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EDvance

Financial Statements and Supplementary Information

June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Audit Committee
EDvance
San Francisco, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of EDvance, which comprise the statement of financial position as of June 30, 2024, and the related statement of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of EDvance as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 EDvance and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 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 EDvance's 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 GAAS and *Government 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 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 GAAS and *Government 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 EDvance'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 EDvance'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Financial Responsibility Supplemental Schedules, as required by 34 C.F.R Section 668.172 and Appendix A to Subpart L of Part 668, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2024 on our consideration of EDvance's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of EDvance's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering EDvance's internal control over financial reporting and compliance.



Savannah, Georgia
October 14, 2024

EDVANCE
STATEMENT OF FINANCIAL POSITION
June 30, 2024

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,028,148
Contributions receivable, net of allowance for credit losses of \$224,826	1,736,012
Student accounts receivable	900
Prepaid expenses	76,566
Total current assets	<u>3,841,626</u>

CONTRIBUTIONS RECEIVABLE, net of current portion and
allowance for credit losses of \$100,000

400,000

PROPERTY AND EQUIPMENT

Furniture and equipment	70,297
Less accumulated depreciation	18,591
	<u>51,706</u>

OTHER ASSETS

Right-of-use assets held under operating leases	87,483
Deposits	8,909
	<u>96,392</u>
	<u>\$ 4,389,724</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 42,507
Accrued expenses	207,800
Current portion of operating lease obligations	51,588
Total current liabilities	<u>301,895</u>

OPERATING LEASE OBLIGATIONS, net of current portion

36,243

NET ASSETS

Without donor restrictions	2,236,476
With donor restrictions	1,815,110
	<u>4,051,586</u>
	<u>\$ 4,389,724</u>

EDVANCE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Contributions	\$ 3,073,500	\$ 3,135,892	\$ 6,209,392
Tuition and fees, net	21,150	-	21,150
Other operating income	841	-	841
Net assets released from restriction	2,933,139	(2,933,139)	-
Total operating revenues	<u>6,028,630</u>	<u>202,753</u>	<u>6,231,383</u>
OPERATING EXPENSES			
Program	3,074,529	-	3,074,529
General and administrative	921,089	-	921,089
Fundraising	511,628	-	511,628
Total operating expenses	<u>4,507,246</u>	<u>-</u>	<u>4,507,246</u>
INCOME FROM OPERATIONS	<u>1,521,384</u>	<u>202,753</u>	<u>1,724,137</u>
NON-OPERATING CHANGE IN NET ASSETS			
Interest income	<u>21,676</u>	<u>-</u>	<u>21,676</u>
CHANGES IN NET ASSETS	1,543,060	202,753	1,745,813
NET ASSETS - beginning of year	<u>693,416</u>	<u>1,612,357</u>	<u>2,305,773</u>
NET ASSETS - end of year	<u>\$ 2,236,476</u>	<u>\$ 1,815,110</u>	<u>\$ 4,051,586</u>

EDVANCE
STATEMENT OF CASH FLOWS
Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ 1,745,813
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities	
Depreciation	14,652
Provision for credit losses	324,826
Reduction of right-of-use assets held under operating leases	20,968
Changes in operating assets and liabilities	
(Increase) decrease in assets	
Student accounts receivable	(900)
Contributions receivable	(1,637,360)
Prepaid expenses	(55,039)
Deposits	(8,909)
Increase (decrease) in liabilities	
Accounts payable	(45,226)
Accrued expenses	164,929
Operating lease obligations	(20,620)
Net cash provided by operating activities	<u>503,134</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	<u>(50,586)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	452,548
BEGINNING CASH AND CASH EQUIVALENTS	<u>1,575,600</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 2,028,148</u></u>

EDVANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

EDvance, a not-for-profit entity, is an independent institution established in August 2021. EDvance offers affordable and accessible degree pathways designed specifically for the early childhood education (ECE) workforce. Our fully remote bachelor's degree program is built to support working early childhood educators, allowing them to balance their careers while advancing academically. EDvance is accredited by the Accrediting Commission for Schools, Western Association of Schools and Colleges (WASC), ensuring the quality and rigor of our programs.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

EDvance's net assets, revenues, expenses, and gains or losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of EDvance and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions – Net assets that are subject to usage limitations based on donor-imposed restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of EDvance. Certain restrictions may need to be maintained in perpetuity.

When a donor's restriction is satisfied, the net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor restrictions. Expenses are reported as decreases in net assets without donor restrictions.

The cost of providing the program and other activities has been summarized on a functional basis as expenses in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated to the program and the supporting service benefited.

Contributions and Support

Contribution revenues include promises-to-give, grants, and donations. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give, is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. There are no unrecognized conditional promises to give at June 30, 2024.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires EDvance's 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.

EDVANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and checking accounts. EDvance had no restricted cash at June 30, 2024.

Contributions Receivable

Contributions receivable include promises to give that have been pledged to EDvance and are reported at net realizable value. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Provision for credit losses for the year ended June 30, 2024 was \$324,826.

Property and Equipment

Property and equipment, which consist of furniture and equipment, are stated at cost and are being depreciated over their estimated useful lives using the straight-line method for financial reporting purposes. Maintenance and repairs are charged against earnings when incurred. Major improvements are capitalized.

Depreciation expense for the year ended June 30, 2024 was \$14,652.

Scholarships

EDvance offers institutional grants to students based on individual student's needs and fund availability. Scholarships are expensed over the length of the program and are netted with tuition revenue and fees on the statement of activities and changes in net assets.

Advertising Costs

Advertising costs are expensed as they are incurred. Advertising costs for the year ended June 30, 2024 were \$46,711, and include direct and indirect expenses.

Recent Accounting Pronouncement

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses. This ASU introduces a “current expected credit loss” (CECL) model which requires all expected credit losses for financial instruments held at the reporting date to be based on historical experience, current conditions, and reasonable supportable forecasts. The CECL model replaces the existing incurred loss method and is applicable to the measurement of credit losses of financial assets, including trade receivables. Effective July 1, 2023, EDvance evaluated the impact and adopted ASU 2016-13 and made the necessary adjustments for the financial statements to be in compliance with the new standard.

Subsequent Events

EDvance has evaluated the subsequent events through October 14, 2024, the date on which the financial statements were available to be issued.

EDVANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. LIQUIDITY AND AVAILABILITY

The following reflects EDvance's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts subject to expenditure for a specific purpose.

Financial assets at year-end	
Current assets	\$ 3,841,626
Less those unavailable for general expenditures within one year, due to:	
Restricted by donor with time or purpose restrictions	<u>1,415,110</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,426,516</u>

EDvance is substantially supported by contributions from donors. EDvance has a goal of maintaining financial assets, which consist of cash and cash equivalents, on hand to meet 3 months of normal operating expenses, which are, on average, approximately \$1,200,000. EDvance has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods for the year ended June 30, 2024:

Subject to the passage of time:	\$ 928,250
Subject to expenditure for specific purpose:	
Programs	861,860
Organizational Development	<u>25,000</u>
Total net assets with donor restrictions	<u>\$ 1,815,110</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time as follows for the year ended June 30, 2024:

Expiration of time restrictions:	\$ 1,812,598
Subject to expenditure for specific purpose:	
Programs	1,070,541
Organizational development	40,000
Marketing outreach	<u>10,000</u>
Total net assets released from donor restrictions	<u>\$ 2,933,139</u>

EDVANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 4. OPERATING LEASES

EDvance has entered into a written agreement to lease its facility under a noncancellable lease. The lease is for a duration of two years and provides a renewal option. EDvance evaluates any lease agreement to determine whether it should be classified as a finance lease or an operating lease. There are no finance lease agreements as of June 30, 2024.

The operating lease agreement is for real estate space and is included within right-of-use (“ROU”) assets and lease liabilities on the statement of financial position. The terms of EDvance’s operating lease provides for increasing rent over the term of the lease.

ROU assets represent EDvance’s right to use an underlying asset for the lease term, and lease liabilities represent EDvance’s obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date of the lease based on the estimated present value of lease payments over the lease term. EDvance’s lease does not provide an implicit rate, EDvance uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. EDvance’s lessee agreement includes an option to extend the lease, which EDvance does not include in its minimum lease terms unless it is reasonably certain to be exercised.

Supplemental statement of financial position information related to leases was as follows as of:

<u>Leases</u>	<u>Classification</u>	<u>June 30, 2024</u>
Assets	Right-of-use assets held under operating lease	<u>\$ 87,483</u>
Liabilities		
Current	Current portion of operating lease obligations	\$ 51,588
Noncurrent	Operating lease obligations, net of current portion	<u>36,243</u>
		<u>\$ 87,831</u>

Weighted average remaining lease term and discount rate were as follows as of June 30, 2024:

Weighted average remaining operating lease term, in months	20
Weighted average operating lease discount rate	4.20%

The components of lease cost were as follows as of June 30, 2024:

Operating lease cost	\$ 22,619
Short-term lease cost	-
Variable lease cost	-
	<u>-</u>
Net lease cost	<u>\$ 22,619</u>

EDVANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 4. OPERATING LEASES (continued)

As of June 30, 2024, maturities of lease liabilities were as follows:

<u>Year Ending June 30,</u>	<u>Operating Lease</u>
2025	\$ 54,120
2026	36,704
	<u>90,824</u>
Less amount representing interest	<u>2,993</u>
Present value of minimum lease payments	<u>\$ 87,831</u>

NOTE 5. REVENUE RECOGNITION

EDvance determines revenue recognition for tuition and fees through the five-step model outlined in Topic 606, as follows:

1. Identification of the contract with a student;
2. Identification of the performance obligations in the contract;
3. Determination of the transaction price;
4. Allocation of the transaction price to the performance obligations in the contract; and
5. Recognition of revenue when, or as, EDvance satisfies a performance obligation.

All recognized contract assets for which the student has an unconditional obligation to pay are included in the accompanying statement of financial position as student accounts receivable. Total student accounts receivable from EDvance's contracts with students were \$900 as of June 30, 2024. There are no contract liabilities as of June 30, 2024.

Student tuition is billed at the beginning of each academic term. EDvance has various billing and academic cycles. Payments from the students are due at the beginning of the academic term or in accordance with an agreed upon payment plan. Fee revenues, which consist of fees, books, and other educational services, are not significant to EDvance's overall financial results and have a direct correlation to tuition revenues. Other fees are transactional and are billed to the student at the time of service. This revenue is recognized wholly when, or as, control of the product is transferred to the student.

Total tuition and fee revenues are presented net of scholarships and discounts.

EDvance's revenues are primarily comprised of contribution revenue recognized when assets or unconditional promises to give are received.

NOTE 6. INCOME TAXES

EDvance is a not-for-profit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") whereby only unrelated business income as defined by Section 512(a)(1) of the IRC is subject to federal income tax. There was no significant unrelated business income for each of the year ended June 30, 2024. Accordingly, no provision or liability for federal or state income taxes is recorded in these financial statements.

The FASB requires management to annually evaluate EDvance's tax positions, including accounting for and measurement of uncertain tax positions. For the year ended June 30, 2024, management concluded that no uncertain tax positions had been taken that would require adjustment to or disclosure in the financial statements. With few exceptions, EDvance is no longer subject to income tax examinations by federal, state, or local tax authorities for years before 2021.

EDVANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 7. EMPLOYEE BENEFIT PLAN

EDvance sponsors a defined contribution plan (the “Plan”) for the benefit of its full-time employees. The Plan was adopted in October 2023 and is qualified under Section 401(k) of the IRC. Under the provisions of the Plan, eligible participating employees may elect to contribute up to the maximum amount of tax-deferred contribution allowed by the IRC. EDvance makes a safe harbor contribution equal to 3% of eligible employee compensation. Additionally, EDvance elected to match a portion of employee contributions. Employer contributions to the Plan totaled \$114,470 for the year ended June 30, 2024.

NOTE 8. CONCENTRATION OF CREDIT RISK

EDvance maintains its cash accounts at various commercial banks. At times throughout the year, the amount on deposit at the banks may exceed the insurance limits of the Federal Deposit Insurance Corporation (“FDIC”) of \$250,000, per depositor, per insured bank. At June 30, 2024, cash deposits exceeded the insurance limits of the FDIC by \$1,528,146.

NOTE 9. STATEMENT OF CASH FLOWS – SUPPLEMENTAL INFORMATION

Cash used to pay interest for the year ended June 30, 2024 was \$0.

Cash used to pay income taxes for each of the year ended June 30, 2024 was \$0.

During the fiscal year ended June 30, 2024, EDvance added right-of-use assets and liabilities in the amount of \$108,451 through a long-term noncash operating lease agreement.

NOTE 10. RELATED PARTY TRANSACTIONS

EDvance is applying to participate in Federal programs authorized by Title IV of the Higher Education Act of 1965, as amended (“HEA”), which are administered by the United States Department of Education. Accordingly, EDvance must comply with the regulations promulgated under the HEA. Those regulations, found in 34 CFR 668.23(d), require that all related party transactions be disclosed, regardless of their materiality to the financial statements. This information is required by the United States Department of Education for the purpose of providing additional analysis and is provided in addition to related party disclosure requirements of basic financial statements.

The EDvance board members all donate philanthropically to EDvance on an annual basis. The donations from board members total \$9,435 during the fiscal year ended June 30, 2024. The single largest donation was \$3,500. There were no other related party transactions. There were no payments by EDvance to board members, entities, or persons affiliated to board members or employees.

EDVANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 11. STATEMENT OF FINANCIAL POSITION – SUPPLEMENTAL INFORMATION

This information is required by the United States Department of Education and is presented for the purpose of additional analysis and is not a required part of the financial statements.

Post-implementation net property and equipment with no outstanding debt is \$51,706 as of the statement of financial position date. There are no assets purchased with debt and no construction in progress assets.

Post-implementation lease right-of-use assets are \$87,483 as of the statement of financial position date. Post-implementation lease right-of-use liabilities are \$87,831 as of the statement of financial position date.

NOTE 12. SCHEDULE OF FUNCTIONAL EXPENSES

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 expenses that are allocated include personnel costs, and they are allocated on the basis of estimates of time and effort.

Expenses by both their nature and their function for the year ended June 30, 2024, are as follows:

	Program	General and Administrative	Fundraising	Total
Personnel costs	\$ 2,502,297	\$ 728,305	\$ 186,802	\$ 3,417,404
Professional & contract service	246,364	103,768	-	350,132
Provision for credit losses	-	-	324,826	324,826
Information technology	117,383	6,389	-	123,772
Travel and meetings	69,256	10,000	-	79,256
Accreditation, dues and other	49,892	3,049	-	52,941
Marketing & promotion	46,711	-	-	46,711
Conferences, conventions, and meetings	42,626	2,159	-	44,785
Occupancy	-	34,421	-	34,421
Insurance	-	18,346	-	18,346
Depreciation	-	14,652	-	14,652
	<u>\$ 3,074,529</u>	<u>\$ 921,089</u>	<u>\$ 511,628</u>	<u>\$ 4,507,246</u>

REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the Audit Committee
EDvance
San Francisco, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of EDvance, which comprise the statement of financial position as of June 30, 2024, the related statement of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 14, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered EDvance's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of EDvance's internal control. Accordingly, we do not express an opinion on the effectiveness of EDvance's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether EDvance's financial statements are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the board of trustees, management, accrediting agencies, and the United States Department of Education and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Symphona LLP". The script is cursive and fluid, with the letters "S", "L", and "P" being particularly prominent.

Savannah, Georgia
October 14, 2024

SUPPLEMENTARY INFORMATION

EDVANCE
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
See Independent Auditor's Report
Year Ended June 30, 2024

As a condition of eligibility to participate in the various federal financial assistance programs, EDvance is required to demonstrate financial responsibility, as defined in United States Department of Education regulations, by maintaining a "composite score standard" of at least 1.5. The regulations also established a composite score zone between 1.0 and 1.4, demonstrating an institution as financially weak, but viable. Regulations allow institutions falling within this zone up to three consecutive years to improve their financial condition without requiring surety.

The following schedule outlines the components utilized in the calculation of EDvance's total composite score for the year ended June 30, 2024, and is required by the United States Department of Education:

Primary Reserve Ratio:			
	<u>Expendable Net Assets:</u>		
Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions		\$ 2,236,476
Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions		\$ 1,815,110
Not Applicable	Net assets with donor restrictions: Other for purpose or time		\$ -
Not Applicable	Secured and Unsecured related party receivable	\$ -	
Not Applicable	Unsecured related party receivable		\$ -
Not Applicable	Unsecured other related party assets		\$ -
Statement of Financial Position - Property and equipment, net	Property, plant, and equipment, net (includes Construction in progress)	\$ 51,706	
Not Applicable	Property, plant, and equipment - pre-implementation		\$ -
Not Applicable	Property, plant, and equipment - post-implementation with outstanding debt for original purchase		\$ -
Notes to Financial Statements - Note 11 Statement of Financial Position - Supplementary Information - Property and Equipment - post-implementation without outstanding debt for original purchase	Property, plant, and equipment - post-implementation without outstanding debt for original purchase		\$ 51,706
Not Applicable	Construction in progress		\$ -
Statement of Financial Position - Lease right-of-use assets, net	Lease right-of-use asset, net	\$ 87,483	
Not Applicable	Lease right-of-use asset pre-implementation		\$ -
Notes to Financial Statements - Note 11 Statement of Financial Position - Supplementary Information - Lease right-of- use asset post-implementation	Lease right-of-use asset post-implementation		\$ 87,483
Not Applicable	Intangible assets		\$ -
Not Applicable	Post-employment and pension liabilities		\$ -

EDVANCE
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See Independent Auditor's Report
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Primary Reserve Ratio: (continued)

	Expendable Net Assets: (continued)		
Not Applicable	Long-term debt - for long-term purposes	\$ -	
Not Applicable	Long-term debt - for long-term purposes pre-implementation		\$ -
Not Applicable	Long-term debt - for long-term purposes post-implementation		\$ -
Not Applicable	Line of Credit for Construction in progress		\$ -
Not Applicable	Long-term debt - not for the purchase of Property, Plant and Equipment or liability greater than assets value		\$ -
Statement of Financial Position - Operating lease obligations	Lease right-of-use asset liability	\$ 87,831	
Not Applicable	Lease right-of-use asset liability pre-implementation		\$ -
Notes to Financial Statements - Note 11 Statement of Financial Position - Supplementary Information - Lease right-of- use of liabilities post-implementation	Lease right-of-use asset liability post- implementation		\$ 87,831
Not Applicable	Annuities with donor restrictions		\$ -
Not Applicable	Term endowments with donor restrictions		\$ -
Not Applicable	Life income funds with donor restrictions		\$ -
Not Applicable	Net assets with donor restrictions: restricted in perpetuity		\$ -
	Total Expenses and Losses:	\$ 4,507,246	
Statement of Activities and Changes in Net Assets - Total Operating Expenses	Total expenses without donor restrictions - taken directly from Statement of Activities		\$ 4,507,246
Not Applicable	Non-Operating and Net Investment (loss)	\$ -	
Not Applicable	Other components of net periodic pension costs		\$ -
Not Applicable	Change in value of split-interest agreements		\$ -
Not Applicable	Other losses		\$ -
Not Applicable	Net investment losses		\$ -
Not Applicable	Pension-related changes other than net periodic costs		\$ -

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Equity Ratio:

	<u>Modified Net Assets:</u>		
Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions		\$ 2,236,476
Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions		\$ 1,815,110
Not Applicable	Intangible assets		\$ -
Not Applicable	Secured and Unsecured related party receivables	\$ -	
Not Applicable	Unsecured related party receivables		\$ -
Not Applicable	Unsecured related party other assets		\$ -
	<u>Modified Assets:</u>		
Statement of Financial Position - Total assets	Total assets		\$ 4,389,724
Not Applicable	Lease right-of-use asset pre-implementation		\$ -
Not Applicable	Lease right-of-use asset liability pre-implementation		\$ -
Not Applicable	Intangible assets		\$ -
Not Applicable	Secured and Unsecured related party receivables	\$ -	
Not Applicable	Unsecured related party receivables		\$ -
Not Applicable	Unsecured related party other assets		\$ -

Net Income Ratio:

Statement of Activities and Changes in Net Assets - Changes in Net Assets Without Donor Restrictions	<u>Change in Net Assets Without Donor Restrictions</u>		\$ 1,543,060
	<u>Total Revenues and Gains:</u>	\$ 6,253,059	
Statement of Activities and Changes in Net Assets - Total operating revenues	Total Operating Revenue and Other Additions (Gains)		\$ 6,231,383
Not Applicable	Investment return appropriated for spending		\$ -
Statement of Activities and Changes in Net Assets - Non-operating change in net assets	Non-Operating Revenue and Other Gains		\$ 21,676

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Primary Reserve Ratio = Expandable Net Assets	\$ 4,000,228	
/ Total Expenses and Losses Without Donor Restrictions	\$ 4,507,246	0.8875

Equity Ratio = Modified Net Assets	\$ 4,051,586	
/ Modified Assets	\$ 4,389,724	0.9230

Net Income Ratio = Change in Net Assets Without Donor Restrictions	\$ 1,543,060	
/ Total Revenues and Gains Without Donor Restrictions	\$ 6,253,059	0.2468

RATIO	Ratio	Strength Factor	Weight	Composite Scores
Primary reserve ratio	0.8875	3.0000	40%	1.2000
Equity ratio	0.9230	3.0000	40%	1.2000
Net income ratio	0.2468	3.0000	20%	0.6000
				3.0000
Total Composite Score - Rounded				3.0

EDvance's total composite score at June 30, 2024, is in compliance with the "financial responsibility" requirement.