



CENTER FOR NONPROFIT EXCELLENCE

FINANCIAL REPORT

June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Center for NonProfit Excellence
Charlottesville, Virginia

We have audited the accompanying financial statements of the Center for NonProfit Excellence which comprise the statements of financial position as of June 30, 2020 and 2019, 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 the Center for NonProfit Excellence as of June 30, 2020 and 2019, 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.

Restatement of Prior Period Financial Statements

As discussed in Note 14 to the financial statements, management reevaluated the terms of certain grant contracts and determined them to be better accounted for as contribution type grants as opposed to revenue type grants. Accordingly, amounts reported for deferred revenue and contributions have been restated in the 2019 financial statements now presented, and an adjustment has been made to net assets as of June 30, 2019 to record the change. Our opinion is not modified with respect to this matter.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
September 29, 2020

CENTER FOR NONPROFIT EXCELLENCE

STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

ASSETS	2020	2019 (As Restated)
CURRENT ASSETS		
Cash and cash equivalents	\$ 903,436	\$ 469,256
Accounts receivable	117,562	118,300
Pledges receivable (Note 2)	2,000	25,000
Prepaid expenses	6,619	12,434
Security deposits	1,126	1,126
	1,030,743	626,116
OTHER ASSETS		
Cash internally designated by Board as reserves	341,645	246,921
Beneficial interest in assets held by Community Foundation (Note 4)	27,619	26,585
Intangibles, net (Note 5)	2,753	9,828
	372,017	283,334
Property and equipment, net (Note 3)	940	1,416
	\$ 1,403,700	\$ 910,866
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 17,522	\$ 10,983
Deferred revenue	33,590	45,875
	51,112	56,858
NET ASSETS		
Without donor restrictions (Note 1)	779,553	633,523
With donor restrictions (Note 7)	573,035	220,485
	1,352,588	854,008
	\$ 1,403,700	\$ 910,866

The Notes to Financial Statements are an integral part of these statements.

CENTER FOR NONPROFIT EXCELLENCE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT, REVENUES AND GAINS			
Public support:			
Individual contributions and sponsorships	\$ 136,032	\$ 28,155	\$ 164,187
Corporate contributions and sponsorships	38,604	53,500	92,104
Foundation contributions and sponsorships	35,000	927,396	962,396
Nonprofit contributions and sponsorships	105	54,837	54,942
Other grants (Note 12)	-	99,600	99,600
	209,741	1,163,488	1,373,229
Revenues and gains			
Membership dues	71,710	-	71,710
Program service fees	149,957	-	149,957
Resource center	3,118	-	3,118
Other revenues:			
Interest and dividends	2,120	-	2,120
Realized and unrealized gains on investments, net	16	1,701	1,717
Net assets released from restrictions (Note 8)	812,639	(812,639)	-
	1,039,560	(810,938)	228,622
	1,249,301	352,550	1,601,851
EXPENSES			
Program	681,867	-	681,867
Management and general	251,696	-	251,696
Fundraising	169,708	-	169,708
	1,103,271	-	1,103,271
	146,030	352,550	498,580
Net assets, beginning	633,523	220,485	854,008
Net assets, ending	\$ 779,553	\$ 573,035	\$ 1,352,588

The Notes to Financial Statements are an integral part of these statements.

CENTER FOR NONPROFIT EXCELLENCE

STATEMENT OF ACTIVITIES
Year Ended June 30, 2019 (As Restated)

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT, REVENUES AND GAINS			
Public support:			
Individual contributions and sponsorships	\$ 202,046	\$ 22,102	\$ 224,148
Corporate contributions and sponsorships	25,606	-	25,606
Foundation contributions and sponsorships	26,800	223,226	250,026
Nonprofit contributions and sponsorships	10,597	107,310	117,907
	265,049	352,638	617,687
Revenues and gains			
Membership dues	43,525	-	43,525
Program service fees	506,784	-	506,784
Resource center	4,262	-	4,262
Other revenues:			
Interest and dividends	1,944	-	1,944
Realized and unrealized gains (losses) on investments, net	(161)	2,092	1,931
Net assets released from restrictions (Note 8)	222,332	(222,332)	-
	778,686	(220,240)	558,446
	1,043,735	132,398	1,176,133
EXPENSES			
Program	681,167	-	681,167
Management and general	213,652	-	213,652
Fundraising	146,311	-	146,311
	1,041,130	-	1,041,130
	2,605	132,398	135,003
Net assets, beginning, as originally reported	630,918	23,087	654,005
Prior period adjustment (Note 14)	-	65,000	65,000
	630,918	88,087	719,005
Net assets, ending, as restated	\$ 633,523	\$ 220,485	\$ 854,008

The Notes to Financial Statements are an integral part of these statements.

CENTER FOR NONPROFIT EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, benefits and related expenses	\$ 495,908	\$ 103,768	\$ 112,525	\$ 712,201
Contract services	104,918	90,517	16,164	211,599
Facility expenses	39,322	3,874	7,140	50,336
Food	3,078	2,944	15,714	21,736
Other expenses	7,799	2,195	10,500	20,494
Coaching and speaker fees	15,551	-	-	15,551
Information technology	755	10,120	2,746	13,621
Professional fees	-	9,010	-	9,010
Printing	138	5,814	2,556	8,508
Depreciation and amortization	-	7,551	-	7,551
Internet and telephone	-	6,966	-	6,966
Books, subscriptions, reference materials	4,457	622	-	5,079
Staff development	1,495	1,500	-	2,995
Travel	4,958	495	27	5,480
Office supplies	491	1,871	244	2,606
Academy scholarship	2,600	-	-	2,600
Insurance	-	2,828	-	2,828
Stewardship	325	928	1,335	2,588
Postage	17	281	757	1,055
Advertising	-	249	-	249
Licenses and fees	55	122	-	177
Equipment repairs and maintenance	-	41	-	41
Total expenses	* \$ 681,867	\$ 251,696	\$ 169,708	\$ 1,103,271

* See Note 1 for further detail on program expenses

CENTER FOR NONPROFIT EXCELLENCE

STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, benefits and related expenses	\$ 431,832	\$ 84,849	\$ 94,515	\$ 611,196
Contract services	131,039	75,223	6,405	212,667
Coaching and speaker fees	39,039	-	12,500	51,539
Facility expenses	41,704	3,816	5,899	51,419
Food	8,875	1,848	16,612	27,335
Other expenses	10,664	3,846	2,128	16,638
Printing	104	6,721	1,874	8,699
Information technology	1,349	4,440	2,835	8,624
Depreciation and amortization	-	8,559	-	8,559
Internet and telephone	-	8,436	-	8,436
Professional fees	-	6,500	-	6,500
Books, subscriptions, reference materials	5,002	1,165	-	6,167
Travel	4,397	731	535	5,663
Office supplies	876	3,599	104	4,579
Academy scholarship	4,200	-	-	4,200
Insurance	-	2,668	-	2,668
Stewardship	14	918	1,684	2,616
Equipment repairs and maintenance	1,597	90	-	1,687
Postage	40	18	1,020	1,078
Licenses and fees	435	225	200	860
Total expenses	* \$ 681,167	* \$ 213,652	* \$ 146,311	* \$ 1,041,130

* See Note 1 for further detail on program expenses

CENTER FOR NONPROFIT EXCELLENCE

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	2020	2019 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 498,580	\$ 135,003
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	7,551	8,559
Realized and unrealized gains on investments	(1,023)	(1,931)
Loss from sale of stock gifts	(11)	(161)
(Increase) decrease in:		
Accounts receivable	738	(113,627)
Pledges receivable	23,000	22,000
Prepaid expenses	5,815	(2,103)
Increase (decrease) in:		
Accounts payable and accrued expenses	6,539	(8,702)
Deferred revenue	(12,285)	45,735
Net cash provided by operating activities	528,904	84,773
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(2,207)
Net cash used in investing activities	-	(2,207)
Net increase in cash and cash equivalents	528,904	82,566
CASH AND CASH EQUIVALENTS		
Beginning	716,177	633,611
Ending	\$ 1,245,081	\$ 716,177
CASH IS REPORTED ON THE STATEMENT OF FINANCIAL POSITION AS:		
Cash and cash equivalents	\$ 903,436	\$ 469,256
Cash internally designated as board reserves	341,645	246,921
	\$ 1,245,081	\$ 716,177

The Notes to Financial Statements are an integral part of these statements.

CENTER FOR NONPROFIT EXCELLENCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Organization:

The Center for Nonprofit Excellence (the Center) is a nonprofit training and resource center located in Charlottesville, Virginia. The Center is a local resource center designed to bring local, regional, and national assistance to the nonprofits of Charlottesville and the surrounding areas through education, consulting and support. The Center makes these opportunities easily accessible to area nonprofits so that they may conserve resources, collaborate efforts and focus on their mission.

Basis of Accounting and Financial Reporting:

The financial statements of the Center have been prepared in accordance with the accounting principles generally accepted in the United States of America. The accompanying financial statements present information regarding the Center's financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. The two classes are differentiated by donor restrictions.

Net Assets without Donor Restrictions are free of donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Revenues, gains, and losses that are not restricted by donors are included in this classification. Expenses are reported as decreases in this classification.

Net Assets with Donor Restrictions are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of the Center pursuant to those stipulations. Net assets with donor restrictions also includes amounts required by donors to be held in perpetuity; however, generally, the income on these assets is available to meet various operating needs.

Cash and Cash Equivalents:

The Center considers all short term, highly liquid investments with maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of bank deposits and amounts invested in certificates of deposit with no permanently imposed donor restrictions. Accounts in the bank are insured by the Federal Deposit Insurance Corporation (FDIC) generally up to \$250,000 per financial institution. At times, the Center's balances exceed amounts insured by the FDIC.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

(Continued)

CENTER FOR NONPROFIT EXCELLENCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Revenue Recognition:

Contributions are indicated as net assets with donor restrictions and net assets without donor restrictions depending on the nature of restrictions. When a donor-stipulated time restriction ends or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction.

Unconditional pledge contributions are recognized as revenue in the year the promise is made and are recorded at fair value which is the estimated present value of expected future cash flows. Conditional pledges are recognized as revenue when the conditions are substantially met.

Service revenue is recognized when the specified services are provided. Membership dues are considered to be an exchange based on the benefits received. Accordingly, membership dues are recognized over the membership period. Program service fees arise from performing services on certain contracts with strategic partners. For those contracts not otherwise qualifying for contribution accounting, revenues are reported at a point in time as performance obligations are satisfied. For other contracts, services are performed on a continual basis and revenue is recognized ratably over the term of the contract.

Accounts Receivable:

Receivables are stated at the amount management expects to collect from outstanding balances. Management uses the direct write-off method for uncollectible accounts. Once management has determined that an account is uncollectible, the write-off is made. Bad debt expense was \$5,150 and \$1,391 for the years ended June 30, 2020 and 2019, respectively. There were \$585 and \$234 of receivables greater than 90 days past due for the years ended June 30, 2020 and 2019, respectively.

Board Designated Operating Reserve:

The Board of Directors has established an operating reserve with the objective of setting aside funds to be drawn upon in the event of financial distress or an immediate liquidity need. The operating reserve balance totaled \$341,645 and \$246,921 at June 30, 2020 and 2019, respectively.

Property and Equipment:

Property and equipment with a cost above \$2,500 that is expected to be used for at least one year is capitalized. Property and equipment are reported at cost less accumulated depreciation and amortization. Items donated to the Center are reported at their estimated fair market value at the date of receipt. Property and equipment are depreciated over their estimated useful lives using an accelerated methods of depreciation over the following useful lives:

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

Depreciation expense was \$476 and \$734 for the years ended June 30, 2020 and 2019, respectively.

(Continued)

CENTER FOR NONPROFIT EXCELLENCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Deferred Revenue:

The Center has entered into various contracts with strategic partners. For those contracts not otherwise qualifying for contribution accounting, revenue is recognized as performance obligations are met. The deferred amount on these contracts represents amounts received or receivable less the total amount of performance obligations satisfied. Additionally, the Center recognizes membership revenue over a rolling twelve month period resulting in a deferral of the unearned amount. Finally, income from program fees for workshops and other trainings is deferred to the period when earned.

Income Taxes:

The Center is an organization described in Internal Revenue Code (“IRC”) Section 501(c)(3) as operating exclusively for charitable and educational purposes and accordingly has been determined by the Internal Revenue Service to be exempt from federal and state income taxes. Therefore, no provision or liability for federal or state income taxes has been included in these financial statements.

Functional Allocation of Expenses:

The financial statements report certain categories of expenses that are attributable to more than one supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Occupancy related expenses have been allocated based on the usage and square footage of the office space utilized. All other allocated expenses are allocated according to estimated time spent on activities. Other expenses are directly attributable to a specific activity.

The following table shows a breakout of the various programs that make up program expenses:

	<u>2020</u>	<u>2019</u>
Foundation partnerships	\$ 233,932	\$ 227,905
Consulting	117,109	98,433
Membership	83,009	75,140
Academies	67,228	100,399
Communications	63,059	43,066
Workshops and BBL	33,488	33,309
Circles	23,933	17,357
Advocacy	21,965	15,065
Advanced programs	19,590	32,713
Resource center	18,554	37,780
	<u>\$ 681,867</u>	<u>\$ 681,167</u>

(Continued)

CENTER FOR NONPROFIT EXCELLENCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Beneficial Interest in Assets Held by Community Foundation:

The Center is the beneficiary under a Designated Agency Fund Agreement with the Charlottesville Area Community Foundation (the Foundation). The agency fund has been recorded in accordance with accounting principles generally accepted in the United States of America which state that if a resource provider transfers assets to a recipient entity and specifies itself as the beneficiary, a presumption that the transfer is reciprocal, and therefore not a contribution, is necessary even though the resource provider explicitly grants the recipient entity variance power. The assets of the fund are included in the statement of financial position of the Center as a beneficial interest in assets held by the Foundation. Distributions are paid upon the request of the Center and approval of the Foundation. The Foundation charges an administrative fee on the fund balance which is paid quarterly.

Contributions Received and Contributions Made

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides additional guidance on the characterizing grants and similar contracts with resource providers as either exchange transactions or contributions. The Center adopted this guidance effective July 1, 2019. The adoption of ASU 2018-08 did not result in any significant changes to the accounting for any of the Center's material revenue streams.

Pending Pronouncements:

On February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that lessees recognize all leases (other than leases with a term of twelve months or fewer) on the balance sheet as lease liabilities, based upon the present value of the lease payments, with corresponding right of use assets. ASU 2016-02 also makes targeted changes to other aspects of current guidance, including identifying a lease and lease classification criteria as well as the lessor accounting model, including guidance on separating components of a contract and consideration in the contract. The amendments in ASU 2016-02 will be effective for the Center on June 30, 2022 and will require modified retrospective application as of the beginning of the earliest period presented in the financial statements. Early application is permitted. The Center is currently evaluating the effect this standard may have on its financial statements.

Note 2. Pledges Receivable

Unconditional promises to give are expected to be collected entirely in the next fiscal year. The Center believes all pledges are collectible and, as such, has not recorded an allowance for uncollectible pledges.

(Continued)

CENTER FOR NONPROFIT EXCELLENCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 3. Property and Equipment

Property and equipment consist of the following:

	2020	2019
Furniture, fixtures and equipment	\$ 14,364	\$ 14,364
Leasehold improvements	5,572	5,572
	19,936	19,936
Less accumulated depreciation	(18,996)	(18,520)
	\$ 940	\$ 1,416

Note 4. Investments and Fair Value Measurement

Generally accepted accounting principles establish a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. These inputs can be readily observable, market corroborated, or generally unobservable inputs. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories based on the inputs used in valuation:

Level 1 – Fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities that management has the ability to access at the measurement date.

Level 2 – Fair values are based on inputs other than quoted prices that are either for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that were observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Fair values are based on unobservable inputs for the asset or liability where there is little, if any, market activity for the asset or liability at the measurement date.

The Center uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Center measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available. There was a change in the technique regarding the valuation of the assets held by the Foundation which previously were reported as Level 3. Transfers are performed when supported by appropriate valuation inputs.

The fair value of the Center’s beneficial interest in assets held by the Foundation is based on the fair value of the underlying fund investments as reported by the Foundation which is considered to be a Level 2 measurement due to valuation being performed by a third party.

(Continued)

CENTER FOR NONPROFIT EXCELLENCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 4. Investments and Fair Value Measurement (Continued)

The summary of inputs used to value the Center's investments at June 30 is as follows:

	2020		
	Level 1	Level 2	Total
Beneficial interest in assets held by Community Foundation	\$ -	\$ 27,619	\$ 27,619
	2019		
	Level 1	Level 2	Total
Beneficial interest in assets held by Community Foundation	\$ -	\$ 26,585	\$ 26,585

Note 5. Intangible Assets

Intangible assets consist of the Center's website costs. Intangible assets are amortized over their estimated useful life of 5 years. The assets are comprised of the following:

	2020	2019
Website costs	\$ 39,125	\$ 39,125
Less: prior years' accumulated amortization	(29,297)	(21,472)
	9,828	17,653
Current year amortization expense	(7,075)	(7,825)
	\$ 2,753	\$ 9,828

Estimated amortization expense for the year ending June 30, 2021 is \$2,753.

Note 6. Line of Credit

The Center maintains a \$100,000 line of credit with a maturity date of February 14, 2021. The line bears interest at the interest rate of 5.50% and is not collateralized. The Center had no outstanding balance on the line of credit as of June 30, 2020 and 2019.

Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	2020	2019
Finance academy	\$ 72,901	\$ 45,115
Leadership development	27,619	26,585
Other grant agreements	472,515	148,785
	\$ 573,035	\$ 220,485

(Continued)

CENTER FOR NONPROFIT EXCELLENCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 8. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions through expenditures satisfying the following purposes.

	2020	2019
Satisfaction of grant requirements	\$ 592,166	\$ 127,854
PPP Loan	99,600	-
Philanthropy Day	89,950	-
Finance academy	21,551	62,195
Workshops	7,955	5,000
Nonprofit finance fund	867	15,000
Other support	550	696
Heal Charlottesville	-	11,587
	\$ 812,639	\$ 222,332

Note 9. Leases

On May 15, 2018, the Center renewed a building lease agreement. The term of this lease is one year, beginning July 1, 2019 and ending June 30, 2020, with the option to renew annually thereafter. The Center has renewed the lease through the year ended June 30, 2021. Total rent expense was \$45,513 and \$43,979 for the years ended June 30, 2020 and 2019, respectively. The future minimum lease payment for the fiscal year ending on June 30, 2021 is \$46,843.

Note 10. Retirement Plan

The Center sponsors a tax-deferred retirement plan qualified under IRC Section 403(b) covering full-time employees. Total employer contributions for the years ended June 30, 2020 and 2019 were \$17,114 and \$13,899, respectively.

Subsequent to year end, the Board voted to approve an elective 457(b) plan for the benefit of certain members of management.

Note 11. Liquidity and Availability of Resources

The following table reflects the Center's financial assets as of June 30, 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, when assets are held for others, when restricted by donors, or because the governing board has set aside the funds for a specific contingency reserve. Any board designations could be drawn upon if the board approves that action. The Center considers general expenditures to be all expenditures related to its ongoing activities of bringing local, regional, and national assistance to the nonprofits of Charlottesville and the surrounding areas through education, consulting and support.

(Continued)

CENTER FOR NONPROFIT EXCELLENCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 11. Liquidity and Availability of Resources (Continued)

The Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Center maintains a \$100,000 line of credit as mentioned in Note 5 and has \$341,646 board designated operating reserves as mentioned in Note 1.

Financial assets:	
Cash and cash equivalents	\$ 903,436
Cash internally designated by Board as reserves	341,645
Accounts receivable	117,562
Beneficial interest in assets held by Community Foundation	27,619
Pledges receivable	<u>2,000</u>
Financial assets, at year end	1,392,262
Less those unavailable for general expenditure within one year, due to:	
Board designated operating reserves	(341,645)
Donor imposed restrictions	<u>(573,035)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 477,582</u></u>

Note 12. Paycheck Protection Program

On April 23, 2020, the Center obtained a \$99,600 loan from the Small Business Administration for the Paycheck Protection Program (PPP). The loan was to be repaid by April 23, 2022 unless otherwise forgiven. Based on current guidance, management believes the loan will be forgiven in the months following year end. Consequently, the Center recognized the PPP funding as a restricted, conditional grant with the conditions substantially met as of June 23, 2020, the end of the eight-week eligibility period.

Note 13. Subsequent Events

Management has evaluated subsequent events through September 29, 2020, the date the financial statements were available to be issued.

In December 2019, a novel strain of coronavirus (COVID-19) was reported and the full impact of the outbreak continues to evolve as of the date of this report. The World Health Organization declared the outbreak a “Public Health Emergency of International Concern” on January 30, 2020. The Center closed their physical office and transitioned their services to remote options due to stay at home orders issued in March and April 2020 by government officials in response to the COVID-19 outbreak. The Center’s offices have remained closed through September 29, 2020. The extent of the impact of COVID-19 on the Center’s operations will depend on the duration and spread of the outbreak, which is uncertain and cannot be predicted or reasonably estimated at this time.

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CENTER FOR NONPROFIT EXCELLENCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 14. Prior Period Adjustment

The Center has reevaluated the terms of certain grant contracts and determined them to be better accounted for as contribution type grants as opposed to revenue type grants. As a result, certain items in the 2019 financial statements have been restated as follows:

	<u>As Originally Reported</u>	<u>Adjustment</u>	<u>Restated</u>
<u>Statement of Financial Position</u>			
Deferred revenue	\$ 194,660	\$ (148,785)	\$ 45,875
Net assets with donor restriction	71,700	148,785	220,485
<u>Statement of Activities</u>			
Foundation contributions and sponsorships	38,387	211,639	250,026
Program service fees	634,638	(127,854)	506,784
Net assets, beginning	654,005	65,000	719,005