CENTER FOR NONPROFIT EXCELLENCE

FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024

HANTZMON WIEBEL LLP
CPA and Advisory Services

Center For Nonprofit Excellence

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Center for Nonprofit Excellence
Charlottesville, Virginia

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, 2024 and 2023 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, 2024 and 2023, 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
September 18, 2024

CENTER FOR NONPROFIT EXCELLENCE

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	$ 675,578	370,975
Accounts receivable	5,683	833
Contributions receivable - due within one year (net) (Note 4)	167,500	512,582
Other receivable (Note 5)	106,811	157,182
Prepaid expenses	4,487	4,364
Other assets	2,775	2,775
Total current assets	962,834	1,048,711
OTHER ASSETS		
Cash internally designated by Board as reserves	410,704	401,411
Contributions receivable - due after one year (net) (Note 4)	169,895	62,952
Beneficial interest in assets held by Community Foundations (Note 6)	48,947	45,104
Right-of-use asset under operating lease (Note 10)	111,496	161,115
Total other assets	741,042	670,582
PROPERTY AND EQUIPMENT, NET (NOTE 7)	86,253	101,253
TOTAL ASSETS	$ 1,790,129	$ 1,820,546

LIABILITIES AND NET ASSETS

	2024	2023
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 50,245	$ 46,105
Obligation under operating leases - current (Note 10)	53,624	49,619
Deferred revenue	41,197	39,459
Total current liabilities	145,066	135,183
LONG-TERM LIABILITIES		
Obligation under operating lease (Note 10)	57,872	111,496
Total long-term liabilities	57,872	111,496
NET ASSETS		
Without donor restrictions (Note 11)	699,011	807,065
With donor restrictions (Note 11)	888,180	766,802
Total net assets	1,587,191	1,573,867
TOTAL LIABILITIES AND NET ASSETS	$ 1,790,129	$ 1,820,546

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

CENTER FOR NONPROFIT EXCELLENCE

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support, Revenues, and Gains						
Public Support						
Individual contributions	$ 106,647	$ 140,777	$ 247,424	$ 131,775	$	$ 131,775
Corporate contributions	600	....	600	4,791	10,000	14,791
Foundation contributions	180,715	1,977,271	2,157,986	228,500	849,807	1,078,307
Nonprofit and governmental contributions	....	7,500	7,500	300	5,250	5,550
Special event (net of event costs of $83,323 and $114,967, respectively)	(24,243)	....	(24,243)	(16,696)	....	(16,696)
Net assets released from restrictions (Note 12)	2,007,650	(2,007,650)	....	1,031,421	(1,031,421)	....
Total public support	2,271,369	117,898	2,389,267	1,380,091	(166,364)	1,213,727
Revenues						
Membership dues	88,175	....	88,175	97,593	....	97,593
Program service fees	44,289	....	44,289	55,783	....	55,783
Resource center	6,712	....	6,712	6,305	....	6,305
Other Revenues and Gains (Losses)						
Interest and dividends	15,203	634	15,837	314	435	749
Realized and unrealized gains (losses) from beneficial interest in assets held by Community Foundations	997	2,846	3,843	630	3,240	3,870
Other income (loss)	....	....	....	(12)	....	(12)
Total revenues and gains (losses)	155,376	3,480	158,856	160,613	3,675	164,288
Total public support, revenues, other revenues, and gains (losses)	2,426,745	121,378	2,548,123	1,540,704	(162,689)	1,378,015
Expenses						
Program	1,731,480	....	1,731,480	1,102,151	....	1,102,151
Management and general	622,618	....	622,618	474,960	....	474,960
Fund-raising	180,701	....	180,701	120,313	....	120,313
Total expenses	2,534,799	....	2,534,799	1,697,424	....	1,697,424
Change in Net Assets	(108,054)	121,378	13,324	(156,720)	(162,689)	(319,409)
Net Assets, Beginning of Year	807,065	766,802	1,573,867	963,785	929,491	1,893,276
Net Assets, End of Year	$ 699,011	$ 888,180	$ 1,587,191	$ 807,065	$ 766,802	$ 1,573,867

(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, 2024

	PARTNERSHIPS & CONSULTING	MEMBERSHIP SERVICES	EDUCATION & RESOURCES	ADVOCACY & COMMUNICATIONS	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND-RAISING	TOTAL
Salaries, benefits, and related expenses	$ 395,599	$ 59,110	$ 232,467	$ 87,183	$ 774,359	$ 384,605	$ 109,695	$ 1,268,659
Contract services	643,972	3,378	12,920	52,661	712,931	64,189	58,874	835,994
Coaching and speaker fees	103,261	1,700	19,375	....	124,336	....	....	124,336
Information technology	....	....	1,454	4,198	5,652	71,632	1,515	78,799
Facility expenses	6,183	4,453	25,144	3,039	38,819	19,309	3,227	61,355
Travel	48,514	34	100	746	49,394	8,646	955	58,995
Staff development	977	....	....	....	977	22,639	....	23,616
Depreciation	....	....	....	....	....	15,000	....	15,000
Food	6,823	38	2,499	251	9,611	4,336	579	14,526
Other expenses	4,028	180	4,067	2,000	10,275	2,944	56	13,275
Professional fees	....	....	....	....	....	13,300	....	13,300
Grants	....	....	....	....	....	....	5,000	5,000
Books, subscriptions, and reference materials	3,667	....	536	....	4,203	437	....	4,640
Insurance	....	....	....	....	....	4,520	....	4,520
Office supplies and equipment	150	....	33	....	183	3,256	....	3,439
Internet and telephone	....	....	....	....	....	3,314	....	3,314
Printing and copying	10	....	....	....	10	1,807	600	2,417
Licenses and fees	....	....	....	....	....	1,758	....	1,758
Bad debt expense	....	150	100	....	250	783	....	1,033
Academy scholarship	....	....	300	....	300	....	....	300
Postage	180	....	....	....	180	143	200	523
Total expenses	$ 1,213,364	$ 69,043	$ 298,995	$ 150,078	$ 1,731,480	$ 622,618	$ 180,701	$ 2,534,799

(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, 2023

	PARTNERSHIPS & CONSULTING	MEMBERSHIP SERVICES	EDUCATION & RESOURCES	ADVOCACY & COMMUNICATIONS	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND-RAISING	TOTAL
Salaries, benefits, and related expenses	$ 309,511	$ 50,626	$ 226,558	$ 106,107	$ 692,802	$ 312,340	$ 57,860	$ 1,063,002
Contract services	136,385	5,730	16,527	62,254	220,896	60,564	55,795	337,255
Coaching and speaker fees	59,978	1,000	19,089	....	80,067	....	....	80,067
Facility expenses	4,915	3,860	23,223	4,198	36,196	18,256	2,274	56,726
Travel	32,691	7	394	....	33,092	4,402	167	37,661
Information technology	....	....	....	1,863	1,863	32,212	....	34,075
Other expenses	4,091	1,200	3,728	2,000	11,019	2,604	175	13,798
Food	5,263	4	3,588	516	9,371	3,542	212	13,125
Professional fees	....	....	....	....	....	12,825	....	12,825
Academy scholarship	....	....	10,850	....	10,850	....	....	10,850
Printing and copying	4,157	....	....	....	4,157	2,497	3,630	10,284
Staff development	....	....	....	....	....	7,794	....	7,794
Insurance	....	....	....	....	....	5,117	....	5,117
Internet and telephone	....	....	....	....	....	4,501	....	4,501
Depreciation	....	....	....	....	....	4,119	....	4,119
Office supplies and equipment	....	....	58	....	58	2,833	....	2,891
Advertising	....	....	....	1,354	1,354	....	....	1,354
Books, subscriptions, and reference materials	168	....	162	....	330	404	....	734
Licenses and fees	....	....	85	....	85	625	....	710
Postage	11	....	....	....	11	325	200	536
Total expenses	$ 557,170	$ 62,427	$ 304,262	$ 178,292	$ 1,102,151	$ 474,960	$ 120,313	$ 1,697,424

(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, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 13,324	($ 319,409)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	15,000	4,119
Realized and unrealized (gains) losses on beneficial interests in assets held by Community Foundations	(3,843)	(3,870)
Amortization of right-of-use assets	(111,496)	45,848
Loss on disposition of asset	....	12
Bad debt expense	1,033	3,040
(Increase) decrease in:		
Accounts receivable	(5,883)	4,822
Contributions receivable	238,139	286,590
Other receivable	50,371	....
Prepaid expenses and other current assets	(123)	1,691
Increase (decrease) in:		
Accounts payable and accrued expenses	4,140	(9,108)
Obligations under operating leases	111,496	(45,848)
Deferred revenue	1,738	(16,893)
Net cash provided by (used in) operating activities	313,896	(49,006)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property and equipment	....	(56,273)
Net cash provided by (used in) investing activities	....	(56,273)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	313,896	(105,279)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	772,386	877,665
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,086,282	$ 772,386
CASH IS REPORTED ON THE STATEMENT OF FINANCIAL POSITION AS		
Cash and cash equivalents	$ 675,578	$ 370,975
Cash internally designated as Board reserves	410,704	401,411
	$ 1,086,282	$ 772,386
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Lease liabilities arising from obtaining right-of-use assets	$	$ 206,963

(The accompanying notes are an integral part of these 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:

Partnerships & Consulting - The Center participates in various strategic partnerships and consulting engagements with foundations aimed at strategically delivering its capacity-building programs and services in select regions across Virginia. These partnerships and engagements are fully-funded by the respective partner.

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, a leadership development program of 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, and support each other's learning and growth.
- Free access to our Nonprofit Help Desk, providing customized technical assistance and resource requests.

Education & Resources - The Center conducts various workshops, advanced training, and longer-term academy programs. The Center also provides a wide array of publications, books, and virtual resources that strengthen nonprofits and their board, executive, and staff leadership. Based on extensive research, the Center has developed *7 Actionable Principles for a Strong Social Sector*, a framework to enable the social sector to be more effective, make better use of resources, and increase community impact. The Center also delivers various programs centered on redressing inequities within the nonprofit sector in support of equitable, thriving, and just communities throughout Virginia.

Advocacy and Communications - The Center engages in collection and reporting of nonprofit sector data to increase understanding of the sector and its needs. This work includes the facilitation, convening, and communications activities to enhance the public understanding of the Commonwealth's nonprofits. The Center also conducts advocacy campaigns and convenes local, state, and national stakeholders in support of a thriving and vibrant social sector.

The Center's supporting activities consist of the following:

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Adopted Accounting Guidance

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance (FASB Accounting Standards Codification (ASC) 326) that significantly changed how entities measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Center that are subject to the guidance in FASB ASC 326 are accounts receivable. The Center adopted the standard effective July 1, 2023. The impact of the adoption was not material to the financial statements and resulted in enhanced disclosures only.

In February 2016, the FASB issued ASC 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Center adopted the standard effective July 1, 2022 and recognized and measured material leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available.

In evaluating contracts to determine if they qualify as a lease, the Center considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if the Center can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The Center elected the available practical expedients to transition existing lease classification to the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The Center has elected to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable.

The Center's building lease was determined to meet the criteria for recognition under FASB ASC 842. As a result of the adoption of the new lease accounting guidance, the Center recognized on July 1, 2022 a lease liability and a right-of-use asset of $206,963, which represents the present value of the expected remaining building lease payments of $219,694, discounted using the Center's risk-free rate of 2.87%. There was no adjustment to net assets as a result of adopting FASB ASC 842. The most significant impact was the recognition of the ROU asset and lease liability for operating leases.

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 Center's 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.

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. Membership and program service fee payments are generally due within 30 days of the invoice date. The Center does not currently impose finance charges on delinquent outstanding receivable balances.

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 for membership dues. The Center had no contract assets of as of June 30, 2024, 2023, or 2022. The Center had contract liabilities of $41,197, $39,459, and $56,352 as of June 30, 2024, 2023, and 2022, 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.

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 $410,704 and $401,411 at June 30, 2024 and 2023, respectively.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable consist primarily of noninterest-bearing amounts due from membership subscriptions, consulting services, and educational and training programs. Accounts receivable are unsecured and subject to certain credit risks. At each balance sheet date, the Center evaluates trade receivables for purposes of establishing an expected allowance for credit losses. In addition, at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. The estimate is calculated on a pooled basis where similar risk characteristics exist. Accounts receivable are evaluated individually when they do not share similar risk characteristics, which could exist in circumstances where amounts are considered at risk or uncollectible.

The allowance estimate is derived from a review of the Center's historical losses based on the aging of receivables. The Center believes historical loss information is a reasonable starting point at which to calculate the expected allowance for credit losses. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant to changes in credit risk.

An allowance for credit losses was not deemed necessary as of June 30, 2024 or 2023.

The Company writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized as an offset to credit loss expense in the year of recovery.

The Center's accounts receivable balance amounted to $5,683, $833, and $5,655 as of June 30, 2024, 2023, and 2022, 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, 2024, the discount rate applied to contributions receivable ranged from 4.37% to 5.01%. As of June 30, 2023, the discount rate applied to contributions receivable ranged from 3% to 4.87%. 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, 2024 and 2023.

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, 2024 or 2023.

Property and Equipment

The Center capitalizes purchases as property and equipment if the cost of the asset is above $9,000 and the asset is expected to be used for at least one year. Property and equipment are recorded at cost and depreciated using accelerated methods over the estimated useful lives of the assets. Computer software is carried at cost, reported as property and equipment, and amortized using the straight-line method over the estimated useful lives of the assets. Internal and external costs related to the development of computer software are capitalized and costs incurred after the software is developed (post-implementation) are expensed as incurred in accordance with U. S. generally accepted accounting principles. Amortization of computer software is reported as depreciation. Items donated to the Center are reported at their estimated fair market value at the date of receipt.

A summary of the useful lives within the major asset groups of property and equipment is outlined below:

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

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, 2024 and 2023.

The Center has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with guidance established by the Financial Accounting Standards Board and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Center.

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.

Subsequent Events

Management has evaluated subsequent events through September 18, 2024, 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:

	2024	**2023**
Contributions receivable before allowance for unamortized discount	$350,000	$587,582
Less: Unamortized discount	(12,605)	(12,048)
Pledges receivable, net	$337,395	$575,534

Amounts due in:		
One year or less	$167,500	$512,582
Two to five years	182,500	75,000
	350,000	587,582
Less: Unamortized discount	(12,605)	(12,048)
Pledges receivable, net	$337,395	$575,534

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. Amounts due under the ERC are reported in the "other receivable" caption on the statement of financial position and amounted to $106,811 and $157,182 at June 30, 2024 and 2023, respectively. Management expects to receive the remaining proceeds of $106,811 during the year ending June 30, 2025.

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.

The Center has 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 8 - 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:

	2024	**2023**
CACF fund assets	$ 38,339	$ 35,441
CFCBR fund assets	10,608	9,663
	$ 48,947	$ 45,104

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2024	2023
Software	$105,004	$105,004
Furniture, fixtures, and equipment	9,398	9,398
Leasehold improvements	5,572	5,572
	119,974	119,974
Less: Accumulated depreciation	(33,721)	(18,721)
	$ 86,253	$101,253

NOTE 8 - BOARD-DESIGNATED ENDOWMENT

The Center maintains a Board-designated endowment fund that is held by CFCBR. (See **NOTE 6 - BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATIONS**.) 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.

Changes in the Center's Board-designated endowment net assets for the year ended June 30, 2024 and 2023 are as follows:

	Without Donor Restrictions	
	June 30, 2024	June 30, 2023
Endowment net assets, beginning of year	$ 9,663	$ 9,060
Net gain on investments	945	603
Contributions	….	….
Appropriation of endowment assets for expenditure	….	….
Endowment net assets, end of year	$ 10,608	$ 9,663

There were no donor-restricted endowment funds for the years ended June 30, 2024 and 2023.

NOTE 9 - LINE OF CREDIT

The Center maintained a $100,000 unsecured line of credit as of June 30, 2024 and 2023. The Center had no borrowings under the line of credit during the years ended June 30, 2024 and 2023. In August of 2024, the line of credit was amended to increase the maximum available borrowings from $100,000 to $225,000. Outstanding borrowings on the line of credit continue to bear interest at the rate of 9.5%. The line of credit is scheduled to expire on August 14, 2025.

NOTE 10 - LEASE OBLIGATION

On December 11, 2023, the Center renewed its building lease agreement. The term of this lease is one year, beginning January 1, 2024 and ending December 31, 2024, with the option to renew annually thereafter. The monthly rent due under the agreement is subject to a 5% increase for each successive one-year renewal term. The Center includes in the determination of the right-of-use asset and lease liability any renewal options that are reasonably certain to be exercised. The total lease cost under the building lease agreement amounted to $53,103 and $49,883 for the years ended June 30, 2024 and 2023, respectively.

The weighted-average remaining lease terms and risk-free rate are as follows:

Weighted-average remaining lease term	2 years
Weighted-average risk-free rate	2.87%

The following is a schedule by year of future minimum payments required under the leases, together with their total present value as of June 30, 2024:

YEAR ENDING JUNE 30,	
2025	$ 56,127
2026	58,783
Total minimum payments	114,910
Less: Amount representing interest	3,414
Present value of minimum lease payments	111,496
Less: current portion	53,624
Non-current portion	$ 57,872

NOTE 11 - NET ASSETS

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

	2024	**2023**
Undesignated	$277,699	$395,991
Designated by the Board:		
Cash reserves	410,704	401,411
Board-designated endowment	10,608	9,663
Total designated by the Board	421,312	411,074
Total net assets without donor restrictions	$699,011	$807,065

A breakdown of net assets with donor restrictions at June 30, 2024 and 2023 is as follows:

	2024	2023
Restricted for:		
Nonprofit capacity-building programs and services	$638,016	$731,360
Contributions receivable – time restriction only	211,825	….
Leadership development	38,339	35,442
Total net assets with donor restrictions	$888,180	$766,802

NOTE 12 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions during the years ended June 30, 2024 and 2023 as follows:

	2024	2023
Nonprofit capacity-building programs and services	$1,112,957	$ 662,481
Nonprofit conference and related programs	770,831	237,589
Salesforce Software Grant	….	80,000
Time restrictions satisfied	71,134	….
Advocacy	31,145	….
Board Development Academy	15,000	18,500
Other support	6,583	20,408
Diversity, equity, and inclusion programs	….	12,443
	$2,007,650	$1,031,421

NOTE 13 - 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 $31,828 and $26,698 for the years ended June 30, 2024 and 2023, respectively.

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

NOTE 14 - 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, 2024 and 2023, 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 line of credit that can be used as an additional source of liquidity, (See **NOTE 9 - LINE OF CREDIT**.)

	2024	2023
Financial assets:		
Cash and cash equivalents	$ 675,578	$ 370,975
Cash internally designated by Board as reserves	410,704	401,411
Accounts receivable	5,683	833
Other receivable	106,811	157,182
Beneficial interests in assets held by Community Foundations	48,947	45,104
Contributions receivable	337,395	575,534
Financial assets, at year end	1,585,118	1,551,039
Less: those unavailable for general expenditure within one year, due to:		
Cash internally designated by Board as reserves	(410,704)	(401,411)
Contributions receivable due after one year	(169,895)	(62,952)
Financial assets available to meet cash needs for general expenditures within one year	$1,004,519	$1,086,676

NOTE 15 - 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.

The fair values of the Center's financial assets measured on a recurring basis at June 30, 2024 are as follows:

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
Beneficial interests in assets held by Community Foundations	$ ….	$ ….	$ 48,947	$ 48,947
Total financial assets at fair value	$ ….	$ ….	$ 48,947	$ 48,947

The fair values of the Center's financial assets measured on a recurring basis at June 30, 2023 are as follows:

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Beneficial interests in assets held by Community Foundations	$ ….	$ ….	$ 45,104	$ 45,104
Total financial assets at fair value	$ ….	$ ….	$ 45,104	$ 45,104

The fair value of the beneficial interests in assets held by Community Foundations is based on the fair value of the fund investments as reported by the respective Community Foundation.

A reconciliation of the change in Level 3 assets for the year ended June 30, 2024 and 2023 are as follows:

	Beneficial Interests in Assets Held By Community Foundations	
	June 30, 2024	June 30, 2023
Balance, beginning of year	$ 45,104	$ 41,234
Contributions	….	….
Distributions	….	….
Net investment gain	3,843	3,870
Balance, end of year	$ 48,947	$ 45,104

NOTE 16 - RELATED PARTY TRANSACTIONS

The Center obtains consulting services from a Board member at a discounted rate. Amounts paid to the related party totaled $9,525 and $17,850 for the years ended June 30, 2024 and 2023, respectively.

NOTE 17 - CONCENTRATIONS

Two donors accounted for approximately 62% of total contributions for the year ended June 30, 2024. Three donors accounted for approximately 50% of total contributions for the year ended June 30, 2023.

Four donors accounted for 90% of gross contributions receivable as of June 30, 2024. Two donors accounted for 100% of gross contributions receivable as of June 30, 2023.

NOTE 18 - CONTINGENCIES

Employee Retention Credit

Laws and regulations concerning government programs, including the Employee Retention Credit, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Center's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Center. (See **NOTE 5 - OTHER RECEIVABLE**.)