Center for Nonprofit Excellence

Financial Report
Year Ended June 30, 2022

Hantzmon Wiebel LLP
CPA and Advisory Services

Center For Nonprofit Excellence

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HANTZMON WIEBEL LLP
CPA and Advisory Services

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Opinion

We have audited the accompanying financial statements of CENTER FOR NONPROFIT EXCELLENCE (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CENTER FOR NONPROFIT EXCELLENCE as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are required to be independent of CENTER FOR NONPROFIT EXCELLENCE and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CENTER FOR NONPROFIT EXCELLENCE's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors
Center for Nonprofit Excellence

REPORT OF INDEPENDENT AUDITORS

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CENTER FOR NONPROFIT EXCELLENCE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CENTER FOR NONPROFIT EXCELLENCE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Hantzmon Wiebel LLP

Charlottesville, Virginia
October 18, 2022

CENTER FOR NONPROFIT EXCELLENCE

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	$ 477,003	$ 814,583
Accounts receivable	5,655	3,850
Contributions receivable - due within one year (Note 4)	445,582	110,516
Other receivable (Note 5)	157,182	....
Prepaid expenses	4,554	5,936
Other current assets	4,276	1,126
Total current assets	1,094,252	936,011
OTHER ASSETS		
Cash internally designated by Board as reserves	400,662	400,311
Contributions receivable - due after one year (net) (Note 4)	419,582	....
Beneficial interest in assets held by Community Foundations (Note 6)	41,234	36,794
Software under development (Note 7)	48,731	....
Total other assets	910,209	437,105
PROPERTY AND EQUIPMENT, NET (Note 8)	380	628
TOTAL ASSETS	$ 2,004,841	$ 1,373,744

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 55,213	$ 22,428
Refundable advance	....	44,512
Deferred revenue	56,352	56,845
Total current liabilities	111,565	123,785
NET ASSETS		
Without donor restrictions (Note 13)	963,785	999,064
With donor restrictions (Note 13)	929,491	250,895
Total net assets	1,893,276	1,249,959
TOTAL LIABILITIES AND NET ASSETS	$ 2,004,841	$ 1,373,744

(The accompanying notes are an integral part of these financial statements)

CENTER FOR NONPROFIT EXCELLENCE

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
PUBLIC SUPPORT, REVENUES, AND GAINS						
PUBLIC SUPPORT						
Individual contributions	$ 125,850	$ 4,462	$ 130,312	$ 167,723	$ 11,422	$ 179,145
Corporate contributions	2,123	10,000	12,123	16,590	10,000	26,590
Foundation contributions	8,750	1,260,438	1,269,188	40,500	547,176	587,676
Nonprofit and governmental contributions	....	10,500	10,500	....	15,500	15,500
Other grants	157,182	....	157,182	....	146,939	146,939
Special event (net of event costs of $87,408 and $58,153, respectively)	37,582	....	37,582	311	....	311
Net assets released from restrictions (Note 14)	599,299	(599,299)	....	1,063,891	(1,063,891)	....
Total public support	930,786	686,101	1,616,887	1,289,015	(332,854)	956,161
REVENUES						
Membership dues	102,879	....	102,879	76,272	....	76,272
Program service fees	34,530	....	34,530	48,644	....	48,644
Resource center	6,178	....	6,178	2,850	....	2,850
OTHER REVENUES AND GAINS (LOSSES)						
Interest and dividends	140	310	450	339	....	339
Realized and unrealized gains (losses) from beneficial interest in assets held by Community Foundations	(1,102)	(7,815)	(8,917)	(189)	10,714	10,525
Other income	539	....	539	100	....	100
Total revenues and gains	143,164	(7,505)	135,659	128,016	10,714	138,730
Total public support, revenues, and gains (losses)	1,073,950	678,596	1,752,546	1,417,031	(322,140)	1,094,891
EXPENSES						
Program	708,554	....	708,554	775,573	....	775,573
Management and general	299,182	....	299,182	326,809	....	326,809
Fund-raising	101,493	....	101,493	95,138	....	95,138
Total expenses	1,109,229	....	1,109,229	1,197,520	....	1,197,520
CHANGE IN NET ASSETS	(35,279)	678,596	643,317	219,511	(322,140)	(102,629)
NET ASSETS, BEGINNING OF YEAR	999,064	250,895	1,249,959	779,553	573,035	1,352,588
NET ASSETS, END OF YEAR	$ 963,785	$ 929,491	$ 1,893,276	$ 999,064	$ 250,895	$ 1,249,959

(The accompanying notes are an integral part of these financial statements)

CENTER FOR NONPROFIT EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND-RAISING	TOTAL
Salaries, benefits, and related expenses	$ 460,102	$ 178,981	$ 47,952	$ 687,035
Contract services	163,387	48,496	40,940	252,823
Facility expenses	38,394	9,014	5,387	52,795
Information technology	944	21,491	1,194	23,629
Coaching and speaker fees	19,458	....	2,500	21,958
Other expenses	16,008	2,676	92	18,776
Professional fees	....	10,651	....	10,651
Staff development	1,703	6,554	....	8,257
Insurance	....	5,590	....	5,590
Printing and copying	....	2,499	1,741	4,240
Books, subscriptions, and reference materials	3,468	502	170	4,140
Food	591	3,012	342	3,945
Travel	1,385	2,036	438	3,859
Office supplies and equipment	....	3,182	....	3,182
Internet and telephone	....	3,077	....	3,077
Advertising	2,084	19	....	2,103
Licenses and fees	93	1,199	....	1,292
Academy scholarship	937	....	....	937
Stewardship	....	....	450	450
Postage	....	16	287	303
Depreciation	....	187	....	187
Total expenses	$ 708,554	$ 299,182	$ 101,493	$ 1,109,229

(The accompanying notes are an integral part of this financial statement)

CENTER FOR NONPROFIT EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND-RAISING	TOTAL
Salaries, benefits, and related expenses	$ 487,628	$ 167,318	$ 77,390	$ 732,336
Contract services	205,855	101,520	5,312	312,687
Facility expenses	34,609	6,143	6,497	47,249
Coaching and speaker fees	33,145	....	....	33,145
Information technology	1,929	10,505	2,746	15,180
Other expenses	8,479	3,275	1,905	13,659
Professional fees	....	10,973	....	10,973
Staff development	20	9,952	....	9,972
Internet and telephone	....	4,334	....	4,334
Printing	....	3,173	626	3,799
Insurance	....	3,214	....	3,214
Depreciation	....	3,065	....	3,065
Stewardship	15	428	577	1,020
Academy scholarship	1,200	....	....	1,200
Office supplies	122	546	7	675
Books, subscriptions, and reference materials	672	393	....	1,065
Licenses and fees	60	974	....	1,034
Advertising	731	190	....	921
Travel	894	34	5	933
Food	135	623	....	758
Postage	79	86	73	238
Equipment repairs and maintenance	....	63	....	63
Total expenses	$ 775,573	$ 326,809	$ 95,138	$ 1,197,520

(The accompanying notes are an integral part of this financial statement)

CENTER FOR NONPROFIT EXCELLENCE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 643,317	($ 102,629)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	187	3,065
Realized and unrealized (gains) losses on beneficial interests in assets held by Community Foundations	8,917	(10,375)
Loss on disposition of asset	61	....
Bad debt expense	750	1,600
(Increase) decrease in:		
Accounts receivable	(2,555)	37,096
Contributions receivable	(754,648)	(33,500)
Other receivable	(157,182)	....
Prepaid expenses and other current assets	(1,768)	683
Increase (decrease) in:		
Accounts payable and accrued expenses	32,785	4,906
Refundable advance	(44,512)	44,512
Deferred revenue	(493)	23,255
Net cash provided by (used in) operating activities	(275,141)	(31,387)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for software under development	(48,731)	....
Deposits to beneficial interest in Community Foundations	(14,557)	....
Withdrawals from beneficial interest in Community Foundations	1,200	1,200
Net cash provided by (used in) investing activities	(62,088)	1,200
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(337,229)	(30,187)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,214,894	1,245,081
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 877,665	$ 1,214,894
CASH IS REPORTED ON THE STATEMENT OF FINANCIAL POSITION AS:		
Cash and cash equivalents	$ 477,003	$ 814,583
Cash internally designated as Board reserves	400,662	400,311
	$ 877,665	$ 1,214,894

(The accompanying notes are an integral part of these financial statements)

CENTER FOR NONPROFIT EXCELLENCE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION

The Center for Nonprofit Excellence (the Center), headquartered in Charlottesville, Virginia, is a champion, learning partner, and advisor for Virginia nonprofits. The Center supports its members and the broader Virginia social impact sector through training programs, leadership development, technical assistance, consulting, and sector data and convening. The Center provides these services to Virginia nonprofits and funders so they may be more efficient and effective, make better use of donor dollars, and deepen their community impact.

NOTE 2 - DESCRIPTION OF PROGRAM SERVICES AND SUPPORTING ACTIVITIES

The Center's primary program services activities are summarized below:

Membership Services - The Center offers nonprofit organizations membership benefits that include the following:

- Discounted rates for the Center's workshops, advanced trainings, academies, and other programs.
- Exclusive access to the Center's Leadership Circles, which represent facilitated small groups made up of nonprofit professionals. These circles provide a confidential setting in which peers can discuss and solve real-time problems with real-world experience.
- Free access to customized technical assistance and resource requests.

Capacity-Building Regional Partnerships - The Center participates in various strategic partnerships aimed at strategically implementing the Center's capacity-building services outside of the greater Charlottesville region. These partnerships are fully-funded by the respective strategic partner.

Education and Resources - The Center conducts various workshops, advance trainings, academies, and resource services. The Center also provides a wide array of publications, books, and virtual resources that strengthen nonprofits and their executive and board leadership teams. Based on extensive research, the Center has developed *7 Actionable Principles* that enable the social sector to be more effective, make better use of resources, and increase community impact.

Consulting - The Center provides and sources customized, fee-based consulting to assist nonprofits in strengthening their organizations and managing change. The Center's staff and affiliate consultants have deep experience partnering with nonprofits of all sizes and stages in their organizational life cycles.

The Center's supporting activities consist of the following:

General and administrative services - These services provide the functions necessary to maintain competent professional services, provide an equitable and attractive employment program and working environment, provide coordination and articulation of the Center's program services, provide for administrative functioning of the Board of Directors, and manage the financial and budgetary responsibilities of the Center.

Fund-raising and development services - These services provide the structure necessary to encourage and secure financial support from individuals, foundations, corporations, and government entities.

CENTER FOR NONPROFIT EXCELLENCE

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Adopted Accounting Guidance

The Center adopted the following Financial Accounting Standards Board (FASB) Accounting Standards Updates (ASUs) in the fiscal year ended June 30, 2022:

- ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* - The amendments in this update modify the disclosure requirements for contributions of nonfinancial assets. There were no material contributed nonfinancial assets received during the years ended June 30, 2022 or 2021.
- ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* - This standard aligns the requirements for capitalizing software implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software.

Pending Accounting Pronouncements

On February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* ASU 2016-02 requires that lessees recognize all leases (other than leases with a term of twelve months or fewer) on the statement of financial position as lease liabilities, based upon the present value of the lease payments, with corresponding right-of-use assets. ASU 2016-02 also makes targeted changes to other aspects of current guidance, including identifying a lease and lease classification criteria as well as the lessor accounting model, including guidance on separating components of a contract and consideration in the contract. The amendments in ASU 2016-02 will be effective for the Center for the year ending June 30, 2023.

Basis of Accounting and Financial Reporting

The financial statements of the Center have been prepared in accordance with the accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements present information regarding the Center's financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. The two classes are differentiated by donor restrictions.

Net Assets without Donor Restrictions - Net assets without donor restrictions are assets that are not subject to donor-imposed restrictions and are available for use in general operations or may be designated by the Center's Board of Directors for specific purposes.

Net Assets with Donor Restrictions - Net assets subject to donor restrictions are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of the Center pursuant to those stipulations. Net assets with donor restrictions also include amounts required by donors to be held in perpetuity; however, generally, the income on these assets is available to meet various operating needs. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated purpose for which the resource was restricted has been fulfilled or when the stipulated time has elapsed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts during the reporting period. Actual results may differ from those estimates.

Revenue Recognition

Contributions are indicated as net assets without donor restrictions and net assets with donor restrictions depending on the nature of restrictions. When a donor-stipulated time restriction ends or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction.

Unconditional promises to give are recognized as revenue in the year the promise is made and are recorded at fair value, which is the estimated present value of expected future cash flows. Conditional pledges are recognized as revenue when the conditions are substantially met.

Special event revenue consists of sponsorships and other contributions for the Center's annual fundraising event, Philanthropy Day. Contribution revenue related to Philanthropy Day is recognized upon completion of the event. (See ***Refundable Advance***.)

The Center's revenue transactions that fall within the scope of ASC 606, *Revenue from Contracts with Customers,* are reported under the Revenues caption on the statement of activities. Membership dues are considered to be an exchange transaction based on the membership benefits provided to the Center's members. Accordingly, membership dues are recognized over the membership period. Program service fees are recognized when the specified services are provided. Program service fees arise from performing services on certain contracts, consulting, educational trainings, and academies offered by the Center.

For each of the Center's contracts, the timing of revenue recognition, customer billings, and cash collections may result in a net contract asset or liability at the end of each reporting period. Contract assets consist of unbilled receivables, and contract liabilities consist of advance payments from customers and billings in excess of revenue recognized. The Center had no contract assets of as of June 30, 2022, 2021, and 2020. The Center had contract liabilities of $56,352, $56,845, and $33,590 as of June 30, 2022, 2021 and 2020, respectively. The contract liabilities are reported as deferred revenue on the statement of financial position.

Cash and Cash Equivalents

The Center considers all short term, highly-liquid investments with maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of bank deposits and amounts invested in certificates of deposit with no permanently imposed donor restrictions. Accounts in the bank are insured by the Federal Deposit Insurance Corporation (FDIC), generally up to $250,000 per financial institution. At times, the Center's balances exceed amounts insured by the FDIC.

Board-Designated Operating Reserve

The Board of Directors has established an operating reserve with the objective of setting aside funds to be drawn upon in the event of financial distress or an immediate liquidity need. The operating reserve balance totaled $400,662 and $400,311 at June 30, 2022 and 2021, respectively.

CENTER FOR NONPROFIT EXCELLENCE

NOTES TO FINANCIAL STATEMENTS

Accounts Receivable

Accounts receivable consist primarily of noninterest-bearing amounts due from membership subscriptions, consulting services, and educational and training programs. The Center determines an allowance for uncollectible accounts based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. Receivables greater than 90 days past due totaled $175 and $950 as of June 30, 2022 and 2021, respectively. The Center does not believe an allowance for uncollectible accounts was necessary at June 30, 2022 and 2021.

Bad debt expense was $750 and $1,600 for the years ended June 30, 2022 and 2021, respectively.

The Center's accounts receivable balance amounted to $5,655, $3,850, and $12,708 as of June 30, 2022, 2021, and 2020, respectively.

Contributions Receivable

The Center records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the assets. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. As of June 30, 2022, the discount rate applied to contributions receivable due after one year was 3%. Discounting of contributions receivable was not required as of June 30, 2021, as all contributions receivable were due within one year. The Center determines the allowance for uncollectible contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Management has determined that an allowance for uncollectible contributions receivable is not deemed necessary at June 30, 2022 and 2021.

Conditional contributions receivable that depend on the occurrence of a specified future and uncertain event that bind the promisor are not recorded until the specified condition is substantially met. The Center did not have any conditional contributions receivable at June 30, 2022 or 2021.

Property and Equipment

Property and equipment with a cost above $9,000 that are expected to be used for at least one year are capitalized. Property and equipment are reported at cost less accumulated depreciation. Items donated to the Center are reported at their estimated fair market value at the date of receipt. Property and equipment are depreciated over their estimated useful lives using accelerated methods of depreciation over the following useful lives:

Leasehold improvements	5 years
Furniture, fixtures, and equipment	5 - 7 years

Refundable Advance

The Center holds an annual fund-raising event, known as Philanthropy Day. Contributions conditional on the occurrence of the Philanthropy Day event, which is held subsequent to June 30, are recorded as a refundable advance. There were no refundable advances as of June 30, 2022. Refundable advances totaled $44,512 as of June 30, 2021.

CENTER FOR NONPROFIT EXCELLENCE

NOTES TO FINANCIAL STATEMENTS

Deferred Revenue

Fees and payments received in advance are deferred to the applicable period in which the Center's performance obligations are met. The Center recognizes membership revenue over a rolling twelve-month period resulting in a deferral of unearned income. In addition, fees received in advance for workshops and other trainings are deferred until the period when earned.

Income Taxes

The Center is organized as a nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes as an organization described in Internal Revenue Code Section 501(c)(3). The Center is required to file an annual Form 990 (Return of Organization Exempt from Income Tax) with the IRS. The Center is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Center has determined that no unrelated business income was received for the years ended June 30, 2022 and 2021.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. Occupancy-related expenses have been allocated based on the usage and square footage of the office space utilized. All other allocated expenses, including salaries and wages, benefits, and payroll taxes, are allocated according to estimated time spent on activities. Other expenses are directly attributable to a specific activity and therefore do not require allocation.

The following table shows a breakout of the various programs that make up program expenses:

	2022	**2021**
Foundation Partnerships	$284,563	$321,220
Communications	106,100	91,124
Membership	87,279	94,436
Circles	48,020	33,036
Advocacy	42,266	14,177
Advanced Programs	36,755	37,030
Consulting	34,279	45,599
Trainings	24,592	22,823
Academies	16,478	98,460
Resources Center	15,672	17,668
Special Projects	12,550	….
Total	$708,554	$775,573

Subsequent Events

Management has evaluated subsequent events through October 18, 2022, which is the date the financial statements were available to be issued.

NOTE 4 - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net consist of the following unconditional promises to give at June 30:

	2022	2021
Contributions receivable before allowance for unamortized discount	$883,164	$110,516
Less: Unamortized discount	(18,000)	….
Pledges receivable, net	$865,164	$110,516
Amounts due in:		
One year or less	$445,582	$110,516
Two years	437,582	….
	883,164	110,516
Less: Unamortized discount	(18,000)	….
Pledges receivable, net	$865,164	$110,516

NOTE 5 - OTHER RECEIVABLE

Under provisions of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) signed into law on March 27, 2020 and the subsequent extension of the CARES Act, the Center was eligible for a refundable Employee Retention Credit (ERC) subject to certain criteria. The Center recognized an ERC of $157,182 for the year ended June 30, 2022. The proceeds from the Employee Retention Credit have not been received by the Center as of the date of financial statement issuance. This ERC is reported in the statement of financial position as an other receivable and reflected on the statement of activities under the caption "nonprofit and governmental contributions."

NOTE 6 - BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATIONS

The Center is the beneficiary under a Designated Agency Fund Agreement with the Charlottesville Area Community Foundation (CACF). The fund is held and invested by CACF for the benefit of the Center. CACF has the ultimate authority and control over the fund assets. Distributions from the fund are generally limited to investment income and are subject to the approval of CACF's Governing Body. Distributions in excess of the fund's cumulative earnings are permitted in certain situations and require approval of three fourths of CACF's Governing Body. The fund is assessed investment and administrative fees in accordance with the agreement.

During the year ended June 30, 2022, the Center established an Agency Fund with the Community Foundation of the Central Blue Ridge (CFCBR).The Center established the fund to function as a Board-designated endowment fund (See **NOTE 10 - BOARD-DESIGNATED ENDOWMENT**). The fund is held and invested by CFCBR for the benefit of the Center. CFCBR has the ultimate authority and control over the fund assets. Distributions from the fund are calculated based on CFCBR's spending policy. The Center may request distributions from the fund's principal balance, but any such requests are subject to the approval of CFCBR's Governing Body.

The Center's beneficial interest in assets held by Community Foundations are recorded at fair value in the statement of financial position and consisted of the following at June 30:

	2022	2021
CACF fund assets	$ 32,174	$ 36,794
CFCBR fund assets	9,060	....
	$ 41,234	$ 36,794

NOTE 7 - SOFTWARE UNDER DEVELOPMENT

During the year ended June 30, 2022, the Center incurred software implementation costs in the amount of $48,731 that met the criteria for capitalization in accordance with accounting standards. The software was not in service as of June 30, 2022 and is therefore reflected in the statement of financial position as software under development. Management expects to complete the software implementation during the year ending June 30, 2023 with additional costs of approximately $30,000.

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2022	2021
Furniture, fixtures, and equipment	$ 10,487	$ 14,364
Leasehold improvements	5,572	5,572
	16,059	19,936
Less: Accumulated depreciation	(15,679)	(19,308)
	$ 380	$ 628

NOTE 9 - FAIR VALUE MEASUREMENT

Generally accepted accounting principles establish a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. These inputs can be readily observable, market corroborated, or generally unobservable inputs. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories based on the inputs used in valuation:

Level 1 - Fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities that management has the ability to access at the measurement date.

Level 2 - Fair values are based on inputs other than quoted prices that are either for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that were observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Fair values are based on unobservable inputs for the asset or liability where there is little, if any, market activity for the asset or liability at the measurement date.

CENTER FOR NONPROFIT EXCELLENCE

NOTES TO FINANCIAL STATEMENTS

The fair values of the Center's financial assets measured on a recurring basis at June 30, 2022 are as follows:

	JUNE 30, 2022			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Beneficial interests in assets held by Community Foundations	$	$	$ 41,234	$ 41,234
Total financial assets at fair value	$	$	$ 41,234	$ 41,234

A reconciliation of the change in Level 3 assets for the year ended June 30, 2022 is as follows:

	BENEFICIAL INTERESTS IN ASSETS HELD BY COMMUNITY FOUNDATIONS
Balance, beginning of year	$ 36,794
Contributions	14,557
Distributions	(1,200)
Net investment loss	(8,917)
Balance, end of year	$ 41,234

The fair values of the Center's financial assets measured on a recurring basis at June 30, 2021 are as follows:

	JUNE 30, 2021			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Beneficial interests in assets held by Community Foundations	$	$	$ 36,794	$ 36,794
Total financial assets at fair value	$	$	$ 36,794	$ 36,794

A reconciliation of the change in Level 3 assets for the year ended June 30, 2021 is as follows:

	BENEFICIAL INTERESTS IN ASSETS HELD BY COMMUNITY FOUNDATIONS
Balance, beginning of year	$ 27,619
Contributions	....
Distributions	(1,200)
Net investment appreciation	10,375
Balance, end of year	$ 36,794

CENTER FOR NONPROFIT EXCELLENCE

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - BOARD-DESIGNATED ENDOWMENT

In June 2021, the Center's Board approved the creation of a Board-designated endowment fund with an initial principal contribution of $10,000. In December of 2021, the funds were transferred to CFCBR for investment management purposes. (See **NOTE 6 - BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATIONS**).

Changes in the Center's Board-designated endowment net assets for the year ended June 30, 2022 are as follows:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS
Endowment net assets, beginning of year	$	$ ....
Net loss on investments	(940)	....
Contributions	10,000	....
Appropriation of endowment assets for expenditure	....	....
Endowment net assets, end of year	$ 9,060	$ ....

There were no donor-restricted endowment funds for the years ended June 30, 2022 and 2021.

The Board-designated endowment fund was established with the objective of setting funds aside for funding programs and general operations of the Center. The Center's primary investment objective is to maximize the return on invested assets while minimizing risks and expenses. The Center's spending rate for the Board-designated endowment fund is subject to the CFCBR's annual spending rate calculation as outlined in the Agency Fund agreement.

NOTE 11 - LINE OF CREDIT

The Center maintains a $100,000 line of credit with a maturity date of February 14, 2023. The line bears interest at the interest rate of 5.75% and is not collateralized. The Center had no outstanding balance on the line of credit as of June 30, 2022 and 2021.

NOTE 12 - PAYCHECK PROTECTION PROGRAM

On April 23, 2020, the Center received loan proceeds in the amount of $99,600 pursuant to the Paycheck Protection Program (PPP), a program implemented by the U. S. Small Business Administration (SBA) under the CARES Act. The program provided for loans to qualifying entities for amounts up to 2.5 times the average monthly payroll expenses of the entity. The loan principal and accrued interest were forgivable as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. The Center recognized the PPP loan as a restricted, conditional grant, with the conditions substantially met during the year ended June 30, 2020. On December 29, 2020, the Center received notice that the loan was forgiven in full.

On February 1, 2021, the Center received a second PPP loan in the amount of $138,939. The Center recognized this PPP loan as a restricted, conditional grant, with the conditions substantially met as of May 2, 2021, the end of the thirteen-week eligibility period. On September 30, 2021, the Center received notice that the second PPP loan was forgiven in full.

The Paycheck Protection Program loans and forgiveness of those loans are subject to audit by the SBA for six years after the date the loan is forgiven or repaid in full. The possible disallowance by the SBA of any item charged to the program cannot be determined until such time when an audit occurs. Therefore, no provision for any potential disallowances that may result from such audit has been made in the accompanying financial statements. Management is of the opinion that disallowances, if any, will not be material to the accompanying financial statements.

NOTE 13 - NET ASSETS

A breakdown of net assets without donor restrictions at June 30 is as follows:

	2022	2021
Undesignated	$554,063	$598,753
Designated by the Board:		
Cash reserves	400,662	400,311
Board-designated endowment	9,060	….
Total designated by the Board	409,722	400,311
Total net assets without donor restrictions	$963,785	$999,064

A breakdown of net assets with donor restrictions at June 30 is as follows:

	2022	2021
Restricted for:		
Nonprofit capacity-building programs and services	$897,317	$189,101
Leadership development	32,174	36,794
Time restriction	….	25,000
Total net assets with donor restrictions	$929,491	$250,895

NOTE 14 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions during the years ended June 30, 2022 and 2021 as follows:

	2022	2021
Nonprofit capacity-building programs and services	$ 526,375	$ 789,152
Philanthropy Day	114,536	53,512
Time restrictions satisfied	25,000	....
Diversity, equity, and inclusion programs	15,797	....
Black Empowerment Coalition Grant	12,550	300
Other support	12,078	46,548
Board Development Academy	7,500	7,550
PPP funding forgiveness	....	138,939
Finance Academy	....	72,901
EIDL Advance	....	8,000
	$ 713,836	$1,116,902

NOTE 15 - LEASES

On November 2, 2021, the Center renewed a building lease agreement. The term of this lease is one year, beginning January 1, 2022 and ending December 31, 2022, with the option to renew annually thereafter. Total rent expense was $46,793 and $46,848 for the years ended June 30, 2022 and 2021, respectively. The noncancellable future minimum lease payments from July 1, 2022 to December 31, 2022 total $23,962.

NOTE 16 - RETIREMENT PLAN

The Center sponsors a tax-deferred retirement plan qualified under Internal Revenue Code Section 403(b) covering full-time employees. Employer contributions totaled $18,440 and $18,930 for the years ended June 30, 2022 and 2021, respectively.

The Center also sponsors an elective 457(b) plan for the benefit of certain members of management.

NOTE 17 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Center regularly monitors liquidity required to meet its operating needs and other contractual commitments while striving to maximize the investment of its available funds.

The Center manages its cash available to meet general expenditures under the following guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met.

The following table reflects the Center's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, when assets are held for others, when the donor restricts the funds for long-term purposes, or when the governing board has set aside the funds for a specific contingency reserve. Any Board designations could be drawn upon if the Board approves that action. The Center considers general expenditures to be all expenditures related to its ongoing activities of supporting its members and the broader Virginia social impact sector through training programs, leadership development, technical assistance, consulting, and resource sharing. Accordingly, donor restricted funds that benefit current programs and ongoing operations are considered available for general expenditure.

The Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Center maintains a $100,000 line of credit that can be used as an additional source of liquidity.

	2022	**2021**
Financial assets:		
Cash and cash equivalents	$ 477,003	$ 814,583
Cash internally designated by Board as reserves	400,662	400,311
Accounts receivable	5,655	3,850
Other receivable	157,182	….
Beneficial interests in assets held by Community Foundations	41,234	36,794
Contributions receivable	865,164	110,516
Financial assets, at year end	1,946,900	1,366,054
Less: those unavailable for general expenditure within one year, due to:		
Cash internally designated by Board as reserves	(400,662)	(400,311)
Contributions receivable due after one year	(419,582)	…
Financial assets available to meet cash needs for general expenditures within one year	$1,126,656	$965,743

NOTE 18 - RELATED PARTY TRANSACTIONS

The Center obtains consulting services from a Board member at a discounted rate. Amounts paid to the related party totaled $27,500 and $14,200 for the years ended June 30, 2022 and 2021, respectively.

Note 19 - Concentrations

One donor accounted for approximately 99% of net contributions receivable as of June 30, 2022. Two donors accounted for approximately 91% of net contributions receivable at June 30, 2021.

Two donors accounted for approximately 69% of total contributions for the year ended June 30, 2022. Two donors accounted for approximately 46% of total contributions for the year ended June 30, 2021.

Note 20 - Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes and to conform to the presentation in the current-year financial statements.