

EDVANCE COLLEGE, INC.
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023



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**EDVANCE COLLEGE, INC.
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YEAR ENDED JUNE 30 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
EDvance College, Inc.
Modesto, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of EDvance College, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 EDvance College, Inc. as of June 30, 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of EDvance College, Inc. 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 College, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 College, Inc.'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 College, Inc.'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023, on our consideration of EDvance College, Inc.'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 College, Inc.'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 College, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Glendora, California
December 22, 2023

EDVANCE COLLEGE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

Cash and Cash Equivalents	\$ 1,575,600
Promises To Give, Net	823,478
Prepaid Expenses and Other Assets	21,527
Property, Plant and Equipment, Net	<u>15,772</u>
Total Assets	<u><u>\$ 2,436,377</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 87,733
Accrued Expenses and Other Liabilities	<u>42,871</u>
Total Liabilities	130,604

NET ASSETS

Without Donor Restrictions	\$ 693,416
With Donor Restrictions:	<u>1,612,357</u>
Total Net Assets	<u><u>2,305,773</u></u>
Total Liabilities and Net Assets	<u><u>\$ 2,436,377</u></u>

See accompanying Notes to Financial Statements.

EDVANCE COLLEGE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	\$ 1,664,762	\$ 1,932,978	\$ 3,597,740
Interest and Dividends	52	-	52
Net Assets Released from Restriction	785,389	(785,389)	-
Total Revenue, Support, and Gains	2,450,203	1,147,589	3,597,792
EXPENSES AND LOSSES			
Program	1,781,646	-	1,781,646
General and Administrative	70,836	-	70,836
Total Supporting Services Expenses	1,852,482	-	1,852,482
CHANGE IN NET ASSETS	597,721	1,147,589	1,745,310
Net Assets - Beginning of Year	95,695	464,768	560,463
NET ASSETS - END OF YEAR	<u>\$ 693,416</u>	<u>\$ 1,612,357</u>	<u>\$ 2,305,773</u>

See accompanying Notes to Financial Statements.

EDVANCE COLLEGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program	Management and General	Total
Personnel Costs	\$ 1,070,205	\$ 31,783	\$ 1,101,988
Professional & Contract Service	411,039	23,100	434,139
Information Technology	72,703	3,378	76,081
Travel and Meetings	63,501	4,503	68,004
Insurance	60,687	5,535	66,222
Accreditation, Dues and Other	56,470	723	57,193
Marketing & Promotion	19,290	12	19,302
Occupancy	10,889	1,802	12,691
Conferences, Conventions, and Meetings	8,423	-	8,423
Charitable Donations and Scholarships	4,500	-	4,500
Depreciation	3,939	-	3,939
Total Expenses by Function	<u>\$ 1,781,646</u>	<u>\$ 70,836</u>	<u>\$ 1,852,482</u>

See accompanying Notes to Financial Statements.

**EDVANCE COLLEGE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 1,745,310
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	3,939
Changes in Operating Assets and Liabilities:	
Accounts Receivable, Net	2,178
Promises To Give, Net	(823,478)
Prepaid Expenses and Other Assets	(16,199)
Accounts Payable	42,854
Accrued Expenses and Other Liabilities	29,304
Net Cash Provided by Operating Activities	<u>983,908</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property and Equipment	<u>(19,711)</u>
Net Cash Used by Investing Activities	(19,711)

NET CHANGE IN CASH AND CASH EQUIVALENTS

964,197

Cash and Cash Equivalents - Beginning of Year

611,403

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 1,575,600

See accompanying Notes to Financial Statements.

**EDVANCE COLLEGE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 ORGANIZATION

EDvance College, Inc. (EDvance) is an independent institution established in August 2021. Our work began in 2009 as an embedded program at San Francisco State University to serve the existing early childhood education workforce in degree attainment. Today, EDvance's bachelor's degree program is fully remote and built specifically for working early childhood educators.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash held with financial institutions.

Promises to Give, Net

Promises to give include pledges that are recorded at their present value based on applicable U.S. treasury yields for the applicable issue maturity. 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.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

EDvance reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

EDVANCE COLLEGE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition

Revenue is recognized when earned. 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, 2023.

Advertising Costs

Advertising costs are expensed as incurred and were \$19,302 during the year ended June 30, 2023.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, personnel costs have been allocated among the programs and supporting services benefited based on the percentage of effort.

Income Taxes

EDvance College, Inc. is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under IRC Section 501(a) as organizations described in Internal Revenue Code (IRC) Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. EDvance is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, EDvance is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Management has been determined that EDvance is not subject to unrelated business income tax and does not need filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Financial Instruments and Credit Risk

EDvance manages deposit concentration risk by placing cash with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, EDvance has not experienced losses in any accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from organizations supportive of our mission.

Subsequent Events

EDvance has evaluated subsequent events through December 22, 2023, the date the financial statements were available to be issued.

EDVANCE COLLEGE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and Cash Equivalents	\$ 1,575,600
Promises to Give, Net	650,000
Total	<u>\$ 2,225,600</u>

NOTE 4 PROMISES TO GIVE

Unconditional promises to give consisted of the following at June 30, 2023:

Amounts Due in:	
Less than One Year	\$ 650,000
One to Five Years	173,478
Total Promises to Give, Net	<u>\$ 823,478</u>

Promises to give were recognized at the stated value of the gifts. The current year present value discount was \$1,522 based on applicable U.S. treasury yields for the applicable issue maturity.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods for the year ended June 30, 2023:

Subject to the Passage of Time:	\$ 940,848
Subject to Expenditure for Specified Purpose:	
Programs	671,509
Total Net Assets with Donor Restrictions	<u>\$ 1,612,357</u>

EDVANCE COLLEGE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2023:

Expiration of Time Restrictions	\$ 635,152
Satisfaction of Purpose Restrictions:	
Programs	41,469
Organizational Development	59,500
Marketing Outreach	7,500
Start-up Cost	41,768
Total Net Assets Released from Donor Restrictions	<u><u>\$ 785,389</u></u>

NOTE 6 RELATED PARTY

The College receives various gifts from trustees. The College received \$9,236 in gifts from trustees for the year ended June 30, 2023.

SUPPLEMENTARY INFORMATION



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
EDvance College, Inc.
Modesto, California

We have audited the financial statements of EDvance College, Inc. as of and for the year ended June 30, 2023, and our report thereon dated December 22, 2023, which contained an unmodified opinion on those financial statements, appears on page 1. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Disclosure – U.S. Department of Education is presented for the 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
December 22, 2023

EDVANCE COLLEGE, INC.
SUPPLEMENTAL DISCLOSURE AS REQUIRED BY THE U.S. DEPARTMENT OF EDUCATION
YEAR ENDED JUNE 30, 2023

PRIMARY RESERVE RATIO

693,416	Net assets without donor restrictions
<u>1,612,357</u>	Net assets with donor restrictions
2,305,773	Expendable Net Assets
1,852,482	Total operating expenses
<u>1,852,482</u>	Total Expenses/Losses
1.2447	Primary Reserve Ratio

EQUITY RATIO

693,416	Net assets without donor restrictions
<u>1,612,357</u>	Net assets with donor restrictions
2,305,773	Modified Net Assets
2,436,377	Total assets
<u>2,436,377</u>	Modified Assets
0.9464	Equity Ratio

NET INCOME RATIO

597,721	Change in net assets without donor restrictions
3,597,792	Total operating revenue
<u>3,597,792</u>	Total Revenues/Gains
0.1661	Net Income Ratio

RATIO	Ratio	Strength Factor	Weight	Composite Scores
Primary Reserve	1.2447	3.0000	40%	1.2
Equity	0.9464	3.0000	40%	1.2
Net Income	0.1661	3.0000	20%	0.6
				3.0

Round the composite score to one digit after the decimal point to determine the final score

TOTAL Composite Score - Rounded	<u><u>3.0</u></u>	PASS
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**INDEPENDENT AUDITORS' 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**

Board of Directors
EDvance College, Inc.
Modesto, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of EDvance College, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered EDvance College, Inc.'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 College, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of EDvance College, Inc.'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.

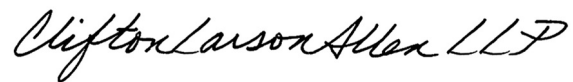
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether EDvance College, Inc.'s financial statements are free from material misstatement, we performed tests of its 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Glendora, California
December 22, 2023

