

**UASPIRE, INC.**

**FINANCIAL STATEMENTS**

**Years Ended June 30, 2018 and 2017**



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
uAspire, Inc.

We have audited the accompanying financial statements of uAspire, Inc., a Massachusetts non-profit organization, (the "Organization") which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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.



## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of uAspire, Inc. as of June 30, 2018, 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.

### **Report on Summarized Comparative Information**

We have previously audited the uAspire, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 5, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Chestnut Hill, Massachusetts  
December 11, 2018



UASPIRE, INC.

**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2018 with Comparative Totals as of June 30, 2017**

**ASSETS**

	2018				2017
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Cash	\$ 428,784	\$ 182,048	\$ -	\$ 610,832	\$ 1,775,601
Investments	101,703	47,124	557,909	706,736	683,375
Investments - restricted	67,050	-	-	67,050	89,400
Program receivables	40,916	96,280	-	137,196	318,189
Promises to give	121,768	360,147	-	481,915	152,058
Prepaid expenses and other assets	126,381	-	-	126,381	70,921
Property and equipment, net	71,951	-	-	71,951	66,351
Deposits	5,730	-	-	5,730	5,730
Total assets	<u>\$ 964,283</u>	<u>\$ 685,599</u>	<u>\$ 557,909</u>	<u>\$ 2,207,791</u>	<u>\$ 3,161,625</u>

**LIABILITIES AND NET ASSETS**

Liabilities:					
Line of credit	\$ 450,000	\$ -	\$ -	\$ 450,000	\$ -
Accounts payable and accrued expenses	341,799	-	-	341,799	350,372
Deferred rent	169,232	-	-	169,232	176,412
Donor-designated funds	1,500	-	-	1,500	48,010
Total liabilities	<u>962,531</u>	<u>-</u>	<u>-</u>	<u>962,531</u>	<u>574,794</u>
Net assets:					
Unrestricted	1,752	-	-	1,752	1,108,860
Temporarily restricted	-	685,599	-	685,599	920,062
Permanently restricted	-	-	557,909	557,909	557,909
Total net assets	<u>1,752</u>	<u>685,599</u>	<u>557,909</u>	<u>1,245,260</u>	<u>2,586,831</u>
Total liabilities and net assets	<u>\$ 964,283</u>	<u>\$ 685,599</u>	<u>\$ 557,909</u>	<u>\$ 2,207,791</u>	<u>\$ 3,161,625</u>



## UASPIRE, INC.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**Year Ended June 30, 2018 with Comparative Totals for the Year Ended June 30, 2017**

	2018			2017	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
Support and revenues:					
Contributions	\$ 4,638,796	\$ 636,975	\$ -	\$ 5,275,771	\$ 5,356,896
Program revenue	1,453,160	-	-	1,453,160	2,259,442
Special event revenue	471,608	-	-	471,608	430,263
Dividend and interest income	14,007	36,200	-	50,207	34,688
Donated services	16,792	-	-	16,792	51,784
Realized and unrealized gain on investments	4,227	10,924	-	15,151	25,769
Net assets released from restrictions	918,562	(918,562)	-	-	-
Total support and revenues	<u>7,517,152</u>	<u>(234,463)</u>	<u>-</u>	<u>7,282,689</u>	<u>8,158,842</u>
Expenses:					
Program services	5,619,145	-	-	5,619,145	4,798,817
General and administrative	874,173	-	-	874,173	741,819
Fundraising	2,130,942	-	-	2,130,942	2,057,693
Total expenses	<u>8,624,260</u>	<u>-</u>	<u>-</u>	<u>8,624,260</u>	<u>7,598,329</u>
Increase (decrease) in net assets	(1,107,108)	(234,463)	-	(1,341,571)	560,513
Net assets, beginning of year	1,108,860	920,062	557,909	2,586,831	2,026,318
Net assets, end of year	<u>\$ 1,752</u>	<u>\$ 685,599</u>	<u>\$ 557,909</u>	<u>\$ 1,245,260</u>	<u>\$ 2,586,831</u>



## UASPIRE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018 With Comparative Totals for the Year Ended June 30, 2017

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2018 Total</u>	<u>2017 Total</u>
Bank service fees and interest	\$ 858	\$ 3,539	\$ 9,372	\$ 13,769	\$ 13,020
Depreciation and amortization	-	24,209	-	24,209	22,411
Donated services - consulting (see Note 2)	2,215	-	-	2,215	-
Donated services - legal (see Note 2)	-	14,577	-	14,577	50,644
Donated services - other (see Note 2)	-	-	-	-	1,140
Electricity	16,159	2,563	6,100	24,822	21,786
Employee benefits	480,838	76,387	181,817	739,042	591,495
Equipment rental and maintenance	10,247	1,625	3,869	15,741	17,515
Events	57,418	-	156,480	213,898	157,523
Insurance	795	9,593	-	10,388	8,462
Marketing and promotion	10,157	-	259	10,416	18,840
Office supplies, printing and postage	30,011	14,044	9,084	53,139	33,350
Payroll taxes and service fees	275,826	43,746	104,125	423,697	377,344
Professional consulting and services	186,714	23,900	48,432	259,046	315,596
Rent	294,011	46,630	110,990	451,631	359,591
Salaries	3,603,131	571,456	1,360,188	5,534,775	4,771,008
Scholarships	184,987	-	-	184,987	182,000
Staff development	38,285	6,072	14,453	58,810	82,725
Technology consulting	56,871	9,020	21,469	87,360	86,112
Technology hardware	25,805	4,093	9,742	39,640	43,905
Technology software	129,033	8,069	19,207	156,309	133,308
Telephone and internet	31,233	4,954	11,791	47,978	55,108
Travel, meals and conferences	184,551	9,696	63,564	257,811	255,446
Total	<u>\$ 5,619,145</u>	<u>\$ 874,173</u>	<u>\$ 2,130,942</u>	<u>\$ 8,624,260</u>	<u>\$ 7,598,329</u>



UASPIRE, INC.

**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (1,341,571)	\$ 560,513
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities:		
Realized gain on investments	(15,151)	(25,769)
Non-cash donations of common stock	(69,041)	(57,877)
Investment fees	7,477	6,469
Non-cash dividend and interest income	(50,207)	(34,688)
Depreciation and amortization	24,209	22,411
Changes in operating assets and liabilities:		
Program receivables	180,993	(85,930)
Promises to give	(329,857)	6,020
Prepaid expenses and other assets	(55,460)	(10,515)
Accounts payable and accrued expenses	(8,573)	88,328
Deferred rent	(7,180)	24,954
Donor-designated funds	(46,510)	33,182
Net cash provided by (used for) operating activities	<u>(1,710,871)</u>	<u>527,098</u>
Cash flows from investing activities:		
Purchase of investments	(294,923)	(63,454)
Proceeds from sales of investments	420,834	153,175
Purchase of property and equipment	(29,809)	(20,348)
Net cash provided by investing activities	<u>96,102</u>	<u>69,373</u>
Cash flows from financing activities:		
Net borrowings on line of credit	450,000	-
Net cash provided by financing activities	<u>450,000</u>	<u>-</u>
Net increase (decrease) in cash	(1,164,769)	596,471
Cash, beginning of year	<u>1,775,601</u>	<u>1,179,130</u>
Cash, end of year	<u>\$ 610,832</u>	<u>\$ 1,775,601</u>





## UASPIRE, INC.

### NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

Note 1 **Nature of Organization**

uAspire, Inc. (“uAspire”, or the “Organization”) is a corporation that operates exclusively for charitable and educational purposes for the benefit of students in public schools in the cities of Boston, Fall River, Malden, Lawrence, Cambridge and Somerville, Massachusetts, as well as San Francisco and Oakland, California. The Organization provides financial aid advising services, scholarships and other services with the goal of making higher education affordable for such students. The Organization serves students from public high schools in these cities (together with some charter and parochial high schools in such cities) by providing financial aid advising services in the high schools, need-based scholarships, outreach programs to community organizations, and programs that assist high school graduates with financial aid issues while they are in college. The Organization is supported by providing advising services to certain institutions and contributions received directly from donors within the general public.

Through uAspire's Training and Technical Assistance Program, the Organization works with school districts, charter management organizations, and youth-serving organizations across the country to provide their frontline staff with the training and tools to ensure that their students are able to find the most affordable path through college.

The Organization’s Policy and Systems Change work involves working with coalitions to make the financial aid process easier for students and families to navigate.

#### **Operations**

During the year ended June 30, 2018, the Organization incurred a decrease in net assets totaling \$1,341,571 resulting primarily from a timing delay of multiple revenue sources the Organization now expects to receive during the year ending June 30, 2019. For the year ending June 30, 2019, the Organization has a revenue budget totaling \$9,510,000 to support an operating expense budget of \$9,040,000.

At June 30, 2018 the Organization had unrestricted and temporarily restricted assets on hand of \$1,649,882, corresponding liabilities of \$962,531 and net assets totaling \$687,351.

Note 2 **Summary of significant accounting policies**

#### **Basis of accounting**

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



UASPIRE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2018 and 2017**

Note 2 **Summary of significant accounting policies (continued)**

**Basis of presentation**

Accounting standards require the Organization to report information regarding its financial position and activities according to three classes of net assets:

**Unrestricted net assets** are comprised of assets relating to activities that are not subject to donor stipulations. Restricted contributions whose restrictions are met in the same reporting period are presented as unrestricted contributions.

**Temporarily restricted net assets** are comprised of those assets for which use is limited by donor-imposed stipulations that will either expire with the passage of time or be fulfilled by the Organization. As of June 30, 2018 and 2017, the Organization had \$685,599 and \$920,062, respectively, of temporarily restricted net assets (see Note 12).

**Permanently restricted net assets** are comprised of those assets contributed with restrictions that they be held in perpetuity as stipulated by the donor. Investment income generated by these assets is reported as unrestricted or temporarily restricted, depending upon whether the donors have limited the expenditure of income to a particular purpose or purposes or have indicated that such income is to be available for the general purposes of the Organization. As of June 30, 2018 and 2017, the Organization had \$557,909 of permanently restricted net assets.

**Income tax status**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization is also exempt from state income taxes.

The Financial Accounting Standards Board has issued a standard that clarifies the accounting and recognition of income tax positions taken or expected to be taken in the Organization's income tax returns. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves or related accruals for interest and penalties for uncertain tax positions. If the Organization incurs interest or penalties as a result of unrecognized tax positions the policy is to classify interest accrued with interest expense and penalties thereon with general and administrative expenses. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.



UASPIRE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2018 and 2017

Note 2

**Summary of significant accounting policies (continued)**

**Donor-designated endowments**

The Organization's endowment consists of investment accounts presently maintained at UBS Financial Services, Inc. The Board of Directors has determined that the Organization's permanently restricted net assets meet the definition of endowment funds under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The original source of the funds in such accounts was a fundraising campaign for the "uAspire endowment". As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction, if any, of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

**Investment return objectives, risk parameters and strategies**

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes exchange-traded funds, corporate bonds, mutual funds and common stock that is intended to result in a consistent inflation-protected positive rate of return that has sufficient liquidity to support the spending policy, market conditions permitting.



UASPIRE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2018 and 2017**

Note 2 **Summary of significant accounting policies (continued)**

**Spending policy**

The Organization has a policy of appropriating for distribution each year up to 5% of the endowment fund's value as of the prior fiscal year end, provided that the restricted original principal amount of the gift is maintained.

**Investments and investment income and gains**

Investments in marketable equity securities with readily determinable fair values are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussions of fair value measurements.

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

**Promises to give**

Unconditional promises to give are recognized in the period the promise is received, as revenues or gains, or as assets, decreases of liabilities or expenses, depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Contributions**

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions are recorded as revenue when earned by the Organization, which may be when cash is received, an unconditional promise to give is made, or ownership of other assets is transferred to the Organization. Contributions are recorded at fair value at the date of donation.

**Functional allocation of expenses**

The costs of providing the Organization's programs and supporting services have been summarized in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Donated goods and services**

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and may otherwise be purchased by the Organization.



UASPIRE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2018 and 2017

Note 2 **Summary of significant accounting policies (continued)**

**Donated goods and services (continued)**

During the years ended June 30, 2018 and 2017, the Organization received and recognized donated services and facilities usage, recorded at fair market value, as follows:

	<u>2018</u>	<u>2017</u>
Services:		
Consulting	\$ 2,215	\$ -
Other	-	1,140
Legal	<u>14,577</u>	<u>50,644</u>
	<u>\$ 16,792</u>	<u>\$ 51,784</u>

**Use of estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Fair value**

Accounting standards provide a common definition of fair value and establish a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable. Accounting standards also require expanded disclosures to provide information about the extent to which fair value is used to measure certain financial assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings. The Organization’s financial assets reflected in the financial statements at fair value include its investments (see Note 4).

The carrying amounts of financial instruments, including cash, investments, program receivables, promises to give, accounts payable and accrued expenses approximate fair market value due to the short-term maturities of these assets and liabilities.

**Program receivables**

Program receivables consist mainly of amounts due from certain educational institutions and other program partners. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to program receivables. There is no allowance for doubtful accounts at June 30, 2018 and 2017.



UASPIRE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2018 and 2017**

Note 2 **Summary of significant accounting policies (continued)**

**Subsequent events**

Subsequent events were evaluated through December 11, 2018, which is the date the financial statements were available to be issued.

Note 3 **Promises to give**

Promises to give consists of pledges receivable and represent contributions receivable that are expected to be collected within one year of the statement of financial position date and are recorded at net realizable value.

**Conditional pledges**

The Organization had certain conditional promises to give totaling \$2,934,373 (due at various dates through June 30, 2020) and \$4,799,475, respectively at June 30, 2018 and 2017. These conditional amounts are not included in the accompanying financial statements. At the time that the applicable donor-imposed conditions have been substantially met these amounts will be recorded as program revenue.

Note 4 **Fair value measurements**

Accounting standards require that financial assets and liabilities, recognized or disclosed in financial statements on a recurring basis (at least annually), be measured at fair value. These standards define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset and liability in an orderly transaction between market participants on the measurement date. These standards also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. These standards describe three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for similar assets or liabilities in markets that are not active; or model-derived valuations or other inputs that are observable or can be corroborated by observable market data for the assets or liabilities.

Level 3 - Unobservable inputs for the asset or liability that are significant to the fair value measurement. These inputs reflect the Organization's assumptions about the assumptions a market participant would use in pricing the asset or liability.



UASPIRE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2018 and 2017**

Note 4 **Fair value measurements (continued)**

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 and Level 3 inputs are only used when higher level inputs are not available.

The asset or liability's fair value measurement within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018.

*Exchange-traded funds:* Exchange-traded funds are reported at fair value based on quoted market prices on national securities exchanges of the underlying assets of the fund.

*Corporate bonds:* The fair value of corporate bonds is estimated using various techniques, which may consider the recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, fundamental data related to the issuer, and credit default swap spreads adjusted for any basis difference between cash and derivative instruments.

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

*Common stock:* Common stock is reported at fair value based on quoted market prices on national securities exchanges.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.



UASPIRE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2018 and 2017

Note 4 **Fair value measurements (continued)**

The following table summarizes the valuation of the Organization's financial assets as of June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Exchange traded funds	\$ 99,017	\$ -	\$ -	\$ 99,017
Corporate bonds	-	127,902	-	127,902
Mutual funds	<u>546,867</u>	<u>-</u>	<u>-</u>	<u>546,867</u>
Total assets at fair value	\$ <u>645,884</u>	\$ <u>127,902</u>	\$ <u>-</u>	\$ <u>773,786</u>

The following table summarizes the valuation of the Organization's financial assets as of June 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Exchange traded funds	\$ 42,315	\$ -	\$ -	\$ 42,315
Corporate bonds	-	318,623	-	318,623
Mutual funds	410,791	-	-	410,791
Common stock	<u>1,046</u>	<u>-</u>	<u>-</u>	<u>1,046</u>
Total assets at fair value	\$ <u>454,152</u>	\$ <u>318,623</u>	\$ <u>-</u>	\$ <u>772,775</u>

Note 5 **Property and equipment**

Property and equipment is stated at cost, or if donated, at the approximate fair market value at the date of donation. Depreciation and amortization is calculated using the straight-line method over the estimated useful lives of the related assets. The policy of the Organization is to capitalize property and equipment over \$1,000. Normal maintenance and repair costs are expensed as incurred. As of June 30, 2018 and 2017, property and equipment consisted of the following:

<u>Asset Category</u>	<u>Estimated Useful Life</u>	<u>2018</u>	<u>2017</u>
Furniture and equipment	5 years	\$ 196,166	\$ 166,357
Leasehold improvements	Life of lease	<u>37,528</u>	<u>37,528</u>
		233,694	203,885
Less accumulated depreciation and amortization		<u>161,743</u>	<u>137,534</u>
		\$ <u>71,951</u>	\$ <u>66,351</u>





UASPIRE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2018 and 2017**

Note 5 **Property and equipment (continued)**

Depreciation and amortization expense for the years ended June 30, 2018 and 2017 was \$24,209 and \$22,411, respectively.

Note 6 **Line of credit**

The Organization has a revolving line of credit agreement which increased in April 2018, to allow maximum borrowings up to \$1,000,000 with the outstanding borrowings due on demand. There were borrowings of \$450,000 as of June 30, 2018. There were no borrowings as of June 30, 2017. Borrowings under this agreement are secured by substantially all assets of the Organization and bear interest at the greater of the Wall Street Journal Prime Rate or 5.00% (5.00% at June 30, 2018). The agreement is subject to certain financial covenants, as defined.

Note 7 **Donor-designated funds**

During the years ended June 30, 2018 and 2017, the Organization received funds from certain donors that are intended for student scholarships. The donors have discretion in determining the type and/or the recipients of those scholarships; therefore, these funds are treated as an agency transaction and have been recorded on the accompanying statements of financial position as a liability. As of June 30, 2018 and 2017 donor designated funds totaled \$1,500 and \$48,010, respectively.

Note 8 **Commitments and contingencies**

**Office lease**

The Organization has an agreement to lease its Boston facilities under an operating lease expiring in October 2023 with an option to extend an additional five years under terms and conditions as described in the agreement. The base rent under the current lease arrangement is adjusted annually, as defined in the agreement. In addition to the base rent, the Organization is responsible for paying its portion of real estate taxes and utilities. Effective April 19, 2017, the Organization amended the lease to secure additional space (“Expansion Premises”) in the facility commencing on or about May 1, 2017. The lease under the Expansion Premises expires two years after the Expansion Premises commencement date. The Organization has the right to extend the Expansion Premises term to be co-terminus with the expiration of the original operating lease. The lease expense, related to this agreement, for the years ended June 30, 2018 and 2017, was \$375,356 and \$291,911, respectively. The Organization is required to maintain a letter of credit, as defined in the lease agreement, totaling \$67,050 which is included in investments – restricted in the statements of financial position.



UASPIRE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2018 and 2017**

Note 8 **Commitments and contingencies (continued)**

**Office lease (continued)**

The Organization has entered into various sublease agreements that expire at various dates through June 30, 2018. Lease expense, related to these agreements, for the years ended June 30, 2018 and 2017 was \$57,461 and \$63,913, respectively.

The Organization records monthly rent expense equal to the total payments due divided by the number of months in the lease term. The difference between rent expense recorded and paid is credited to deferred rent which is included in the accompanying statements of financial position.

The future minimum lease payments due under the terms of the leases for the years ending after June 30, 2018 are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$ 390,936
2020	309,920
2021	318,860
2022	327,800
2023	333,760
Thereafter	<u>111,750</u>
	\$ <u>1,793,026</u>

Note 9 **Related party transactions**

During the years ended June 30, 2018 and 2017, certain employees and members of the Board of Directors made contributions to the Organization totaling \$109,050 and \$246,546, respectively. As of June 30, 2018 and 2017, pledges receivable from these related parties totaled \$5,420 and \$17,950, respectively.

Note 10 **Concentrations of credit risk**

The Organization places its cash at financial institutions in bank deposits, which may exceed federally-insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant risk with respect to cash.



UASPIRE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2018 and 2017**

Note 11 **Retirement plan**

The Organization sponsors two 403(b) plans for all eligible employees. All employees of the Organization are eligible for the uAspire TDA Plan (“TDA Plan”) upon hire. Employees are eligible for the uAspire DC Plan (“DC Plan”) after completing one year of service, as defined. Under the TDA Plan, eligible employees may elect to contribute through payroll reductions. Under the DC Plan, the Organization contributes an amount equal to 5% of each eligible participant’s compensation. Participants are immediately vested in employer contributions. Contributions from the Organization to the DC Plan totaled \$217,434 and \$164,298 for the years June 30, 2018 and 2017, respectively.

Note 12 **Temporarily restricted net assets**

At June 30, temporarily restricted net assets are available for the following purposes:

<u>Program</u>	<u>2018</u>	<u>2017</u>
Bay Area	\$ 126,125	\$ -
General Operations	29,000	-
Massachusetts	342,814	238,333
National Growth	-	429,681
New York City Expansion	-	98,869
Policy and Systems Change	20,000	109,532
Scholarships	119,036	-
Time Restricted Investment Earnings	47,124	43,647
Training and Technical Assistance	<u>1,500</u>	<u>-</u>
Balance, end of year	\$ <u>685,599</u>	\$ <u>920,062</u>