Financial Statements

June 30, 2023 and 2022

Keiter
Your Opportunity Advisors

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NextUP RVA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
NextUp RVA
Richmond, Virginia

Opinion

We have audited the accompanying financial statements of NextUp RVA (the "Organization"), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 NextUp RVA as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 the Organization 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 the financial statements in accordance with accounting principles generally accepted in the United States, 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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.

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 the Organization's 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 the Organization's 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.

Keiter

September 26, 2023
Glen Allen, Virginia

NextUp RVA

Statements of Financial Position
June 30, 2023 and 2022

Assets	2023	2022
Current assets:		
Cash and cash equivalents	$ 2,165,285	$ 1,916,900
Certificate of deposit	495,000	-
Pledges and grants receivable, current	849,300	1,108,220
Prepaid expenses and other assets, net	211,284	12,150
Total current assets	3,720,869	3,037,270
Other assets:		
Pledges and grants receivable, net of current portion and discount	117,229	234,670
Total assets	$ 3,838,098	$ 3,271,940
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 254,568	$ 292,461
Deferred revenue	506,854	-
Total current liabilities	761,422	292,461
Net assets:		
Without donor restrictions	1,814,067	1,272,996
With donor restrictions	1,262,609	1,706,483
Total net assets	3,076,676	2,979,479
Total liabilities and net assets	$ 3,838,098	$ 3,271,940

See accompanying notes to financial statements.

NextUp RVA

Statements of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions and grants	$ 1,047,090	$ 1,020,380	$ 2,067,470
Government funding	1,438,353	-	1,438,353
Total revenue and support	2,485,443	1,020,380	3,505,823
Net assets released from restriction	1,464,254	(1,464,254)	-
Expenses:			
Direct program services:			
Youth services	2,066,290	-	2,066,290
System support	101,106	-	101,106
Total direct program services	2,167,396	-	2,167,396
Core operations:			
Program expenses	745,120	-	745,120
Management and general expenses	159,804	-	159,804
Fundraising expenses	336,306	-	336,306
Total core operations	1,241,230	-	1,241,230
Total expenses	3,408,626	-	3,408,626
Change in net assets	541,071	(443,874)	97,197
Net assets:			
Beginning of year	1,272,996	1,706,483	2,979,479
End of year	$ 1,814,067	$ 1,262,609	$ 3,076,676

See accompanying notes to financial statements.

NextUp RVA

Statements of Activities, Continued
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions and grants	$ 996,583	$ 518,022	$ 1,514,605
Government funding	1,441,219	1,153,744	2,594,963
Total revenue and support	2,437,802	1,671,766	4,109,568
Net assets released from restriction	487,715	(487,715)	-
Expenses:			
Direct program services:			
Youth services	3,253,887	-	3,253,887
System support	52,960	-	52,960
Total direct program services	3,306,847	-	3,306,847
Core operations:			
Program expenses	618,149	-	618,149
Management and general expenses	169,894	-	169,894
Fundraising expenses	271,921	-	271,921
Total core operations	1,059,964	-	1,059,964
Total expenses	4,366,811	-	4,366,811
Change in net assets	(1,441,294)	1,184,051	(257,243)
Net assets:			
Beginning of year	2,714,290	522,432	3,236,722
End of year	$ 1,272,996	$ 1,706,483	$ 2,979,479

See accompanying notes to financial statements.

NextUp RVA

Statements of Functional Expenses
Years Ended June 30, 2023 and 2022

	2023				2022			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 622,180	$ 106,090	$ 156,526	$ 884,796	$ 512,242	$ 95,471	$ 112,068	$ 719,781
Professional fees	42,035	38,415	161,214	241,664	14,125	46,730	136,485	197,340
Youth services:								
Materials	335,970	-	-	335,970	211,382	-	-	211,382
Services	1,240,009	-	-	1,240,009	2,099,874	-	-	2,099,874
Transportation	-	-	-	-	560,320	-	-	560,320
PYD Program	490,311	-	-	490,311	382,310	-	-	382,310
Office expenses	52,638	11,716	14,695	79,049	53,593	25,462	18,910	97,965
System support	101,106	-	-	101,106	52,960	-	-	52,960
Conferences and meetings	21,255	2,437	276	23,968	14,328	325	325	14,978
Communications and publications	4,916	489	2,768	8,173	22,372	761	3,388	26,521
Memberships	2,096	357	527	2,980	1,490	745	745	2,980
Taxes, licenses, and fees	-	300	300	600	-	400	-	400
	$ 2,912,516	$ 159,804	$ 336,306	$ 3,408,626	$ 3,924,996	$ 169,894	$ 271,921	$ 4,366,811

See accompanying notes to financial statements.

NextUp RVA

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 97,197	$ (257,243)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Change in operating assets and liabilities:		
Pledges and grants receivable	376,361	(891,260)
Prepaid expenses and other assets, net	(199,134)	618
Accounts payable and accrued expenses	(37,893)	208,489
Deferred revenue	506,854	-
Net cash provided by (used in) operating activities	743,385	(939,396)
Cash flows from investing activities:		
Purchase of certificate of deposit	(495,000)	-
Net cash used in investing activities	(495,000)	-
Change in cash and cash equivalents	248,385	(939,396)
Cash and cash equivalents:		
Beginning of period	1,916,900	2,856,296
End of period	$ 2,165,285	$ 1,916,900

See accompanying notes to financial statements.

1. Organization and Business:

NextUp RVA (the "Organization") was formed in 2013 with the mission to provide all Richmond Public School students with access to coordinated, high-quality learning experiences beyond the classroom. The Organization is an incorporated tax-exempt public charity as defined by Sections 170(b)(1)(A)(vi), 501(c)3, and 509(a)(1) of the Internal Revenue Code ("IRC").

Upon formation until 2021, the Organization operated under the umbrella of the Community Foundation for a greater Richmond (the “Foundation”) benefiting from the Foundation’s administration, experience, and infrastructure. The Organization’s Board of Directors met on June 17, 2021, and approved separation from the Foundation to function as a wholly independent entity.

In recent years, the Organization has grown to more than 90 program providers with over 1,300 City of Richmond youth served during the year ended June 30, 2023.

2. Summary of Significant Accounting Policies:

Basis of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (“GAAP”) as determined by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

Use of Estimates: The preparation of financial statements in conformity with GAAP 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Certificate of Deposit: The certificate of deposit, has an original maturity of greater than three months and less than one year, is redeemable on demand and subject to varying early withdrawal penalties based on simple interest calculations.

Pledges and Grants Receivable: Pledges and grants receivable are unconditional promises to give, presented at their net present value in the year promised. Conditional promises are recorded when donor stipulations are substantially met. Management has reviewed pledges receivable and determined that no allowance for doubtful accounts is necessary. Government grants are considered conditional contributions and are recognized as the associated costs are incurred.

2. Summary of Significant Accounting Policies, Continued:

Implementation Costs for Cloud Computing Arrangement: The Organization follows Accounting Standard Update ("ASU") No. 2018-15, Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract. The standard aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. Under the standard, capitalized costs are recorded as a prepaid expense to mirror the accounting for expenses associated with the cloud computing arrangement. The prepaid asset is amortized over the reasonably certain term of the hosting arrangement. In accordance with the guidance, as of and for the year ended June 30, 2023, the Organization had capitalized $35,875 of such costs with accumulated amortization and amortization expense of $747. The Organization had no such costs as of or for the year ended June 30, 2022. These costs are included in prepaid expenses and other assets, net in the accompanying 2023 statement of financial position.

Deferred Revenue: Cash received under government grants prior to incurring allowable expenses are recorded as deferred revenue.

Net Assets: The Organization classifies its net assets into two categories: net assets with donor restriction and net assets without donor restriction.

Net assets with donor restrictions include funds that are subject to donor or grant-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, the net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Net assets without donor restrictions include funds that have no donor-imposed restrictions on the Organization as to their use, purpose, or timing. Board designated net assets include funds that the Board of Directors has set aside for an operating reserve. Board designated net assets are classified and reported as without donor restrictions as the amounts are internally designated and not donor restricted. See Note 5 for information regarding the composition of the Organization's net assets at June 30, 2023 and 2022.

Revenue and Support Recognition: Pledges to give cash and other assets are reported at fair value at the date the pledge is received. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions.

2. Summary of Significant Accounting Policies, Continued:

Contributions of Nonfinancial Assets: The Organization follows ASU 2020-07: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which aims to increase transparency of contributed nonfinancial assets, commonly known as gifts in kind, through enhancements to presentation and disclosures. Under ASU 2020-07, organizations receiving contributions of nonfinancial assets are required to present such contributions as a separate line item on the statement of activities. This ASU also requires disclosures for contributions of all nonfinancial assets, including both goods and services. These requirements include a disaggregation of the total amount of contributed nonfinancial assets recognized within the statement of activities by category and, for each category, information regarding the valuation methodology and whether the contributed nonfinancial assets were either monetized or used during the reporting period. The Organization did not receive significant in-kind contributions during the years ended June 30, 2023, and 2022.

Government Funding: The Organization receives grant funding from the State of Virginia and the City of Richmond to provide a variety of program services to the public based on specific requirements and stipulations included in the agreement, including eligibility, procurement, reimbursement, curriculum, staffing and other requirements. As a result, these grants are accounted for as conditional contributions.

Expense Allocation Methodology: The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The following expenses are allocated based on estimates of time and effort: salaries and benefits, office expenses, conferences and meetings, travel, and communications and publications.

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and pledges receivable. The Organization places its cash and cash equivalents with financial institutions located in Richmond, Virginia. At times, these balances may exceed FDIC insurance limits.

All of the Organization's pledges and grants receivable at June 30, 2023, and 2022 are from individuals, foundations, governments and corporations located in the Richmond metropolitan area. The Organization believes its credit risk related to these pledges and grants receivable is limited due to the nature of its donors/grantors. As of and for the year ended June 30, 2023, three donors/grantors accounted for 64% of pledges and grants receivable and four donors/grantors accounted for 63% of grants and contribution revenue. As of and for the year ended June 30, 2022, two donors/grantors accounted for 80% of pledges and grants receivable and four donors/grantors accounted for 57% of grants and contribution revenue.

2. Summary of Significant Accounting Policies, Continued:

Income Taxes: The Organization is a qualifying public charity as defined in Section 501(c)(3) of the IRC, and therefore, is exempt from federal and state income taxes. As a result of certain activities, the Organization may be subject to unrelated business income tax. Management has evaluated the effect of guidance surrounding uncertain income tax positions and concluded that the Organization has no significant financial statement exposure to uncertain income tax positions at June 30, 2023 and 2022. The Organization is not currently under audit by any tax jurisdiction.

Reclassifications: Certain prior year balances have been reclassified to conform with current year presentation.

Subsequent Events: Management has evaluated subsequent events through September 26, 2023, the date the financial statements were available to be issued and has determined that there are no additional items to be disclosed.

3. Pledges and Grants Receivable:

The Organization received a grant during the year ended June 30, 2022, that was due over a three-year period. The grant was discounted at the risk-free rate of 3.22% at June 30, 2022. The Organizations Pledges and Grants Receivable are expected to be received as follows at June 30:

	2023	2022
Amounts due in:		
Less than one year	$ 849,300	$ 1,108,220
One to five years	125,000	250,000
	974,300	1,358,220
Less:		
Discount on pledges and grants receivable	7,771	15,330
	$ 966,529	$ 1,342,890

4. Liquidity and Availability:

The following table reflects the Organization's financial assets as of June 30, 2023, and 2022 for use within one year, reduced by amounts not available for general expenditure. Financial assets are considered unavailable when restricted by a donor for time or purpose or because the governing board has designated the funds for a specific contingency.

	2023	2022
Financial assets:		
Cash and cash equivalents	$ 2,165,285	$ 1,916,900
Certificate of deposit	495,000	-
Pledges and grants receivable, current	849,300	1,108,220
Total financial assets	3,509,585	3,025,120
Less those unavailable for general expenditure within one year, due to:		
Donor imposed purpose restrictions	377,880	449,037
Board designated operating reserve	1,000,000	100,000
Financial assets available to meet cash needs for general expenditure within one year	$ 2,131,705	$ 2,476,083

The Organization also has a secured line of credit, which can be drawn upon up to $200,000 in the event of an unanticipated liquidity need. Refer to Note 6 for information on the line of credit.

5. Net Assets:

The composition of the Organization's net assets at June 30 are as follows:

	2023	2022
Undesignated	$ 814,067	$ 1,172,996
Board designated for operating reserve	1,000,000	100,000
Total net assets without donor restrictions	1,814,067	1,272,996
Purpose restrictions	377,880	449,037
Time-restricted for future periods	884,729	1,257,446
Total net assets with donor restrictions	1,262,609	1,706,483
Total net assets	$ 3,076,676	$ 2,979,479

6. Line of Credit:

During 2018, the Organization entered into a revolving line of credit agreement with a bank providing for maximum borrowings of $200,000 and is payable on demand. In June 2023, the agreement was amended to reflect the pending discontinuance of the London Interbank Offered Rate ("LIBOR") which was the index used for interest under the original agreement. Subsequent to the amendment, the revolving line of credit interest rate is based on the American Interbank Offered Rate ("AMERIBOR"). Interest on funds advanced is payable monthly at the one-month AMERIBOR rate plus 2.5%, a total rate of 7.8% at June 30, 2023. There were no borrowings on the line of credit during 2023 or 2022.

7. Retirement Plan:

The Organization's employees are eligible to participate in a 403(b) thrift plan on the first day of the month following employment. Under the terms of the plan, employees are entitled to contribute a portion of their total compensation, within limitations established by the Internal Revenue Code. At the Board's discretion, the Organization may make a matching contribution defined as the lesser of 100% of an employee's contributions or 4.5% of an employee's total annual compensation as defined. Employees are eligible for matching contributions 90 days after entering the plan and are immediately vested in those matching contributions. Matching contributions totaled $33,319 and $20,922 for the years ended June 30, 2023, and 2022, respectively.

8. Indemnification:

The Organization has certain obligations to indemnify its current and former officers and directors for certain events or occurrences while the officer or director is, or was serving, at the Organization's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia. The Organization has insurance policies that serve to limit its exposure and believes that the estimated fair value of these indemnification obligations is minimal.

9. Related Party Transactions:

The Organization conducts business with financial institutions and other service providers throughout the Richmond area. Certain members of the Organization's Board of Directors and donors are employed by and/or are on the Board of Directors of such entities.