VIRGINIA CENTER FOR INCLUSIVE COMMUNITIES

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Certified Public Accountants

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Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
of **Virginia Center for Inclusive Communities**

We have audited the accompanying financial statements of **Virginia Center for Inclusive Communities** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Virginia Center for Inclusive Communities** as of June 30, 2021 and 2020, 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.

Kositzka, Wicks and Company

Richmond, Virginia
November 23, 2021

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Virginia Center for Inclusive Communities

Statements of Financial Position

June 30,	2021	2020
Assets		
Cash and cash equivalents	$ 1,500,562	$ 1,256,494
Accounts receivable, net	91,737	8,371
Grants and pledges receivable, net	10,000	94,175
Investments	2,105,678	830,417
Prepaid expenses	19,759	19,182
Property and equipment, net	20,568	18,438
Total assets	$ 3,748,304	$ 2,227,077
Liabilities and net assets		
Liabilities		
Accounts payable	$ 23,889	$ 504
Accrued expenses	40,899	36,729
Deferred revenue and refundable advances	121,780	111,245
SBA Paycheck Protection Program Loan	149,500	156,200
Total liabilities	336,068	304,678
Net assets		
Without donor restrictions	3,027,166	1,636,492
With donor restrictions	385,070	285,907
Total net assets	3,412,236	1,922,399
Total liabilities and net assets	$ 3,748,304	$ 2,227,077

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Virginia Center for Inclusive Communities

Statement of Activities
for the year ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Revenue, support and gains			
Program service revenue	$ 628,856	$ -	$ 628,856
Contributions and grants	545,759	507,621	1,053,380
SBA Paycheck Protection Program Loan forgivenes:	156,200	-	156,200
Investment income, net	375,315	-	375,315
Special events	531,923	-	531,923
Less cost of direct benefits to donors	(4,515)	-	(4,515)
Net special events revenue	527,408	-	527,408
Net assets released from restriction	408,458	(408,458)	-
	2,641,996	99,163	2,741,159
Expenses			
Program services	965,451	-	965,451
Supporting services			
Management and general	161,916	-	161,916
Fundraising	123,955	-	123,955
	1,251,322	-	1,251,322
Change in net assets	1,390,674	99,163	1,489,837
Net assets, beginning of year	1,636,492	285,907	1,922,399
Net assets, end of year	$ 3,027,166	$ 385,070	$ 3,412,236

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Virginia Center for Inclusive Communities

Statement of Activities
for the year ended June 30, 2020

	Without donor restrictions	With Donor Restrictions	Total
Revenue, support and gains			
Program service revenue	$ 358,980	$ -	$ 358,980
Contributions and grants	250,714	333,875	584,589
Investment income, net	22,009	-	22,009
In-kind contributions	11,088	-	11,088
Special events	287,083	-	287,083
Less cost of direct benefits to donors	(54,861)	-	(54,861)
Net special events revenue	232,222	-	232,222
Net assets released from restriction	489,012	(489,012)	-
	1,364,025	(155,137)	1,208,888
Expenses			
Program services	982,072	-	982,072
Supporting services			
Management and general	145,643	-	145,643
Fundraising	164,526	-	164,526
	1,292,241	-	1,292,241
Change in net assets	71,784	(155,137)	(83,353)
Net assets, beginning of year	1,564,708	441,044	2,005,752
Net assets, end of year	$ 1,636,492	$ 285,907	$ 1,922,399

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Virginia Center for Inclusive Communities

Statement of Functional Expenses
for the year ended June 30, 2021

	Program	Supporting services: Management and general	Supporting services: Fundraising	Total
Expenses				
Board meeting	$ 774	$ 157	$ 115	$ 1,046
Business insurance	22,847	4,631	3,396	30,874
Costs of direct benefits to donors	-	-	4,515	4,515
Depreciation	5,154	1,045	766	6,965
Employee retirement plan	43,087	8,734	6,405	58,226
Equipment leasing	7,545	1,529	1,122	10,196
Facilitator fees	24,125	-	-	24,125
Fundraising events and awards	6,941	1,126	2,262	10,329
Health insurance and other benefits	62,571	12,683	9,301	84,555
Marketing and printing	25,612	1,388	1,908	28,908
Meals and travel	2,423	15	15	2,453
Miscellaneous office	12,718	1,967	3,694	18,379
Office supplies	5,698	393	457	6,548
Payroll taxes	40,352	8,180	5,998	54,530
Postage	629	128	94	851
Professional fees	64,271	-	-	64,271
Programs - miscellaneous	46,446	-	-	46,446
Rent	26,057	5,282	3,873	35,212
Salaries	547,952	111,071	81,452	740,475
Technology and website	16,906	2,960	2,556	22,422
Telephone	3,343	627	541	4,511
Total expenses by function	965,451	161,916	128,470	1,255,837
Less expenses included with revenues on the statement of activities				
Costs of direct benefits to donors	-	-	(4,515)	(4,515)
Total expenses included in the expense section on the statement of activities	$ 965,451	$ 161,916	$ 123,955	$ 1,251,322

Virginia Center for Inclusive Communities

Statement of Functional Expenses
for the year ended June 30, 2020

	Program services	Supporting services: Management and general	Supporting services: Fundraising	Total
Expenses				
Board meeting	$ 1,448	272	$ 234	$ 1,954
Business insurance	19,834	3,721	3,212	26,767
Cost of direct benefits to donors	-	-	54,861	54,861
Depreciation	4,936	925	798	6,659
Employee benefit plan	41,003	7,692	6,640	55,335
Equipment Leasing	6,943	1,302	1,125	9,370
Facilitator fees	27,812	-	-	27,812
Facility rental	90,562	-	-	90,562
Fundraising events and awards	5,256	-	3,713	8,969
Health insurance and other benefits	51,315	9,626	8,310	69,251
Marketing and printing	20,525	1,348	1,773	23,646
Meals and travel	26,088	2,302	9,975	38,365
Miscellaneous office	12,647	1,441	2,865	16,953
Office supplies	10,971	757	882	12,610
Payroll taxes	38,299	7,184	6,202	51,685
Postage	3,179	596	514	4,289
Points of Diversity Expenses	2,502	-	-	2,502
Professional fees	17,842	2,690	26,668	47,200
Programs - miscellaneous	30,705	-	-	30,705
Rent	23,004	4,315	3,725	31,044
Salaries and personnel costs	520,264	97,593	84,253	702,110
Technology	14,358	2,693	2,326	19,377
Telephone	2,955	554	479	3,988
	972,448	145,011	218,555	1,336,014
In-kind contributions				
Marketing and printing	9,624	632	832	11,088
Total expenses by function	982,072	145,643	219,387	1,347,102
Less expenses included with revenues on the statement of activities				
Costs of direct benefits to donors	-	-	(54,861)	(54,861)
Total expenses included in the expense section on the statement of activities	$ 982,072	$ 145,643	$ 164,526	$ 1,292,241

The accompanying independent compilation report and notes are an integral part of the financial statements.

Virginia Center for Inclusive Communities

Statements of Cash Flows **for the years ended June 30,**		**2021**		**2020**
Cash flows from operating activities				
Change in net assets	$	1,489,837	$	(83,353)
Adjustments to reconcile net cash from operating activities:				
Unrealized (gains) losses on investments		(357,968)		359
SBA Paycheck Protction Program loan forgiveness		(156,200)		-
Depreciation		6,965		6,659
(Increase) decrease in operating assets				
Accounts receivable		(83,366)		85,373
Grants and pledges receivable, net		84,175		200,470
Other assets		(577)		(4,175)
Increase (decrease) in operating liabilities				
Accounts payable		23,385		(14,869)
Accrued expenses		4,170		9,529
Funds held on behalf of Points of Diversity		-		(23,232)
Deferred revenue and refundable advances		10,535		54,145
Net cash provided by operating activities		1,020,956		230,906
Cash flows from investing activities				
Purchase of property and equipment		(9,095)		(2,847)
Proceeds from sale of investments		5,428		8,781
Purchase of investments		(922,721)		(21,087)
Net cash used in investing activities		(926,388)		(15,153)
Cash flows from financing activities				
Proceeds from SBA Paycheck Protection Program loan		149,500		156,200
Net cash provided by financing activities		149,500		156,200
Net change in cash and cash equivalents		244,068		371,953
Cash and cash equivalents, beginning of year		1,256,494		884,541
Cash and cash equivalents, end of year	$	1,500,562	$	1,256,494
Supplemental cash flow information				
Cash paid for interest	$	-	$	-
Cash paid for income taxes	$	-	$	-

The accompanying independent auditor's report and notes are an integral part of the financial statements.

1. Organization

Virginia Center for Inclusive Communities (VCIC) is a nonprofit organization that works with schools, businesses, and communities to achieve success by addressing prejudices, in all forms, in order to improve academic achievement, increase workplace productivity, and enhance local trust.

Program service revenues are derived from hosting and facilitating workshops, retreats, and customized programs that raise knowledge and provide motivation and skills to attendees. Programs are primarily delivered through VCIC's four chapter locations in Richmond, on the Virginia Peninsula, in Tidewater (South Hampton Roads), and in Lynchburg, but are also delivered across the Commonwealth of Virginia.

VCIC also raises contributions and grant funding through individual donors and foundations as well as donations through award dinners and other special events.

2. Summary of significant accounting policies

Basis of accounting
The accompanying financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United State of America (U.S. GAAP). In accordance with this method of accounting, revenue is recognized in the period in which it is earned and expenses are recognized in the period in which they are incurred. All revenue and expenses, which are applicable to future periods, have been presented as deferred revenue or prepaid expenses in the accompanying statements of financial position.

Net assets
Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported in two categories as described below.

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity, however VCIC does not have donor-imposed restricted funds which are perpetual in nature.

Revenue recognition
VCIC's exchange type revenues are generated from a variety of contract types including: workshops and training, consultations, Virginia Inclusion Summit and the Workplace Inclusion Network (WIN) series. Resources received in exchange transactions are measured at their fair values and are reported as an increase in net assets without donor restrictions. Contracts with customers were evaluated using the practical expedient of a portfolio approach because each contract is with an individual person or company. Each type of contract has similar characteristics and corresponds to a revenue stream that is carried out on a consistent basis.

Performance obligations satisfied over time include workshops and trainings as well as consultation arrangements. Workshop and training revenues generally consists of planning a single or series of workshops. The revenue for these workshops is recognized based on the date of delivery of the workshop. Consultation arrangement revenues consist of both a fee for service hour or fees to conduct focus groups. The revenue for the consultations is recognized based on payment schedule which generally is multiple payments over the period of professional services. The billings for workshops and trainings and consultation arrangements may occur before, during or after delivery of services and are matched to the service period.

Performance obligations satisfied at point in time include revenue related to the WIN series and Virginia Inclusion Summit. WIN series is a series of professional development events that are provided to employees of participating organizations. This is an annual program consisting of a workshops provided to a participants over a 12 month period. The revenue for the WIN series is recognized after the date of the initial series workshop as participants are not eligible for a refund. The Virginia Inclusion Summit is an event that brings together workplace professionals, government employees and higher education administrators and students for a day of learning, sharing and connection. The revenue for the summit is recognized after the event takes place.

Support and expenses
Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. VCIC reports gifts of cash and other assets as restricted support, if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without restrictions.

Special events revenue consists of donations collected during special events and also registrations for events that are recognized at the time the event takes place. Amounts received in advance of the event are included in refundable advances. The direct benefits to donors expense comes mostly from costs incurred for in-person events. Direct benefits to donors expense was down significantly from prior year because there were no in-person events in the year ended June 30, 2021.

Donated goods and services
A substantial number of volunteers donate time to VCIC’s program services and fundraising efforts. The donated services that require specialized skills, as defined by U.S. generally accepted accounting principles, are reflected in the financial statements; the remainder are not. VCIC recognizes donated supplies, assets, and other items at fair value as income and expense or capitalizes such items as property or equipment. Included in marketing and advertising costs are approximately $11,088 in donated goods and services for the year ended June 30, 2020. There were no donated goods and services for the year ended June 30, 2021.

Cash and cash equivalents
Cash and cash equivalents consists of all cash and highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Accounts receivable
Accounts receivable are due within one year. VCIC provides an allowance for doubtful accounts for potentially uncollectible accounts based on historical bad debt experience and management’s judgment. An allowance was recorded of $440 for the years ended June 30, 2021 and 2020.

Grants and pledges receivable
Grants and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncertain amounts through a provision for bad debt expense and an adjustment to a valuation allowance. Amounts due more than one year later are recorded at the present value of the estimated future cash flows, discounted at risk-free rates applicable to the years in which the promises were received.

Property and equipment
Property and equipment are reported at cost. VCIC capitalizes purchases over $1,000 which have an estimated useful life of greater than one year. Depreciation is computed using the straight-line method over the estimated useful life. All donated property and equipment are recorded at fair market value at the date of the gift. The costs of maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed as incurred.

Investments
Investments are measured at fair value in the statement of financial position based on publicly available market data obtained from services independent of VCIC. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Deferred revenue and refundable advances
Deferred revenue consists of payments or deposits for workshops and special event programs that are to be held in future periods.

Compensated absences
Employees are entitled to paid vacation days in accordance with the personnel policy. These benefits accrue and may be carried over from year to year. Carryover ranges from 22-29 days depending on length of service. Included in accrued expenses are costs associated with these accrued vacation days totaling $40,899 and $36,685 as of June 30, 2021 and 2020, respectively.

Other financial assets and liabilities
Financial assets with carrying values approximating fair value include cash and cash equivalents, accounts receivable, grants and pledges receivable, investments and other assets. Financial liabilities with carrying values approximating fair value include accounts payable, accrued expenses, and deferred revenue. The carrying value of these financial assets and liabilities approximates fair value due to their short maturities and any associated interest rates approximate current market rates.

Advertising
VCIC expenses advertising costs as they are incurred. For the years ended June 30, 2021 and 2020, marketing and printing costs of $28,908 and $23,646, respectively, were incurred.

Functional expenses
The costs of providing the program and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, business insurance, depreciation, employee retirement plan, equipment leasing, health insurance, payroll taxes, postage, rent, salaries, technology and telephone costs have been allocated among the program and supporting services benefitted based on the estimated time spent by personnel of VCIC during the year. The functional classifications are:

Program services are defined as the activities that result in services being performed for customers or beneficiaries. VCIC's programs all fall generally under the umbrella of trainings and events to improve academic achievement, increase workplace productivity and enhance local trust. As such, only one program has been reported.

Management and general are those activities that include oversight, business management, general record keeping, budgeting, financing, and all management and administration except for direct conduct of program services or fundraising activities.

Fundraising activities are those activities which involve potential donors to contribute funds, services or other assets or time. They include conducting fundraising campaigns; maintaining donor mailing lists; conducting special events, and other activities involved with soliciting contributions.

Income taxes
VCIC is exempt from federal income taxes as a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation. Therefore, no provision or liability for income taxes has been included in the financial statements. VCIC believes that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements. Management does not believe that the ultimate outcome of any future examinations of open tax years will have a material impact on VCIC's results of operations. Tax years that remain subject to examination by the IRS are fiscal years 2018 through 2021.

Use of estimates
The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of credit risk and market risk
Financial instruments that potentially expose VCIC to concentration of credit and market risk consist primarily of cash equivalents, grants and pledges receivable, and investments.

VCIC maintains its cash in various bank accounts which, at times, may exceed federally insured limits. VCIC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. The FDIC insurance coverage limit is $250,000 per depositor and as of June 30, 2021 and 2020, VCIC held cash in excess of these limits of approximately $1,150,000 and $930,000, respectively.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect amounts reported in future statements of activities. Management believes that VCIC's investments do not represent significant concentrations of market risk as the portfolio is adequately diversified among issuers.

VCIC's programs and services are concentrated within the Commonwealth of Virginia. At June 30, 2021, two grantors accounted for 46 percent of total receivables. At June 30, 2020, one donor accounted for 72 percent of total receivables. Two contributors account for approximately 52 percent of total contribution and grant revenues for the year ended June 30, 2021. One contributor accounts for approximately 26 percent of total contribution and grant revenues for the year ended June 30, 2020. One customers accounts for approximately 10 percent of total program revenue for the year ended June 30, 2021. There was no concentration of program revenue for the year ended June 30, 2020.

Recently adopted accounting pronouncements
The FASB ASU 2014-09 (as amended by ASU 2015-14), *Revenue from Contracts with Customers*, provides a single comprehensive accounting standard for revenue recognition for contracts with customers and supersedes prior industry-specific guidance. Virginia Center for Inclusive Communities adopted the standard on July 1, 2020, with no effect on beginning net assets. See note 3 for additional information.

New accounting pronouncements
The FASB ASU 2016-02, *Leases*, requires lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases with terms greater than 12 months. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021. Virginia Center for Inclusive Communities plans to adopt the standard on its effective date, which for the VCIC is July 1, 2022. VCIC has not evaluated the impact of this statement.

The FASB ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, requires not-for-profits (NFPs) to present contributed nonfinancial assets as a separate line item in the statement activities and provide additional disclosures about contributions of nonfinancial assets. Contributed nonfinancial assets, commonly referred to as gifts-in-kind, include fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The ASU is effective for annual periods beginning after June 15, 2021. Virginia Center for Inclusive Communities plans to adopt this standard on July 1, 2022. VCIC has not evaluated the impact of this statement.

3. Revenue from contracts with customers

The Organization’s revenue from contracts with customers is recognized based on both performance obligations satisfied at a point in time and those satisfied over-time for the year ended December 31:

	2021	2020
Performance obligations satisfied at a point in time	$ 8,500	$ 17,625
Performance obligations satisfied over-time	620,356	341,355
Total revenue from contracts with customers	$ 628,856	$ 358,980

Contract liabilities, which are included in deferred revenue and refundable advances in the statement of financial position, consisted of the following at December 31:

	2021	2020
Workshop series and consultations	$ 101,280	$ 3,667

4. Grants and pledges receivable

Unconditional grants and pledges receivable are estimated to be collected as follows at June 30:

	2021	2020
Within one year	$ 10,000	$ 85,000
In one to five years	-	10,000
	10,000	95,000
Less discount to net present value at rate of 2.75%	-	(275)
Less allowance for uncollectible pledges receivable	-	(550)
	$ 10,000	$ 94,175

5. Investments and fair value measurements

Accounting standards require companies to determine fair value based on the price that would be received to sell the asset or paid to transfer the liability to a market participant. A three-level hierarchy for disclosure of fair value measurements is based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are defined below.

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. VCIC's investments are classified as Level 1 within the fair value hierarchy because they are composed of highly liquid cash equivalents, open-ended mutual funds or exchange traded funds with readily determinable fair values based on daily redemption values.

Level 2 – inputs to the valuation methodology included quoted prices for similar assets or liabilities in active market and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair value measurements on a recurring basis are composed of the following investments at June 30, 2021:

	Level 1	Level 2	Level 3	Total
Investments measured at fair value				
Cash equivalent	$ 46,917	$ -	$ -	$ 46,917
US small-cap equity	195,883	-	-	195,883
US mid-cap equity	185,692	-	-	185,692
US large-cap equity	1,115,937	-	-	1,115,937
Developed markets equity	246,813	-	-	246,813
Emerging markets equity	76,972	-	-	76,972
Government bond fund	237,464	-	-	237,464
	$ 2,105,678	$ -	$ -	$ 2,105,678

Fair value measurements on a recurring basis are composed of the following investments at June 30, 2020:

	Level 1	Level 2	Level 3	Total
Investments measured at fair value				
Cash equivalent	$ 27,127	$ -	$ -	$ 27,127
US small-cap equity	55,469	-	-	55,469
US mid-cap equity	46,767	-	-	46,767
US large-cap equity	340,536	-	-	340,536
Developed markets equity	82,768	-	-	82,768
Emerging markets equity	28,132	-	-	28,132
Government bond fund	249,620	-	-	249,620
	$ 830,417	$ -	$ -	$ 830,417

Investment income was comprised of the following for the years ending June 30:

	2021	2020
Dividend and interest income	$ 29,305	$ 28,487
Realized and unrealized gains on investments	357,968	(359)
Investment management fees	(11,958)	(6,119)
	$ 375,315	$ 22,009

6. Property and equipment

Property and equipment consisted of the following at June 30:

	2021	2020	Estimated useful life
Furniture, fixtures, and equipment	$ 51,732	$ 42,637	3 - 5 years
Leasehold improvements	3,777	3,777	5 years
Trademarks	1,200	1,200	10 years
	56,709	47,614	
Less: accumulated depreciation	(36,141)	(29,176)	
	$ 20,568	$ 18,438	

Depreciation expense for the years ending June 30, 2021 and 2020 was $6,965 and $6,659, respectively.

7. Paycheck Protection Program (PPP) Loan

VCIC obtained a CARES Act Paycheck Protection Program loan in April 2020 in the amount of $156,200 as a result of the COVID-19 pandemic. VCIC complied with the necessary requirements to obtain full forgiveness on the loan in March of 2021. This has been reported as revenue in the statement of activities for the year ending June 30, 2021.

VCIC also obtained a second CARES Act Paycheck Protection Program loan in April 2021 in the amount of $149,500 as a result of the COVID-19 pandemic. VCIC intends to comply with the loan requirements so that the loan is fully forgiven. VCIC has submitted the loan forgiveness application and is waiting for approval. This loan is reported as a liability in the statement of financial position as of June 30, 2021.

8. Employee benefit plan

VCIC sponsors a 403(b) retirement plan through TIAA. Eligible employees are those at least 18 years of age and employed on a full-time basis. Matching contributions require a minimum of 6 consecutive months of service. The first 3 percent of employee contributions are not matched while the employee contributions from 3 percent up to 12 percent are matched by VCIC in accordance with the matching contribution formula elected in the adoption agreement. Matching contributions become fully vested on the one year service anniversary of the participant. The total matching contribution and related plan costs for the years ended June 30, 2021 and 2020 were $58,226 and $55,335.

9. Long-term leases

VCIC has long-term leases related to office space, a copy machine and a mail meter. The office lease is a six-year lease with escalation clauses over the term of the lease. The monthly rent for this lease ranged from $2,650 to $4,355 during the years ending June 30, 2021 and 2020. This lease is set to expire on June 30, 2022.

The copy machine has a four-year lease with monthly payments of $523 and the mail meter has a five-year lease with monthly payments of $219. Total rent for the years ending June 30, 2021 and 2020 were $35,212 and $31,044 for the office space and $10,196 and $9,370 for the copy machine and mail meter, respectively.

Future lease minimum payments for the remaining years under these leases are as follows for the years ending June 30:

2022	$ 61,421
2023	8,466
2024	6,276
	$ 76,163

10. Net assets with donor restrictions

Net assets with donor restrictions and the related releases from restrictions as of and for the year ended June 30, 2021 are summarized as follows:

	June 30, 2020	Grants and contributions	Releases	June 30, 2021
Restricted to future periods	$ 20,000	$ -	$ (10,000)	$ 10,000
Restricted for specific activities:				
School programs	190,076	328,344	(293,790)	224,630
Community programs	65,831	179,277	(94,668)	150,440
Other	10,000	-	(10,000)	-
	$ 285,907	$ 507,621	$ (408,458)	$ 385,070

Net assets with donor restrictions and the related releases from restrictions as of and for the year ended June 30, 2020 are summarized as follows:

	June 30, 2019	Grants and contributions	Releases	June 30, 2020
Restricted to future periods	$ 221,000	$ -	$ (201,000)	$ 20,000
Restricted for specific activities:				
School programs	201,270	177,500	(188,694)	190,076
Community programs	18,774	146,375	(99,318)	65,831
Other	-	10,000	-	10,000
	$ 441,044	$ 333,875	$ (489,012)	$ 285,907

Grants and contributions restricted to future periods have payments due in 2022 as outlined in Note 3. Grants and contributions which are restricted to specific activities include but are not limited to various projects at VCIC: the Connections Institute program, Lynchburg City Schools Project Inclusion, Armstrong Project Inclusion, and the Educational Equity Initiative.

11. Liquidity and availability

VCIC strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds, and other short-term investments.

The following table reflects VCIC's financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor or contractual restrictions:

	2021	2020
Cash and cash equivalents	$ 1,500,562	$ 1,256,494
Accounts receivable	91,737	8,371
Grants and pledges receivable	10,000	85,000
Investments	2,105,678	830,417
Total financial assets available within one year	3,707,977	2,180,282
Less amounts unavailable for general expenditures within one year due to:		
Restrictions by donors for specific activities or purpose	(375,070)	(275,907)
Total financial assets available to meet general expenditures within one year:	$ 3,332,907	$ 1,904,375

12. Subsequent events

Virginia Center for Inclusive Communities assessed events occurring subsequent to June 30, 2021 through November 23, 2021 for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.