

UASPIRE, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2019



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INDEPENDENT AUDITOR'S 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, 2019, 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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



INDEPENDENT AUDITOR'S 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, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 11, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Chestnut Hill, Massachusetts

March 12, 2020



UASPIRE, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and June 30, 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Cash (includes certificates of deposit of \$150,192 and \$399,890 at June 30, 2019 and 2018, respectively)	\$ 800,777	\$ 610,832
Investments	599,951	706,736
Investments - restricted	67,050	67,050
Program receivables	480,818	137,196
Promises to give	1,303,544	481,915
Prepaid expenses and other assets	73,539	126,381
Property and equipment, net	49,250	71,951
Deposits	<u>13,175</u>	<u>5,730</u>
Total assets	<u>\$ 3,388,104</u>	<u>\$ 2,207,791</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Line of credit	\$ 825,200	\$ 450,000
Accounts payable and accrued expenses	331,595	341,799
Deferred rent	157,097	169,232
Donor-designated funds	<u>66,388</u>	<u>1,500</u>
Total liabilities	<u>1,380,280</u>	<u>962,531</u>
Net assets:		
Without donor restrictions	74,299	1,752
With donor restrictions	<u>1,933,525</u>	<u>1,243,508</u>
Total net assets	<u>2,007,824</u>	<u>1,245,260</u>
Total liabilities and net assets	<u>\$ 3,388,104</u>	<u>\$ 2,207,791</u>



UASPIRE, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2019 with Comparative Totals for the Year Ended June 30, 2018

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenues:				
Contributions	\$ 6,479,125	\$ 1,375,616	\$ 7,854,741	\$ 5,535,919
Program revenue	891,515	-	891,515	1,193,012
Special event revenue	595,477	-	595,477	471,608
Dividend and interest income	46,840	-	46,840	43,812
Donated services and facilities	112,831	-	112,831	16,792
Realized and unrealized gain (loss) on investments	(2,671)	-	(2,671)	15,151
Net assets released from restrictions	685,599	(685,599)	-	-
Total support and revenues	<u>8,808,716</u>	<u>690,017</u>	<u>9,498,733</u>	<u>7,276,294</u>
Expenses:				
Program services	5,680,732	-	5,680,732	5,619,145
General and administrative	862,465	-	862,465	867,778
Fundraising	2,192,972	-	2,192,972	2,130,942
Total expenses	<u>8,736,169</u>	<u>-</u>	<u>8,736,169</u>	<u>8,617,865</u>
Increase (decrease) in net assets	72,547	690,017	762,564	(1,341,571)
Net assets, beginning of year	<u>1,752</u>	<u>1,243,508</u>	<u>1,245,260</u>	<u>2,586,831</u>
Net assets, end of year	<u>\$ 74,299</u>	<u>\$ 1,933,525</u>	<u>\$ 2,007,824</u>	<u>\$ 1,245,260</u>



UASPIRE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019 With Comparative Totals for the Year Ended June 30, 2018

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2019 Total</u>	<u>2018 Total</u>
Bank service fees and interest	\$ 583	\$ 589	\$ 8,327	\$ 9,499	\$ 7,374
Depreciation	-	35,996	-	35,996	24,209
Donated facilities (see Note 2)	20,000	-	-	20,000	-
Donated services - consulting (see Note 2)	-	-	600	600	2,215
Donated services - legal (see Note 2)	-	92,231	-	92,231	14,577
Electricity	18,308	2,188	4,357	24,853	24,822
Employee benefits	521,730	72,673	207,001	801,404	739,042
Equipment rental and maintenance	9,144	1,093	2,176	12,413	15,741
Events	37,294	-	201,390	238,684	213,898
Insurance	24,807	11,350	-	36,157	10,388
Marketing and promotion	8,060	-	400	8,460	10,416
Office supplies, printing and postage	19,803	11,439	2,686	33,928	53,139
Payroll taxes and service fees	279,161	37,163	105,855	422,179	423,697
Professional consulting and services	74,287	25,420	18,528	118,235	259,046
Rent	366,984	43,853	87,343	498,180	451,631
Salaries	3,685,328	490,608	1,397,448	5,573,384	5,534,775
Scholarships	229,100	-	-	229,100	184,987
Staff development	28,418	3,013	2,796	34,227	58,810
Technology consulting	43,662	5,812	16,556	66,030	87,360
Technology hardware	22,564	3,004	8,556	34,124	39,640
Technology software	129,935	17,297	49,270	196,502	156,309
Telephone and internet	22,687	5,145	30,612	58,444	47,978
Travel, meals and conferences	138,877	3,591	49,071	191,539	257,811
Total	<u>\$ 5,680,732</u>	<u>\$ 862,465</u>	<u>\$ 2,192,972</u>	<u>\$ 8,736,169</u>	<u>\$ 8,617,865</u>



UASPIRE, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 762,564	\$ (1,341,571)
Adjustments to reconcile increase (decrease) in net assets to net cash used for operating activities:		
Realized and unrealized (gain) loss on investments	2,671	(15,151)
Non-cash donations of common stock	(26,741)	(69,041)
Investment fees	5,320	7,477
Non-cash dividend and interest income	(52,160)	(50,207)
Depreciation	35,996	24,209
Changes in operating assets and liabilities:		
Program receivables	(343,622)	180,993
Promises to give	(821,629)	(329,857)
Prepaid expenses and other assets	52,842	(55,460)
Accounts payable and accrued expenses	(10,204)	(8,573)
Deferred rent	(12,135)	(7,180)
Donor-designated funds	64,888	(46,510)
Deposits	(7,445)	-
Net cash used for operating activities	<u>(349,655)</u>	<u>(1,710,871)</u>
Cash flows from investing activities:		
Purchase of investments	(419,997)	(294,923)
Proceeds from sales of investments	597,692	420,834
Purchase of property and equipment	(13,295)	(29,809)
Net cash provided by investing activities	<u>164,400</u>	<u>96,102</u>
Cash flows from financing activities:		
Net borrowings on line of credit	375,200	450,000
Net cash provided by financing activities	<u>375,200</u>	<u>450,000</u>
Net increase (decrease) in cash	189,945	(1,164,769)
Cash, beginning of year	<u>610,832</u>	<u>1,775,601</u>
Cash, end of year	<u>\$ 800,777</u>	<u>\$ 610,832</u>



UASPIRE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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 and New York City. 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.

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.

Basis of presentation

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

Net assets without donor restrictions are comprised of assets relating to activities that are not subject to donor stipulations and may be expended for any purpose in performing the primary objectives of the Organization. These assets may be used at the discretion of the Organization’s management and Board of Directors. There were no assets designated for specific purposes by the Board of Directors as of June 30, 2019 and 2018. Net assets with donor restrictions whose restrictions are met in the same reporting period are presented as net assets without donor restrictions.



UASPIRE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

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

Basis of presentation (continued)

Net assets with donor restrictions are comprised of those assets for which use is limited by donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor stipulated the funds be maintained in perpetuity. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions. As of June 30, 2019, the Organization had \$1,933,525 and \$1,243,508, respectively, of net assets with donor restrictions (see Note 13).

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 (“FASB”) 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.

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 certain of the Organization’s net assets that are restricted in perpetuity meets 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.



UASPIRE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

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

Donor-designated endowments (continued)

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 net assets with donor restrictions (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. At June 30, 2019, the remaining portion of the donor-restricted endowment fund in excess of the original value and subsequent gifts that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions. At June 30, 2018, the remaining portion of the donor-restricted endowment fund was classified as net assets with donor restrictions. 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.

Spending policy

The Organization has a policy of comingling any investment gains earned on the corpus with general operating funds and accounts of the Organization.

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 5 for discussions of fair value measurements.



UASPIRE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

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

Investments and investment income and gains (continued)

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions 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. Investment expenses are netted with dividends and interest income in the statements of activities and changes in net assets.

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. Expenses related directly to program activities are charged directly to program services while other expenses that are common to several functions are allocated based on management's estimates, among major classes of program services and support activities. Certain expenses have been allocated based on factors such as time, effort and square footage.

Donated services and facilities

Donated services and facilities 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, 2019

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

Donated services and facilities (continued)

During the years ended June 30, 2019, the Organization received and recognized donated services and facilities usage, recorded at fair market value, as follows:

	<u>2019</u>	<u>2018</u>
Other:		
Facilities	\$ 20,000	\$ -
Services:		
Consulting	600	2,215
Legal	<u>92,231</u>	<u>14,577</u>
	<u>\$ 112,831</u>	<u>\$ 16,792</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 5).

The carrying amounts of financial instruments, including cash, program receivables, promises to give, deposits, accounts payable, accrued expenses, donor-designated funds and line of credit 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. Promises to give consist of amounts due from various donors. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to the 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, 2019.



UASPIRE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

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

Recently adopted accounting policies

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and the availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these financial statements accordingly.

Recently issued accounting pronouncements – Revenue recognition

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance changes the basis for deciding when revenue is recognized over time or at a point in time, provides new and more detailed guidance on specific topics, and expands and improves disclosures about revenue. In addition, it provides guidance on costs related to obtaining a contract with a customer and costs incurred in fulfilling a contract with a customer that are not in the scope of another Accounting Standards Cope Topic. The guidance is effective for non-public entities for annual reporting periods beginning after December 15, 2018. Management is in the process of assessing the impact on the Organization's future financial reporting and disclosures.

Reclassifications

Certain comparative amounts have been reclassified to conform to the current year presentation.

Subsequent events

Subsequent events were evaluated through March 12, 2020, which is the date the financial statements were available to be issued.

Note 3 **Availability and liquidity**

As of June 30, 2019, financial assets and liquidity resources available within one year for general expenditure such as operating expenses, payments on outstanding liabilities or capital expenditures were as follows:



UASPIRE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

Note 3 **Availability and liquidity (continued)**

Financial assets at year end:		
Cash	\$	800,777
Investments		599,951
Program receivables		480,818
Promises to give		<u>1,303,544</u>
Total financial assets available within one year		3,185,090
Liquidity resources at end of year:		
Line of credit		<u>174,800</u>
Total financial assets and liquidity resources available within one year		3,359,890
Less: net assets with donor restrictions		<u>(1,933,525)</u>
Financial assets available to meet cash needs for general expenditures over the next twelve months	\$	<u>1,426,365</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations may come due.

Note 4 **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 \$4,005,503 (due at various dates through June 30, 2024) at June 30, 2019. 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 contributions.

Note 5 **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.



UASPIRE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

Note 5 **Fair value measurements (continued)**

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.

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, 2019.

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.



UASPIRE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

Note 5 **Fair value measurements (continued)**

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.

The following table summarizes the valuation of the Organization's financial assets as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Exchange traded funds	\$ 106,945	\$ -	\$ -	\$ 106,945
Corporate bonds	-	26,377	-	26,377
Common stock	2,474	-	-	2,474
Mutual funds	<u>531,205</u>	<u>-</u>	<u>-</u>	<u>531,205</u>
Total assets at fair value	\$ <u>640,624</u>	\$ <u>26,377</u>	\$ <u>-</u>	\$ <u>667,001</u>

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>



UASPIRE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

Note 6 **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, 2019 and 2018, property and equipment consisted of the following:

<u>Asset Category</u>	<u>Estimated Useful Life</u>	<u>2019</u>	<u>2018</u>
Furniture and equipment	5 years	\$ 63,471	\$ 196,166
Leasehold improvements	Life of lease	<u>28,029</u>	<u>37,528</u>
		91,500	233,694
Less accumulated depreciation		<u>42,250</u>	<u>161,743</u>
		\$ <u>49,250</u>	\$ <u>71,951</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$35,996 and \$24,209, respectively.

Note 7 **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 \$825,200 and \$450,000 as of June 30, 2019 and 2018, respectively. 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 4.75% (5.50% at June 30, 2019). The agreement is subject to certain financial covenants, as defined.

Note 8 **Donor-designated funds**

During the years ended June 30, 2019 and 2018, 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, 2019 and 2018 donor designated funds totaled \$66,388 and \$1,500, respectively.



UASPIRE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

Note 9 **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 with an expiration of June 30, 2019. Effective October 31, 2018, the Organization extended 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, 2019 and 2018, was \$390,936 and \$375,356, 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.

The Organization has entered into various sublease agreements that expire at various dates through September 30, 2021. Lease expense, related to these agreements, for the years ended June 30, 2019 and 2018 was \$97,989 and \$57,461, respectively.

Effective August 9, 2018, the Organization was donated office space in New York with a commencement date of September 1, 2018. There are no monthly rent payments due and the Organization is a tenant at will. The value of the donated facility is \$20,000 as disclosed in Note 2.

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.



UASPIRE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

Note 9 **Commitments and contingencies (continued)**

Office lease (continued)

The future minimum lease payments due under the terms of the leases for the years ending after June 30, 2019 are as follows:

<u>Year ending June 30,</u>		<u>Amount</u>
2020	\$	486,722
2021		517,432
2022		457,555
2023		441,498
2024		<u>148,360</u>
	\$	<u>2,051,567</u>

Note 10 **Related party transactions**

During the years ended June 30, 2019 and 2018, certain employees and members of the Board of Directors made contributions to the Organization totaling \$205,249 and \$109,050, respectively. As of June 30, 2019 and 2018, pledges receivable from these related parties totaled \$6,520 and \$5,420, respectively.

Note 11 **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.

Note 12 **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 \$222,556 and \$217,434 for the years June 30, 2019 and 2018, respectively.



UASPIRE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019 and 2018

Note 13 **Net assets with donor restrictions**

At June 30, net assets with donor restrictions are comprised of the following:

	<u>2019</u>	<u>2018</u>
<u>Time or Purpose Restrictions</u>		
Bay Area Student Advising	\$ 187,067	\$ 126,125
General Operations	-	29,000
Massachusetts Student Advising	477,573	342,814
Policy and Systems Change	-	20,000
Scholarships	516,499	119,036
Time Restricted Investment Earnings	-	47,124
Training and Technical Assistance	<u>194,477</u>	<u>1,500</u>
Total	1,375,616	685,599
<u>Gifts Held in Perpetuity</u>		
Donor - Designated Endowment Fund	<u>557,909</u>	<u>557,909</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,933,525</u>	<u>\$ 1,243,508</u>