VIRGINIA CENTER FOR INCLUSIVE COMMUNITIES

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

KWC Certified Public Accountants

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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, 2025 and 2024, 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, 2025 and 2024, 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.

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

Richmond, Virginia
November 18, 2025

Virginia Center for Inclusive Communities

Statements of Financial Position

June 30,		**2025**		**2024**
Assets				
Cash and cash equivalents	$	821,626	$	864,086
Accounts receivable, net of allowance for credit losses of $440 at June 30, 2025 and 2024		34,106		56,346
Contributions receivable		15,000		-
Investments		3,165,792		2,799,677
Prepaid expenses		38,168		32,707
Operating lease right-of-use assets		100,768		127,732
Property and equipment, net		45,168		45,401
Total assets	$	4,220,628	$	3,925,949
Liabilities and net assets				
Liabilities				
Accounts payable	$	58,322	$	33,200
Accrued expenses		50,629		46,133
Deferred revenue and refundable advances		81,875		80,320
Operating lease liabilities		106,010		133,787
Total liabilities		296,836		293,440
Net assets				
Without donor restrictions		3,834,527		3,572,509
With donor restrictions		89,265		60,000
Total net assets		3,923,792		3,632,509
Total liabilities and net assets	$	4,220,628	$	3,925,949

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, 2025

	Without donor restrictions	With donor restrictions	Total
Revenue, support, and gains			
Program service revenue	$ 422,543	$ -	$ 422,543
Contributions and grants	569,037	102,500	671,537
In-kind contributions	8,050	-	8,050
Investment income, net	376,758	-	376,758
Special events	513,497	-	513,497
Less cost of direct benefits to donors	(102,447)	-	(102,447)
Net special events revenue	411,050	-	411,050
Loss on disposal of equipment	(3,395)	-	(3,395)
Net assets released from restriction	73,235	(73,235)	-
	1,857,278	29,265	1,886,543
Expenses			
Program services	1,140,650	-	1,140,650
Supporting services			
Management and general	228,596	-	228,596
Fundraising	226,014	-	226,014
	1,595,260	-	1,595,260
Change in net assets	262,018	29,265	291,283
Net assets, beginning of year	3,572,509	60,000	3,632,509
Net assets, end of year	$ 3,834,527	$ 89,265	$ 3,923,792

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 equipment	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 Functional Expenses
for the year ended June 30, 2025

	Program services	Supporting services: Management and general	Supporting services: Fundraising	Total
Expenses				
Board meeting	$ 1,170	$ 225	$ 246	$ 1,641
Business insurance	29,715	5,710	6,251	41,676
Costs of direct benefits to donors	-	-	102,447	102,447
Depreciation	10,289	1,976	2,165	14,430
Employee retirement plan	55,161	10,598	11,605	77,364
Equipment leasing	5,119	984	1,076	7,179
Facilitator fees	4,250	-	-	4,250
Facility rental	84,846	-	-	84,846
Fundraising events and awards	-	-	16,976	16,976
Health insurance and other benefits	67,092	12,891	14,115	94,098
Marketing and printing	23,756	373	1,368	25,497
Meals and travel	43,446	654	653	44,753
Miscellaneous office	17,049	3,094	9,409	29,552
Occupancy	32,146	6,176	6,763	45,085
Office supplies	6,466	446	520	7,432
Payroll taxes	46,954	9,022	9,878	65,854
Postage	3,211	617	675	4,503
Professional fees	14,507	42,010	6,609	63,126
Programs - miscellaneous	40,916	-	-	40,916
Salaries	635,219	122,054	133,637	890,910
Technology and website	13,449	2,584	2,829	18,862
Telephone	5,889	1,132	1,239	8,260
	1,140,650	220,546	328,461	1,689,657
Contributed goods and services				
Donated services	-	8,050	-	8,050
Total expenses by function	1,140,650	228,596	328,461	1,697,707
Less expenses included with revenues on the statement of activities				
Costs of direct benefits to donors	-	-	(102,447)	(102,447)
Total expenses included in the expense section on the statement of activities	$ 1,140,650	$ 228,596	$ 226,014	$ 1,595,260

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

Statements of Cash Flows

for the years ended June 30,	2025	2024
Cash flows from operating activities		
Change in net assets	$ 291,283	$ 230,677
Adjustments to reconcile change in net assets to net cash from operating activities:		
Change in operating lease assets and liabilities	(813)	468
Realized and unrealized gains on investments	(315,498)	(342,740)
Loss (gain) on disposal of equipment	3,395	(577)
Depreciation	14,430	16,650
(Increase) decrease in operating assets		
Accounts receivable	22,240	(22,925)
Contributions receivable	(15,000)	-
Prepaid expenses	(5,461)	(14,119)
Increase (decrease) in operating liabilities		
Accounts payable	25,122	(643)
Accrued expenses	4,496	1,384
Deferred revenue and refundable advances	1,555	18,070
Net cash provided by (used in) operating activities	25,749	(113,755)
Cash flows from investing activities		
Purchase of property and equipment	(17,592)	(2,820)
Insurance proceeds for disposed equipment	-	1,062
Proceeds from sale of investments	314,116	-
Purchase of investments	(364,733)	-
Net cash used in investing activities	(68,209)	(1,758)
Net change in cash and cash equivalents	(42,460)	(115,513)
Cash and cash equivalents, beginning of year	864,086	979,599
Cash and cash equivalents, end of year	$ 821,626	$ 864,086
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. The Board of Directors has designated, from net assets without donor restrictions, net assets for an operating reserve. The reserve maintains a minimum of three months of the annual operating budget and a maximum of twelve months; after a minimum of one quarter, amounts in excess of the minimum may be transferred to VCIC's investment account. Spending is otherwise at the discretion of the Board.

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

Revenue from contracts with customers

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.

Sources of revenue from contracts with customers also include an exchange element of the ticket sales, sponsorships, and registration purchased for special events which is recognized at the point in time when the special event occurs. Amounts received in advance of the event are included in refundable advances. The exchange element is estimated based on the direct costs of the event as reported in direct benefits to donors expense which totaled $102,447 and $72,818 during the years ended June 30, 2025 and 2024, respectively.

Support

Contributions received and unconditional promises to give, including those received at special events, 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 or grantor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a 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- and grantor-restricted contributions whose restrictions are met in the same reporting period are reported as support without restrictions.

Unconditional promises to give are recognized as revenue in the period promised. Conditional promises to give are recognized when the conditions on which they depend are substantially met. VCIC records unconditional promises to give that are expected to be collected within one year at net realizable value.

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, 2025 and 2024. There were donated services of $8,050 and $11,789 recognized during the years ended June 30, 2025 and 2024, respectively. 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. Effective July 1, 2024, VCIC adopted Accounting Standard Update (ASU) 2025-05, which provides a practical expedient for estimating current expected credit losses (CECL) on current accounts receivable under Accounting Standards Codification (ASC) 606.

As a non-public entity, VCIC elected the accounting policy to consider subsequent collections of accounts receivable occurring after the statement of financial position date but before November 18, 2025, the date financial statements were available to be issued. Accounts receivable that were collected in full during this period were not subject to a credit loss allowance. For balances not collected by the issuance date, VCIC applied the practical expedient, assuming current conditions as of the reporting date would persist through the reasonable and supportable forecast period. Historical loss experience was adjusted to reflect current conditions. This policy election and practical expedient were applied consistently to all eligible accounts receivable. VCIC believes this approach provides a reasonable estimate of expected credit losses while simplifying the application of the CECL model.

The allowance is established for expected credit losses to be recognized over the life of the receivable. Any allowance for credit losses is charged to net income in the period the receivable is recorded and revised in subsequent periods to reflect changes in VCIC's estimate of expected credit losses. The allowance for credit losses associated with accounts receivable was $440 as of June 30, 2025 and 2024. 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 reduction to the respective accounts receivable account. There were no write-offs during the years ended June 30, 2025 or 2024.

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 the year ended June 30, 2029. 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 $50,627 and $46,133 as of June 30, 2025 and 2024, 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, contributions receivable, and prepaid expenses. 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, 2025 and 2024, marketing and printing costs totaled $25,497 and $18,106, 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, marketing and printing, meals and travel, miscellaneous office, occupancy, office supplies, payroll taxes, postage, salaries, technology and website, and telephone costs have been allocated among the program and supporting services benefited based on the estimated time spent by personnel of VCIC during the year. Other expenses were directly allocated based on the function benefited. 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 2022 through 2025.

Concentration of credit risk and market risk
Financial instruments that potentially expose VCIC to concentration of credit and market risk consist primarily of cash and cash equivalents, accounts receivable, contributions 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, 2025, two customers accounted for 62 percent of accounts receivable. At June 30, 2024, one customer accounted for 11 percent of total receivables. Two contributors accounted for approximately 26 percent of total contributions and grants for the year ended June 30, 2025. One contributor accounted for approximately 15 percent of total contributions and grants for the year ended June 30, 2024. There were no concentrations of program revenue for the years ended June 30, 2025 or 2024.

Recently adopted accounting pronouncements
Effective July 1, 2024, VCIC adopted ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Simplifying the Measurement of Current Expected Credit Losses for Short-Term Receivables*. This update permits a practical expedient for estimating expected credit losses on current accounts receivable arising under ASC 606. VCIC elected to apply the practical expedient, assuming current conditions as of the reporting date will persist through the forecast period. Additionally, as a non-public entity, VCIC elected the accounting policy to consider subsequent collections of receivables through the date the financial statements were available to be issued. The remaining uncollected balances were evaluated using historical loss experience adjusted for current conditions. These elections were applied consistently across all eligible assets.

3. Revenue from contracts with customers

VCIC's revenue from contracts with customers was recognized based on the satisfaction of performance obligations as follows during the years ended June 30:

	2025	2024
Performance obligations satisfied at a point in time		
Program service revenue	$ 27,875	$ 25,890
Special events - tickets	102,447	72,818
Performance obligations satisfied over time		
Program service revenue	394,668	520,303
Total revenue from contracts with customers	$ 524,990	$ 619,011

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, 2025 and 2024:

	June 30, 2025	
	Beginning balance	Ending balance
Accounts receivable, net of allowance for credit losses	$ 56,346	$ 34,106
Deferred revenue and refundable advances	80,320	81,875

	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

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

	2025	2024
Balance, beginning of year	$ 80,320	$ 62,250
Additions	81,875	80,320
Satisfactions	(80,320)	(62,250)
Balance, end of year	$ 81,875	$ 80,320

4. In-kind contributions

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

	2025	2024
Donated services		
Marketing services for awards event	$ -	$ 5,400
Video editing services	-	4,730
Legal services	2,250	1,659
Accounting services	5,800	-
	$ 8,050	$ 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.

The following table presents assets measured at fair value on a recurring basis at June 30, 2025:

	Level 1	Level 2	Level 3	Total
Investments measured at fair value:				
US small-cap equity	$ 130,055	$ -	$ -	$ 130,055
US mid-cap equity	419,290	-	-	419,290
US large-cap equity	1,633,938	-	-	1,633,938
Developed markets equity	300,862	-	-	300,862
Emerging markets equity	127,564	-	-	127,564
Government bond fund	554,083	-	-	554,083
	$ 3,165,792	$ -	$ -	$ 3,165,792

The following table presents assets measured at fair value on a recurring basis 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

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

	2025	2024
Dividend and interest income	$ 80,704	$ 58,323
Realized and unrealized gains on investments	315,498	342,740
Investment management fees	(19,444)	(17,593)
	$ 376,758	$ 383,470

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 has an operating lease for a copier machine which requires 48 monthly payments of $392 through September 2028. 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 $45,085 and $44,498 for the years ended June 30, 2025 and 2024, respectively. Other lease expenses for office equipment are reported in equipment leasing in the statements of activities totaling $7,179 and $10,563 for the years ended June 30, 2025 and 2024, respectively.

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

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 48,838	$ 50,034
ROU assets obtained in exchange for new operating lease liabilities	$ 17,403	$ -

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

	2025	2024
Weighted-average remaining lease term (in years)	2.2	3.0
Weighted-average discount rate	3.02%	2.88%

At June 30, 2025, the future payments due under VCIC's noncancelable operating leases are as follows:

For the years ending June 30:	Office facilities	Copier machine	Total
2026	$ 46,422	$ 4,704	$ 51,126
2027	47,815	4,704	52,519
2028	-	4,704	4,704
2029	-	1,176	1,176
Total undiscounted cash flows	94,237	15,288	109,525
Less: present value discount	(2,569)	(946)	(3,515)
Total operating lease liabilities	$ 91,668	$ 14,342	$ 106,010

7. Property and equipment

Property and equipment consisted of the following at June 30:

	2025	2024	Estimated useful life
Furniture, fixtures, and equipment	$ 41,095	$ 57,785	3 - 5 years
Leasehold improvements	54,368	54,368	5 years
Trademarks	1,200	1,200	10 years
	96,663	113,353	
Less: accumulated depreciation	(51,495)	(67,952)	
	$ 45,168	$ 45,401	

Depreciation expense for the years ended June 30, 2025 and 2024 was $14,430 and $16,650, respectively.

8. Net assets with donor restrictions

Net assets with donor restrictions as of and for the year ended June 30, 2025 are summarized as follows:

	June 30, 2024	Contributions and grants	Releases	June 30, 2025
Restricted for specific activities:				
School programs	$ 42,497	$ 82,500	$ (55,732)	$ 69,265
Community programs	17,503	5,000	(17,503)	5,000
Time-restricted contributions receivable	-	15,000	-	15,000
	$ 60,000	$ 102,500	$ (73,235)	$ 89,265

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

	June 30, 2023	Contributions and grants	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

Contributions and grants 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 educator professional development.

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:

	2025	2024
Cash and cash equivalents	$ 821,626	$ 864,086
Accounts receivable, net	34,106	56,346
Contributions receivable	15,000	-
Investments	3,165,792	2,799,677
Total financial assets available within one year	4,036,524	3,720,109
Less amounts unavailable for general expenditures within one year due to donor-imposed restrictions	(74,265)	(60,000)
Total financial assets available to meet general expenditures within one year:	$ 3,962,259	$ 3,660,109

See independent auditor's report.

10. Employee benefit plan

VCIC sponsors a 403(b) retirement plan. 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, 2025 and 2024 were $77,364 and $66,033, respectively.

11. Subsequent events

VCIC assessed events occurring subsequent to June 30, 2025 through November 18, 2025, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No events have occurred during that time period that would require adjustment to or disclosure in the financial statements.