VIRGINIA CENTER FOR INCLUSIVE COMMUNITIES

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

KWC Certified Public Accountants

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Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
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, 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 **Virginia Center for Inclusive Communities** 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 **Virginia Center for Inclusive Communities** 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 these 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 **Virginia Center for Inclusive Communities'** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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, including omissions, 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.

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To the Board of Directors
Virginia Center for Inclusive Communities

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 **Virginia Center for Inclusive Communities'** 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 **Virginia Center for Inclusive Communities'** 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.

Kositzka, Wicks and Company

Glen Allen, Virginia
August 23, 2024

Virginia Center for Inclusive Communities

Statements of Financial Position

June 30,		**2024**		**2023**
Assets				
Cash and cash equivalents	$	864,086	$	979,599
Accounts receivable, net of allowance for credit losses of $440 at June 30, 2024 and 2023		56,346		33,421
Investments		2,799,677		2,456,937
Prepaid expenses		32,707		18,588
Operating lease right-of-use assets		127,732		173,787
Property and equipment, net		45,401		59,716
Total assets	$	3,925,949	$	3,722,048
Liabilities and net assets				
Liabilities				
Accounts payable	$	33,200	$	33,843
Accrued expenses		46,133		44,749
Deferred revenue and refundable advances		80,320		62,250
Operating lease liability		133,787		179,374
Total liabilities		293,440		320,216
Net assets				
Without donor restrictions		3,572,509		3,233,367
With donor restrictions		60,000		168,465
Total net assets		3,632,509		3,401,832
Total liabilities and net assets	$	3,925,949	$	3,722,048

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, 2024

	Without donor restrictions	With donor restrictions	Total
Revenue, support, and gains			
Program service revenue	$ 546,193	$ -	$ 546,193
Contributions and grants	358,584	66,500	425,084
In-kind contributions	11,789	-	11,789
Investment income, net	383,470	-	383,470
Special events	478,228	-	478,228
Less cost of direct benefits to donors	(72,818)	-	(72,818)
Net special events revenue	405,410	-	405,410
Gain on disposal of assets	577	-	577
Net assets released from restriction	174,965	(174,965)	-
	1,880,988	(108,465)	1,772,523
Expenses			
Program services	1,161,509	-	1,161,509
Supporting services			
Management and general	167,649	-	167,649
Fundraising	212,688	-	212,688
	1,541,846	-	1,541,846
Change in net assets	339,142	(108,465)	230,677
Net assets, beginning of year	3,233,367	168,465	3,401,832
Net assets, end of year	$ 3,572,509	$ 60,000	$ 3,632,509

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, 2023

	Without donor restrictions	With donor restrictions	Total
Revenue, support, and gains			
Program service revenue	$ 476,581	$ -	$ 476,581
Contributions and grants	355,383	65,000	420,383
Investment income, net	251,801	-	251,801
Special events	426,758	-	426,758
Less cost of direct benefits to donors	(81,945)	-	(81,945)
Net special events revenue	344,813	-	344,813
Net assets released from restriction	221,755	(221,755)	-
	1,650,333	(156,755)	1,493,578
Expenses			
Program services	1,151,389	-	1,151,389
Supporting services			
Management and general	167,909	-	167,909
Fundraising	203,090	-	203,090
	1,522,388	-	1,522,388
Change in net assets	127,945	(156,755)	(28,810)
Net assets, beginning of year	3,105,422	325,220	3,430,642
Net assets, end of year	$ 3,233,367	$ 168,465	$ 3,401,832

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, 2024

	Program services	Supporting services: Management and general	Supporting services: Fundraising	Total
Expenses				
Board meeting	$ 2,805	$ 512	$ 645	$ 3,962
Business insurance	22,806	4,155	5,251	32,212
Costs of direct benefits to donors	-	-	72,818	72,818
Depreciation	11,788	2,148	2,714	16,650
Employee retirement plan	46,752	8,518	10,763	66,033
Equipment leasing	7,479	1,363	1,721	10,563
Facilitator fees	3,615	-	-	3,615
Facility rental	107,319	-	-	107,319
Fundraising events and awards	10,701	1,407	2,857	14,965
Health insurance and other benefits	54,936	10,009	12,647	77,592
Marketing and printing	16,808	295	1,003	18,106
Meals and travel	42,971	563	560	44,094
Miscellaneous office	18,742	2,847	5,052	26,641
Occupancy	31,506	5,740	7,252	44,498
Office supplies	9,328	643	751	10,722
Payroll taxes	43,470	7,920	10,008	61,398
Postage	2,483	452	571	3,506
Professional fees	49,543	9,027	11,406	69,976
Programs - miscellaneous	62,458	-	-	62,458
Salaries	586,573	106,875	135,044	828,492
Technology and website	14,225	2,592	3,275	20,092
Telephone	5,071	924	1,168	7,163
	1,151,379	165,990	285,506	1,602,875
Contributed goods and services				
Donated services	10,130	1,659	-	11,789
Total expenses by function	1,161,509	167,649	285,506	1,614,664
Less expenses included with revenues on the statement of activities				
Costs of direct benefits to donors	-	-	(72,818)	(72,818)
Total expenses included in the expense section on the statement of activities	$ 1,161,509	$ 167,649	$ 212,688	$ 1,541,846

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, 2023

	Program services	Supporting services: Management and general	Supporting services: Fundraising	Total
Expenses				
Board meeting	$ 2,507	441	$ 520	$ 3,468
Business insurance	22,046	3,872	4,574	30,492
Costs of direct benefits to donors	-	-	81,945	81,945
Depreciation	12,296	2,160	2,551	17,007
Employee retirement plan	48,275	8,479	10,016	66,770
Equipment leasing	7,712	1,355	1,600	10,667
Facilitator fees	17,168	-	-	17,168
Facility rental	71,016	-	-	71,016
Fundraising events and awards	10,345	1,360	2,762	14,467
Health insurance and other benefits	61,292	10,766	12,716	84,774
Marketing and printing	52,858	928	3,155	56,941
Meals and travel	37,656	494	491	38,641
Miscellaneous office	18,397	2,795	4,961	26,153
Occupancy	32,407	5,692	6,723	44,822
Office supplies	9,364	647	753	10,764
Payroll taxes	46,787	8,219	9,707	64,713
Postage	1,688	297	350	2,335
Professional fees	39,658	6,966	8,228	54,852
Programs - miscellaneous	14,121	-	-	14,121
Salaries	622,092	109,274	129,065	860,431
Technology and website	19,106	3,356	3,964	26,426
Telephone	4,598	808	954	6,360
Total expenses by function	1,151,389	167,909	285,035	1,604,333
Less expenses included with revenues on the statement of activities				
Costs of direct benefits to donors	-	-	(81,945)	(81,945)
Total expenses included in the expense section on the statement of activities	$ 1,151,389	$ 167,909	$ 203,090	$ 1,522,388

Virginia Center for Inclusive Communities

Statements of Cash Flows
for the years ended June 30,

	2024	2023
Cash flows from operating activities		
Change in net assets	$ 230,677	$ (28,810)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Change in operating lease asset and liability	468	5,587
Realized and unrealized gains on investments	(342,740)	(222,936)
Gain on disposal of fixed assets	(577)	-
Depreciation	16,650	17,007
(Increase) decrease in operating assets		
Accounts receivable	(22,925)	20,077
Grants and promises to give	-	50,000
Prepaid expenses	(14,119)	1,507
Increase (decrease) in operating liabilities		
Accounts payable	(643)	15,981
Accrued expenses	1,384	(2,003)
Deferred revenue and refundable advances	18,070	22,125
Net cash used in operating activities	(113,755)	(121,465)
Cash flows from investing activities		
Purchase of property and equipment	(2,820)	(52,076)
Insurance proceeds for disposed equipment	1,062	-
Proceeds from sale of investments	-	230,647
Purchase of investments	-	(274,674)
Net cash used in investing activities	(1,758)	(96,103)
Net change in cash and cash equivalents	(115,513)	(217,568)
Cash and cash equivalents, beginning of year	979,599	1,197,167
Cash and cash equivalents, end of year	$ 864,086	$ 979,599
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).

Use of estimates
The preparation of financial statements in conformity with U.S. GAAP 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.

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 hours and 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 workshops provided to 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 statements 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 totaled $72,818 and $81,945 during the years ended June 30, 2024 and 2023, respectively.

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. GAAP, are reflected in the financial statements; the remainder are not.

VCIC receives various forms of donated marketing and consulting services. These donated services are recognized when a professional with specialized skills provides services for free or at a discount. The amount of donated or contributed services is reported at the estimated fair market value of the services, or the amount of the discount. The estimated fair value of these donated service is provided by the service provider, who estimates the fair value based on the date, time and market in which the service is rendered.

There were no donated goods received during the years ended June 30, 2024 and 2023. There were donated services of $11,789 recognized during the year ended June 30, 2024. There were no donated services for the year ended June 30, 2023. See Note 4 for additional information on donated services.

Cash and cash equivalents
All cash and highly liquid financial instruments, including money markets, with original maturities of three months or less, which are neither held for, nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Accounts receivable and allowance for credit losses
VCIC operates to host and facilitate workshops, retreats, and customized programs that raise knowledge and provide motivation and skills to improve academic achievement, increase workplace productivity, and enhance local trust. Accounts receivables are made up of program service revenues which are recorded when recognized. VCIC recognizes an expected allowance for credit losses which is derived from management's assessment of historical customer experience, current creditworthiness, balance collections subsequent to year-end, and reasonable and supportable forecasts.

VCIC believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as VCIC's model for contracting services with individual and business customers has remained consistent.

The allowance is established for expected credit losses to be recognized over the life of the receivable. Any allowance is charged to net income in the period the receivable is recorded and revised in subsequent periods to reflect changes in VCIC's estimate. VCIC writes off receivables when there is information that indicates the customer is facing significant financial difficulty and there is no possibility of recovery. Balances that are deemed entirely uncollectible are written off through a credit memo to income and a credit to the respective receivable account. Based on the VCIC's experience with its customers and management's assessment of current conditions, reasonable and supportable forecasts regarding future events, an allowance for credit losses in the amount of $440 was recorded for VCIC's accounts receivable as of June 30, 2024 and 2023.

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 statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Right-of-use leased assets and liabilities
Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent VCIC's right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

VCIC leases certain office facilities and equipment at various terms under long-term non-cancelable operating lease agreements. The leases expire at various dates through 2027. VCIC includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The weighted-average discount rate is based on the discount rate implicit in the lease. VCIC has elected the option 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. VCIC has applied the risk-free rate option to the office facilities and office equipment classes of assets.

VCIC has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Property and equipment
Property and equipment are reported at cost less accumulated depreciation. 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 is recorded at fair market value on 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.

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 $46,133 and $42,541 as of June 30, 2024 and 2023, respectively.

Deferred revenue and refundable advances
Deferred revenue and refundable advances consist of payments or deposits for workshops or special event programs received in advance and deferred to the applicable period.

Other financial assets and liabilities
Financial assets with carrying values approximating fair value include cash and cash equivalents, accounts receivable, prepaid expenses, and investments. Financial liabilities with carrying values approximating fair value include accounts payable, accrued expenses, and deferred revenue and refundable advances. 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, 2024 and 2023, marketing and printing costs totaled $18,106 and $56,941, respectively.

Functional expenses
The costs of providing the program and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, board meeting costs, business insurance, depreciation, employee retirement plan, equipment leasing, health insurance and other benefits, occupancy, payroll taxes, postage, professional fees, salaries, technology and website, 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. Other expenses were directly allocated based on the function benefitted. 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 2021 through 2024.

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 on deposit with financial institutions in the United States of America. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage for up to $250,000 of cash held in each separate FDIC insured bank savings institution. From time to time, VCIC may have amounts on deposit in excess of the insured limits.

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, 2024, one customer accounted for 11 percent of total receivables. At June 30, 2023, two customers accounted for 40 percent of total receivables. One contributor accounted for approximately 15 percent of total contribution and grant revenues for the year ended June 30, 2024. One contributor accounted for approximately 14 percent of total contribution and grant revenues for the year ended June 30, 2023. There were no concentrations of program revenue for the years ended June 30, 2024 or 2023.

Recently adopted accounting pronouncements
The Financial Accounting Standards Board (FASB) guidance (FASB ASC 326) which significantly changed how entities will 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 VCIC that are subject to the guidance in FASB ASC 326 are accounts receivable. VCIC adopted the standard on its effective date of July 1, 2023. The impact of adoption was not considered material to the financial statements and primarily resulted in new disclosures only.

3. Revenue from contracts with customers

VCIC's program service revenue from contracts with customers, derived from workshop series and consultations, was recognized based on the satisfaction of performance obligations as follows during the years ended June 30:

	2024	2023
Performance obligations satisfied at a point in time	$ 25,890	$ 24,340
Performance obligations satisfied over time	520,303	452,241
Total revenue from contracts with customers	$ 546,193	$ 476,581

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying statements of financial position. Contract liabilities are reported as deferred revenue and refundable advances in the accompanying statements of financial position. The beginning and ending balances for accounts receivables and contract liabilities were as follows for the years ended June 30, 2024 and 2023:

	June 30, 2024	
	Beginning balance	Ending balance
Accounts receivable, net of allowance for credit losses	$ 33,421	$ 56,346
Deferred revenue and refundable advances	62,250	80,320

	June 30, 2023	
	Beginning balance	Ending balance
Accounts receivable, net of allowance for credit losses	$ 53,498	$ 33,421
Deferred revenue and refundable advances	40,125	62,250

The following table provides information about significant changes in deferred revenue and refundable advances for the year ended June 30:

	2024	2023
Balance, beginning of year	$ 62,250	$ 40,125
Additions	80,320	62,250
Satisfactions	(62,250)	(40,125)
Balance, end of year	$ 80,320	$ 62,250

4. In-kind contributions

VCIC recognized the following in-kind contributions for the years ended June 30:

	2024	2023
Donated services		
Marketing services for awards event	$ 5,400	$ -
Video editing services	4,730	-
Legal services	1,659	-
	$ 11,789	$ -

Contributed marketing and video editing services were provided by specially trained professionals. These services were used in program services and recognized at fair values based on current rates for similar services.

Contributed legal services were provided by attorneys who advise VCIC on various administrative legal matters. Contributed legal services were used for management and general activities and recognized at fair value based on current rates for similar legal services.

5. Investments and fair value measurements

Fair value measurements are 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 were composed of the following at June 30, 2024:

	Level 1	Level 2	Level 3	Total
Investments measured at fair value:				
US small-cap equity	$ 188,598	$ -	$ -	$ 188,598
US mid-cap equity	292,316	-	-	292,316
US large-cap equity	1,467,167	-	-	1,467,167
Developed markets equity	254,821	-	-	254,821
Emerging markets equity	106,311	-	-	106,311
Government bond fund	490,464	-	-	490,464
	$ 2,799,677	$ -	$ -	$ 2,799,677

Fair value measurements on a recurring basis were composed of the following at June 30, 2023:

	Level 1	Level 2	Level 3	Total
Investments measured at fair value:				
US small-cap equity	$ 175,068	$ -	$ -	$ 175,068
US mid-cap equity	263,565	-	-	263,565
US large-cap equity	1,185,594	-	-	1,185,594
Developed markets equity	236,790	-	-	236,790
Emerging markets equity	97,890	-	-	97,890
Government bond fund	498,030	-	-	498,030
	$ 2,456,937	$ -	$ -	$ 2,456,937

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

	2024	2023
Dividend and interest income	$ 58,323	$ 45,918
Realized and unrealized gains on investments	342,740	222,936
Investment management fees	(17,593)	(17,053)
	$ 383,470	$ 251,801

6. Lease obligations

VCIC has a long-term operating lease for its office facilities which was originally set to expire June 30, 2022, but was amended on that date to extend an additional five-year term. The lease is subject to annual escalation clauses through the lease term ending June 30, 2027. Additionally, VCIC had a four-year operating lease for a copier machine which required monthly payments of $523 through June 2024. Other office equipment leases exist but are considered immaterial for right-of-use lease asset capitalization, and lease expense continues to be recognized on a straight-line basis over the lease term.

Lease expense associated with the office facilities lease is reported as occupancy in the statements of activities totaling $44,498 and $44,822 for the years ended June 30, 2024 and 2023, respectively. Other lease expenses for office equipment are reported in equipment leasing in the statements of activities totaling $10,563 and $10,667 for the years ended June 30, 2024 and 2023, respectively.

VCIC had the following cash and non-cash activities associated with leases for the years ended June 30:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 50,034	$ 42,421
ROU assets obtained in exchange for new operating lease liabilities	$ -	$ 216,115

The operating lease terms and discount rates are summarized as follows at June 30:

	2024	2023
Weighted-average remaining lease term (in years)	3.0	3.9
Weighted-average discount rate	2.88%	2.88%

At June 30, 2024, the future payments due under VCIC's noncancelable operating leases are as follows:

For the year ended June 30:	
2025	$ 45,310
2026	46,422
2027	47,815
Total undiscounted cash flows	$ 139,547
Less: present value discount	(5,760)
Total operating lease liability	$ 133,787

7. Property and equipment

Property and equipment consisted of the following at June 30:

	2024	2023	Estimated useful life
Furniture, fixtures, and equipment	$ 57,785	$ 56,043	3 - 5 years
Leasehold improvements	54,368	54,368	5 years
Trademarks	1,200	1,200	10 years
	113,353	111,611	
Less: accumulated depreciation	(67,952)	(51,895)	
	$ 45,401	$ 59,716	

Depreciation expense for the years ended June 30, 2024 and 2023 was $16,650 and $17,007, respectively.

8. Net assets with donor restrictions

Net assets with donor restrictions as of and for the year ended June 30, 2024 are summarized as follows:

	June 30, 2023	Grants and contributions	Releases	June 30, 2024
Restricted for specific activities:				
School programs	$ 139,997	$ 42,500	$ (140,000)	$ 42,497
Community programs	28,468	24,000	(34,965)	17,503
	$ 168,465	$ 66,500	$ (174,965)	$ 60,000

Net assets with donor restrictions as of and for the year ended June 30, 2023 are summarized as follows:

	June 30, 2022	Grants and contributions	Releases	June 30, 2023
Restricted to future periods	$ 50,000	$ -	$ (50,000)	$ -
Restricted for specific activities:				
School programs	120,494	65,000	(45,497)	139,997
Community programs	100,218	-	(71,750)	28,468
Other	54,508	-	(54,508)	-
	$ 325,220	$ 65,000	$ (221,755)	$ 168,465

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, and the Educational Equity Initiative.

9. 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 reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position date due to donor or contractual restrictions as of June 30:

	2024	2023
Cash and cash equivalents	$ 864,086	$ 979,599
Accounts receivable	56,346	33,421
Investments	2,799,677	2,456,937
Total financial assets available within one year	3,720,109	3,469,957
Less amounts unavailable for general expenditures within one year due to donor-imposed restrictions	(60,000)	(168,465)
Total financial assets available to meet general expenditures within one year:	$ 3,660,109	$ 3,301,492

10. 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, 2024 and 2023 were $66,033 and $66,770, respectively.

11. Subsequent events

VCIC assessed events occurring subsequent to June 30, 2024 through August 23, 2024 for potential recognition and disclosure in the financial statements.

In July 2024, VCIC executed a new copier lease agreement which requires 48 monthly payments of $392. The lease commitment will total $18,816 of undiscounted future minimum lease payments.

No other events have occurred that would require adjustment to or disclosure in the financial statements.