VIRGINIA CENTER FOR INCLUSIVE COMMUNITIES

FINANCIAL STATEMENTS

June 30, 2019 AND 2018

KWC Certified Public Accountants

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KWC Certified Public Accountants & Business Consultants

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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, 2019 and 2018, 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, 2019 and 2018, 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 5, 2019

Virginia Center for Inclusive Communities

Statement of Financial Position

June 30,	2019	2018
Assets		
Cash and cash equivalents	$ 884,541	$ 692,836
Accounts receivable	93,744	73,096
Grants and pledges receivable, net	294,645	275,647
Investments	818,470	538,122
Other assets	15,007	500
Property and equipment, net	22,250	15,534
Total assets	$ 2,128,657	$ 1,595,735
Liabilities and net assets		
Accounts payable	$ 15,373	$ 1,002
Accrued expenses	27,200	45,006
Funds held on behalf of Points of Diversity	23,232	-
Deferred revenue	57,100	22,375
Total liabilities	122,905	68,383
Net assets		
Without donor restrictions	1,564,708	1,092,712
With donor restrictions	441,044	434,640
Total net assets	2,005,752	1,527,352
Total liabilities and net assets	$ 2,128,657	$ 1,595,735

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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains			
Program service revenue	$ 607,150	$ -	$ 607,150
Contributions and grants	244,277	435,240	679,517
Investment income, net	32,728	-	32,728
In-kind contributions	26,800	-	26,800
Special events	436,382	-	436,382
Less cost of direct benefits to donors	(89,026)	-	(89,026)
Net special events revenue	347,356	-	347,356
Net assets released from restriction	428,836	(428,836)	-
	1,687,147	6,404	1,693,551
Expenses			
Program services	923,247	-	923,247
Supporting services			
Management and general	121,635	-	121,635
Fundraising	170,269	-	170,269
	1,215,151	-	1,215,151
Change in net assets	471,996	6,404	478,400
Net assets, beginning of year	1,092,712	434,640	1,527,352
Net assets, end of year	$ 1,564,708	$ 441,044	$ 2,005,752

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, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains			
Program service revenue	$ 471,114	$ -	$ 471,114
Contributions and grants	350,400	489,525	839,925
Investment income, net	30,578	-	30,578
In-kind contributions	13,978	-	13,978
Special events	442,092	-	442,092
Less cost of direct benefits to donors	(87,120)	-	(87,120)
Net special events revenue	354,972	-	354,972
Net assets released from restriction	102,213	(102,213)	-
	1,323,255	387,312	1,710,567
Expenses			
Program services	701,947	-	701,947
Supporting services			
Management and general	107,091	-	107,091
Fundraising	185,386	-	185,386
	994,424	-	994,424
Change in net assets	328,831	387,312	716,143
Net assets, beginning of year	763,881	47,328	811,209
Net assets, end of year	$ 1,092,712	$ 434,640	$ 1,527,352

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, 2019

	Program services	Supporting services: Management and general	Supporting services: Fundraising	Total
Expenses				
Board meeting	$ 2,006	$ 356	$ 378	$ 2,740
Business insurance	19,210	3,412	3,622	26,244
Costs of direct benefits to donors	-	-	89,026	89,026
Depreciation	4,593	816	866	6,275
Employee retirement plan	40,371	7,170	7,611	55,152
Equipment leasing	7,331	1,302	1,382	10,015
Facilitator fees	49,710	-	-	49,710
Facility rental	62,789	-	-	62,789
Fundraising events and awards	11,152	-	9,014	20,166
Health insurance and other benefits	43,623	7,747	8,224	59,594
Marketing and printing	21,280	932	1,698	23,910
Meals and travel	31,107	2,745	11,894	45,746
Miscellaneous office	17,468	2,223	4,470	24,161
Office supplies	15,985	1,102	1,286	18,373
Payroll taxes	32,555	5,782	6,137	44,474
Postage	2,673	475	504	3,652
Professional fees	16,248	2,397	21,975	40,620
Programs - miscellaneous	47,576	-	-	47,576
Rent	22,062	3,918	4,159	30,139
Salaries	438,184	77,820	82,608	598,612
Technology and website	10,330	1,835	1,947	14,112
Telephone	3,142	558	591	4,291
	899,395	120,590	257,392	1,277,377
In-kind contributions				
Marketing and printing	23,852	1,045	1,903	26,800
Total expenses by function	923,247	121,635	259,295	1,304,177
Less expenses included with revenues on the statement of activities				
Costs of direct benefits to donors	-	-	(89,026)	(89,026)
Total expenses included in the expense section on the statement of activities	$ 923,247	$ 121,635	$ 170,269	$ 1,215,151

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, 2018

	Program services	Supporting services: Management and general	Supporting services: Fundraising	Total
Expenses				
Board meeting	$ 1,301	312	$ 388	$ 2,001
Cost of direct benefits to donors	-	-	87,120	87,120
Depreciation	2,430	583	725	3,738
Employee benefit plan	25,297	6,071	7,550	38,918
Facilitator fees	27,492	-	-	27,492
Facility rental	100,216	-	-	100,216
Fundraising events and awards	11,944	-	9,308	21,252
Health insurance and other benefits	23,030	5,527	6,873	35,430
Insurance	15,756	3,781	4,703	24,240
Lease expenses	6,411	1,539	1,913	9,863
Marketing and printing	20,503	564	1,464	22,531
Meals and travel	34,244	457	457	35,158
Miscellaneous office	10,605	1,275	4,261	16,141
Office	11,145	769	896	12,810
Payroll taxes	22,136	5,313	6,606	34,055
Postage	2,239	537	668	3,444
Professional fees	16,341	2,439	42,195	60,975
Programs - miscellaneous	34,908	-	-	34,908
Rent	19,013	4,563	5,675	29,251
Salaries and personnel costs	290,376	69,690	86,666	446,732
Technology and website	11,857	2,846	3,538	18,241
Telephone	1,983	476	591	3,050
	689,227	106,742	271,597	1,067,566
In-kind contributions				
Marketing and printing	12,720	349	909	13,978
Total expenses by function	701,947	107,091	272,506	1,081,544
Less expenses included with revenues on the statement of activities				
Costs of direct benefits to donors	-	-	(87,120)	(87,120)
Total expenses included in the expense section on the statement of activities	$ 701,947	$ 107,091	$ 185,386	$ 994,424

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

Virginia Center for Inclusive Communities

Statement of Cash Flows
for the years ended June 30,

	2019	2018
Cash flows from operating activities		
Change in net assets	$ 478,400	$ 716,143
Adjustments to reconcile net cash from operating activities:		
Unrealized gains on investments	(19,041)	(24,658)
Depreciation	6,275	3,738
(Increase) decrease in operating assets		
Accounts receivable	(20,648)	(72,496)
Grants and pledges receivable, net	(18,998)	(222,647)
Other assets	(14,507)	4,271
Increase (decrease) in operating liabilities		
Accounts payable	14,371	(1,712)
Accrued expenses	(17,806)	28,914
Funds held on behalf of Points of Diversity	23,232	-
Deferred revenue	34,725	(50,375)
Net cash provided by operating activities	466,003	381,178
Cash flows from investing activities		
Purchase of property and equipment	(12,991)	(5,750)
Proceeds from sale of investments	299	2,051
Purchase of investments	(261,606)	(182,587)
Net cash used in investing activities	(274,298)	(186,286)
Net change in cash and cash equivalents	191,705	194,892
Cash and cash equivalents, beginning of year	692,836	497,944
Cash and cash equivalents, end of year	$ 884,541	$ 692,836
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 financial statements of VCIC are prepared using the accrual method of accounting. 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.

Revenue recognition
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.

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 deferred revenue.

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 $26,800 and $13,978 in donated goods and services for the years ended June 30, 2019 and 2018, respectively.

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. All accounts receivable as of June 30, 2019 and 2018 were deemed to be collectible; therefore no allowance is provided.

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.

Funds held on behalf of Points of Diversity
VCIC is a fiscal agent for the Points of Diversity program which has a similar mission to VCIC and operates in a region of the Commonwealth of Virginia where VCIC has limited programs. VCIC collects cash receipts, which include donations and special events income, and makes payments on behalf of the Points of Diversity program. As VCIC is the fiscal agent and has no discretion over these funds, the net balance of cash received in excess of costs paid is reported as a liability in the statement of financial position.

Deferred revenue
Deferred revenue consists of payments or deposits for workshops and 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 at a maximum of 15 days carried over. Included in accrued expenses are costs associated with these accrued vacation days totaling $27,200 and $19,467 as of June 30, 2019 and 2018, 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 prepaid expenses. Financial liabilities with carrying values approximating fair value include accounts payable, accrued expenses, funds held on behalf of Points of Diversity, 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, 2019 and 2018, marketing and printing costs of $23,910 and $22,531, 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 raise awareness and address prejudices. 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 2016 through 2019.

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, 2019 and 2018, VCIC held cash in excess of these limits of approximately $645,000 and $443,000, 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, 2019, two donors accounted for 53 percent of total pledges receivable and one customer accounted for 53 percent of total accounts receivable. At June 30, 2018, three donors accounted for 70 percent of total pledges receivable and two customers accounted for 96 percent of total accounts receivable. One contributor accounts for approximately 26 percent of total contribution and grant revenues for the year ended June 30, 2019. Four contributors account for approximately 47 percent of total contribution and grant revenues for the year ended June 30, 2018.

Recently adopted accounting pronouncements
In August 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 represents phase 1 of FASB's Not-for-Profit financial reporting project and reduces the number of net asset classes, requires expense presentation by functional and natural classification, requires quantitative and qualitative information on liquidity, retains the option to present the cash flow statement on a direct or indirect method, and includes various other additional disclosure requirements. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017. Virginia Center for Inclusive Communities adopted this ASU as of and for the year ended June 30, 2019 with retroactive application for the year ending June 30, 2018.

New accounting pronouncements
The FASB has issued Accounting Standards Update (ASU) 2014-09 (as amended by ASU 2015-14), which provides a single comprehensive accounting standard for revenue recognition for contracts with customers and supersedes current industry-specific guidance. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2018. VCIC plans to adopt the standard on its effective date, which is for the year ending June 30, 2020. VCIC has not evaluated the impact of this statement.

The FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance clarifies how entities will determine whether to account for a transfer of assets (or a reduction, settlement or cancellation of a liability) as an exchange transaction or a contribution and how they will determine whether a contribution is conditional. ASU 2018-08 is effective for annual reporting periods beginning after December 15, 2018. The Organization plans to adopt the standard on its effective date, which for the Organization for the year ending June 30, 2020. The Organization has not evaluated the impact of this statement.

The FASB has issued ASU 2016-02, which 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, 2019. The Organization plans to adopt the standard on its effective date, which is for the year ending June 30, 2021. VCIC has not evaluated the impact of this statement.

Prior year reclassifications
Certain reclassifications have been made to the June 30, 2018 financial statement presentation to correspond to the current year's format due to the adoption of ASU 2016-14. Net assets and changes in net assets are unchanged due to these reclassifications.

3. Grants and pledges receivable

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

	2019	2018
Within one year	$ 231,000	$ 211,000
In one to five years	70,000	111,000
	301,000	322,000
Less discount to net present value at rate of 2.75%	(1,925)	(3,053)
Less allowance for uncollectible pledges receivable	(4,430)	(43,300)
	$ 294,645	$ 275,647

4. 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 as follows:

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, 2019:

	Level 1	Level 2	Level 3	Total
Investments measured at fair value				
Cash equivalent	$ 33,133	$ -	$ -	$ 33,133
US small-cap equity	36,400	-	-	36,400
US mid-cap equity	51,090	-	-	51,090
US large-cap equity	271,004	-	-	271,004
Developed markets equity	120,283	-	-	120,283
Emerging markets equity	30,401	-	-	30,401
Government bond fund	227,136	-	-	227,136
International bond fund	23,908	-	-	23,908
Corporate bond fund	25,115	-	-	25,115
	$ 818,470	$ -	$ -	$ 818,470

Fair value measurements on a recurring basis are composed of the following investments at June 30, 2018:

	Level 1	Level 2	Level 3	Total
Investments measured at fair value				
Cash equivalent	$ 16,075	$ -	$ -	$ 16,075
US small-cap equity	29,295	-	-	29,295
US mid-cap equity	36,034	-	-	36,034
US large-cap equity	175,287	-	-	175,287
Developed markets equity	82,571	-	-	82,571
Emerging markets equity	19,639	-	-	19,639
Government bond fund	131,358	-	-	131,358
International bond fund	32,250	-	-	32,250
Corporate bond fund	15,613	-	-	15,613
	$ 538,122	$ -	$ -	$ 538,122

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

	2019	2018
Dividend and interest income	$ 21,314	$ 10,663
Realized and unrealized gains on investments	19,041	24,658
Investment management fees	(7,627)	(4,743)
	$ 32,728	$ 30,578

5. Property and equipment

Property and equipment consisted of the following at June 30:

	2019	2018	Estimated useful life
Furniture, fixtures, and equipment	$ 39,791	$ 26,801	3 - 5 years
Leasehold improvements	3,777	3,777	5 years
Trademarks	1,200	1,200	10 years
	44,768	31,778	
Less: accumulated depreciation	(22,518)	(16,244)	
	$ 22,250	$ 15,534	

Depreciation expense for the years ending June 30, 2019 and 2018 was $6,275 and $3,738, respectively.

6. Line of credit

VCIC had a line of credit to support working capital not to exceed $75,000. The stated interest rate was Prime plus 1.0 percent, and the line was secured by all assets of VCIC. There were no draws or repayments on the line of credit and no balance on the line of credit as of and for the year ended June 30, 2018 and the line was closed on April 16, 2019.

7. 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, 2019 and 2018 were $55,152 and $38,918.

8. 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 $2,425 to $2,498 during the years ending June 30, 2019 and 2018. The copy machine has a four-year lease with monthly payments of $490 and the mail meter has a five-year lease with monthly payments of $219. Total rent for the years ending June 30, 2019 and 2018 were $30,140 and $29,250 for the office space and $10,015 and $9,863 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:

2020	$	38,559
2021		29,130
2022		2,628
2023		2,190
	$	72,507

9. 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, 2019 are summarized as follows:

	June 30, 2018	Grants and contributions	Releases	June 30, 2019
Restricted to future periods	$ 322,000	$ 160,000	$ (181,000)	$ 301,000
Restricted for specific activities:				
Programming in specific locations	40,787	-	(40,787)	-
Connections programs	12,076	15,000	(12,374)	14,702
Inclusion projects and conferences	30,187	202,740	(140,085)	92,842
Educational equity initiative	29,463	57,500	(54,463)	32,500
Other	127	-	(127)	-
	$ 434,640	$ 435,240	$ (428,836)	$ 441,044

Net assets with donor restrictions and the related releases from restrictions as of and for the year ended June 30, 2018 are summarized as follows:

	June 30, 2017	Grants and contributions	Releases	June 30, 2018
Restricted to future periods	$ -	$ 322,000	$ -	$ 322,000
Restricted for specific activities:				
Programming in specific locations	325	44,375	(3,913)	40,787
Connections programs	11,000	15,000	(13,924)	12,076
Inclusion projects and conferences	11,003	31,650	(12,466)	30,187
Educational equity initiative	25,000	75,000	(70,537)	29,463
Other	-	1,500	(1,373)	127
	$ 47,328	$ 489,525	$ (102,213)	$ 434,640

Grants and contributions restricted to future periods have payments due in 2020, 2021, and 2022 as outlined in Note 3. Grants and contributions which are restricted to specific activities include various projects at VCIC: the Connections Institute program in 2020, Lynchburg City Schools Project Inclusion, Armstrong Project Inclusion, and the Educational Equity Initiative. In certain cases, the gifts restricted for specific programs are based on specific geographic areas, such as Staunton, Lynchburg, Richmond and Roanoke.

10. 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, 2019, 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:

Cash and cash equivalents	$ 884,541
Accounts receivable	93,744
Grants and pledges receivable	231,000
Investments	818,470
Total financial assets available within one year	2,027,755
Less amounts unavailable for general expenditures within one year due to:	
Restrictions by donors for specific activities or purpose	(210,044)
Total financial assets available to meet general expenditures within one year:	$ 1,817,711

11. Subsequent events

Virginia Center for Inclusive Communities assessed events occurring subsequent to June 30, 2019 through November 5, 2019 for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.