	<b>459,617</b>
<b>Changes in net assets</b>	<b>2,459</b>	<b>30,000</b>	<b>32,459</b>
Net assets, beginning, as originally reported	197,012	-	197,012
Prior period adjustment	(14,566)	-	(14,566)
Net assets, beginning, restated	182,446	-	182,446
Net assets, ending	\$ 184,905	\$ 30,000	\$ 214,905

*See Notes to Financial Statements*

**CODEVA, Inc.**

**Statement of Functional Expenses**  
**Year June 30, 2016**

	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 72,974	31,081	31,081	\$ 135,136
Payroll taxes	5,884	2,506	2,506	10,896
<b>Total salaries and related expenses</b>	<b>78,858</b>	<b>33,587</b>	<b>33,587</b>	<b>146,032</b>
Advertising	12,265	4,918	-	17,183
Bank charges	-	325	-	325
Camps	20,752	-	-	20,752
Consulting	-	-	10,500	10,500
Depreciation	73	-	-	73
Dues and publications	2,343	28	418	2,789
Equipment rental and maintenance	3,589	957	239	4,785
Insurance	-	256	-	256
Licenses	-	742	-	742
Meetings and conferences	4,455	-	-	4,455
Miscellaneous	-	-	150	150
Postage	74	22	639	735
Professional fees	-	4,206	-	4,206
Rent	25,599	6,826	1,707	34,132
Supplies	20,161	206	206	20,573
Teacher Training	187,882	-	-	187,882
Utilities	3,036	809	202	4,047
<b>Total expenses</b>	<b>\$ 359,087</b>	<b>\$ 52,882</b>	<b>\$ 47,648</b>	<b>\$ 459,617</b>

*See Notes to Financial Statements*

**CODEVA, Inc.**

**Statement of Cash Flows**  
**Year Ended June 30, 2016**

<b>Cash Flow from Operating Activities</b>	
Change in net assets	\$ 32,459
<b>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</b>	
Depreciation	73
<b>Changes in operating assets</b>	
Accounts receivable	(2,416)
Contributions and grants receivable	(100,850)
<b>Changes in operating liabilities</b>	
Accounts payable and accrued expenses	17,740
Accrued payroll taxes and deductions	11,220
<b>Net cash (used in) operating activities</b>	<u>(41,774)</u>
<b>Investing Activities</b>	
Purchase of property and equipment	(1,100)
Repayment of advances from officer	(5,000)
<b>Net cash (used in) investing activities</b>	<u>(6,100)</u>
<b>Net change in cash</b>	(47,874)
Cash and cash equivalents, beginning	<u>197,012</u>
Cash and cash equivalents, ending	<u>\$ 149,138</u>

*See Notes to Financial Statements*



## **CODEVA, Inc.**

### **Notes to Financial Statements**

**June 30, 2016**

---

#### **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, 2016**

---

**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 \$17,183 for June 30, 2016.

**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.

**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, 2016.

**CODEVA, Inc.**

**Notes to Financial Statements**

**June 30, 2016**

---

**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, 2016.

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, 2013.

The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2016. 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, 2016.

**Note 2. Property and Equipment**

Property and equipment consist of the following:

Computer equipment	\$ 1,100
Accumulated depreciation	<u>(73)</u>
	<u>\$ 1,027</u>

**Note 3. Economic Dependency**

For the year ended June 30, 2016, approximately 68% of total revenues and other support came from three 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 year ended June 30, 2016, approximately 73% of total contributions and grants receivable, or \$75,000, represents amounts due from one funding source.

**CODEVA, Inc.****Notes to Financial Statements****June 30, 2016**

---

**Note 4. Restrictions on Net Assets**

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

Hour of Code 2016	\$	10,000
Summer camp underwriting		10,000
Teacher training programs		10,000
	\$	<u>30,000</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 the year ended June 30, 2016. The minimum long-term rental commitments under this noncancellable lease as of June 30, 2016 are as follows:

June 30, 2017	\$36,585
June 30, 2018	37,774
June 30, 2019	39,002
June 30, 2020	<u>19,813</u>
Total	<u>\$133,174</u>

**Note 6. Restatement of Financial Statements**

The restatement of the unrestricted and temporarily restricted changes in net assets is as follows:

	Unrestricted	Temporarily Restricted	Total
Net assets as previously reported	<u>\$ 197,012</u>	<u>\$ -</u>	<u>\$ 197,012</u>
Increase in advances from officer	(15,000)	-	(15,000)
Decrease in rent expense	434	-	434
Total prior period adjustment	<u>(14,566)</u>	<u>-</u>	<u>(14,566)</u>
Net assets beginning, as restated	<u>\$ 182,446</u>	<u>\$ -</u>	<u>\$ 182,446</u>

**CODEVA, Inc.**

**Notes to Financial Statements**

**June 30, 2016**

---

**Note 6. Restatement of Financial Statements (continued)**

The restatement of the 2015 statement of financial position resulted in the following changes:

Increase in deposit	\$ 2,500
Increase in accounts payable and accrued expenses	(2,066)
Increase in advances from officer	<u>(15,000)</u>
	<u>\$ (14,566)</u>

**Note 7. Subsequent Events**

Management has evaluated subsequent events through March 21, 2017, the date the financial statements were available for issue.