uAspire, Inc.

Financial Statements

Years Ended June 30, 2023 and 2022

mazars

uAspire, Inc.

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Independent Auditors' Report

To the Board of Directors of
uAspire, Inc.

Opinion

We have audited the financial statements of uAspire, Inc., a Massachusetts non-profit organization, which comprise the statement of financial position as of June 30, 2023, 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.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of uAspire, Inc. as of June 30, 2023, and the changes in 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. 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 uAspire, Inc. and to meet our 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 uAspire, Inc.'s ability to continue as a going concern within one year after the date that 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of uAspire, 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 uAspire, 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.

Report on Summarized Comparative Information

The 2022 financial statements of uAspire, Inc. were audited by other auditors, Samet & Company, P.C., whose report dated March 27, 2023, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mazars USA LLP

May 8, 2024

uAspire, Inc.

Statements of Financial Position
June 30, 2023
(With Comparative Amounts for June 30, 2022)

	2023	(Restated) 2022
Assets		
Cash and cash equivalents	$ 3,147,165	$ 3,955,846
Investments	6,150,908	4,883,414
Program receivables	244,609	271,494
Promises to give, net	3,874,252	692,892
Prepaid expenses and other assets	136,325	108,318
Property and equipment, net	1,198	6,723
Investments limited to use	44,700	44,700
Deposits	9,700	9,700
Operating lease right-of-use asset	163,155	-
Total assets	$ 13,772,012	$ 9,973,087
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 802,167	$ 544,214
Deferred rent	-	67,847
Deferred revenue	-	1,600
Donor-designated funds	83,517	86,612
Other liabilities	17,433	17,433
Operating lease liability	184,163	-
Total liabilities	1,087,280	717,706
Net assets:		
Without donor restrictions	7,525,070	5,867,689
With donor restrictions	5,159,662	3,387,692
Total net assets	12,684,732	9,255,381
Total liabilities and net assets	$ 13,772,012	$ 9,973,087

The accompanying notes are an integral part of these financial statements.

uAspire, Inc.

Statements of Activities and Changes in Net Assets
Year Ended June 30, 2023
(With Summarized Comparative Totals for the Year Ended June 30, 2022)

	2023			(Restated) 2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenues:				
Contributions	$ 6,439,504	$ 4,585,087	$ 11,024,591	$ 8,217,474
Program revenue	1,101,816	-	1,101,816	1,435,971
Donated services and facilities	82,157	-	82,157	45,575
Dividend and interest income	190,831	-	190,831	100,455
Realized and unrealized gain (loss) on investments	99,120	-	99,120	(375,763)
Paycheck Protection Program loan forgiveness	-	-	-	1,109,915
Other income	87,219	-	87,219	-
Net assets released from restrictions	2,813,117	(2,813,117)	-	-
Total support and revenues	10,813,764	1,771,970	12,585,734	10,533,627
Expenses:				
Program services	5,570,070	-	5,570,070	4,729,959
General and administrative	1,639,450	-	1,639,450	1,267,903
Fundraising	1,946,863	-	1,946,863	1,723,618
Total expenses	9,156,383	-	9,156,383	7,721,480
Increase in net assets	1,657,381	1,771,970	3,429,351	2,812,147
Net assets, beginning of year (Note 16)	5,867,689	3,387,692	9,255,381	6,443,234
Net assets, end of year	$ 7,525,070	$ 5,159,662	$ 12,684,732	$ 9,255,381

The accompanying notes are an integral part of these financial statements.

uAspire, Inc.

Statements of Functional Expenses
Year Ended June 30, 2023
(With Summarized Comparative Totals for the Year Ended June 30, 2022)

	2023				(Restated) 2022
	Program Services	General and Administrative	Fundraising	Total	Total
Salaries	$ 3,480,274	$ 923,230	$ 1,352,682	$ 5,756,186	$ 4,961,375
Employee benefits	539,489	143,113	209,684	892,286	651,738
Payroll taxes and service fees	257,316	68,259	100,011	425,586	381,133
Total personnel costs	4,277,079	1,134,602	1,662,377	7,074,058	5,994,246
Professional consulting and services	199,568	345,115	42,709	587,392	545,210
Rent	275,671	69,090	87,483	432,244	389,077
Scholarships	301,489	-	-	301,489	199,534
Staff development	113,121	30,008	43,967	187,096	53,522
Travel, meals and conferences	113,604	27,687	18,777	160,068	34,436
Telephone and internet	37,236	9,878	14,472	61,586	48,421
Technology software	102,528	5,828	19,181	127,537	149,638
Technology consulting	61,384	-	-	61,384	66,530
Technology hardware	12,470	3,308	4,847	20,625	41,583
Marketing and promotion	26,141	-	6,535	32,676	16,734
Events	2,697	-	21,803	24,500	18,659
Office supplies, printing and postage	17,759	4,704	6,902	29,365	28,448
Electricity	12,826	3,402	4,985	21,213	20,115
Insurance	8,247	2,188	3,206	13,641	14,097
Equipment rental and maintenance	4,909	1,302	1,908	8,119	9,462
Bank service fees and interest	-	1,452	6,413	7,865	4,969
Depreciation	3,341	886	1,298	5,525	7,549
Penalties	-	-	-	-	79,250
Total expenses	$ 5,570,070	$ 1,639,450	$ 1,946,863	$ 9,156,383	$ 7,721,480

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows
Year Ended June 30, 2023
(With Summarized Comparative Amounts for the Year Ended June 30, 2022)

	2023	(Restated) 2022
Cash flows from operating activities:		
Increase in net assets	$ 3,429,351	$ 2,812,147
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Realized and unrealized (gain) loss on investments	(99,120)	375,763
Amortization of operating lease right-of-use assets	369,467	-
Donations of common stock	(15,850)	(120,833)
Depreciation	5,525	7,549
Paycheck Protection Program loan forgiveness	-	(1,109,915)
Changes in operating assets and liabilities:		
Program receivables	26,885	50,014
Promises to give, net	(3,181,360)	76,119
Prepaid expenses and other assets	(28,007)	9,563
Operating lease right-of-use asset	(547,567)	-
Accounts payable and accrued expenses	257,953	(45,744)
Deferred rent	(67,847)	117,192
Deferred revenue	(1,600)	(6,400)
Donor-designated funds	(3,095)	44,631
Deposits	-	1,675
Operating lease liability obligations	184,163	-
Net cash provided by operating activities	328,898	2,211,761
Cash flows from investing activities:		
Purchase of investments	(7,100,233)	(2,684,929)
Proceeds from sales of investments	5,962,654	2,583,345
Net cash used in investing activities	(1,137,579)	(101,584)
Net (decrease) increase in cash and cash equivalents	(808,681)	2,110,177
Cash and cash equivalents, beginning of year	3,955,846	1,845,669
Cash and cash equivalents, end of year	$ 3,147,165	$ 3,955,846

1. Nature of Organization

uAspire, Inc. ("uAspire", or the "Organization") is a corporation that operates exclusively for charitable and educational purposes. Its mission is to improve the economic mobility of underrepresented students by increasing access to financial aid and postsecondary pathways. uAspire works primarily in underserved communities throughout Boston, Fall River, Malden, Cambridge and Somerville, Massachusetts, San Francisco and Oakland, California and New York, New York. To advance social mobility and place economic prosperity within the reach of these communities, the Organization provides financial aid advising directly to students, need-based scholarships, and programs that assist high school graduates with financial aid issues while they are in college. 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 better prepare fellow practitioners to guide their students toward the most affordable path to and through college. The Organization also engages in federal and state policy and systems change efforts that advocate for simpler pathways to financial aid for all students, greater transparency in college cost and equitable distribution of aid.

The Organization is supported by providing advising and training services to partner institutions and contributions received directly from donors within the general public.

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. The Board of Directors designated $30,227 of net assets without donor restrictions to the endowment in order to replenish the corpus of the endowment after investment losses were incurred during the year ended June 30, 2022. These assets remained designated for restriction by the Board of Directors as of June 30, 2023. Net assets with donor restrictions whose restrictions are met in the same reporting period are presented as net assets without donor restrictions.

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, 2023 and 2022, the Organization had $5,159,662 and $3,387,692, respectively, of net assets with donor restrictions (see Note 14).

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.

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.

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, 2023 and 2022, 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.

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 appropriating for distribution each year all earnings related to its endowment assets, as approved by the Board. The Organization believes a spending policy is necessary to carry out the statutory prescribed standard of ordinary business care and prudence. In establishing this policy, the Organization considered long-term expected return on its endowment. This is consistent with the Organization’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

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.

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.

Cash and cash equivalents
For purposes of the statements of cash flows, cash equivalents include money market funds and certificates of deposit with original maturities of three months or less.

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. Services are valued using estimates of third-party billing rates. Facilities are valued using third-party estimates of square footage of the space being donated.

During the years ended June 30, 2023 and 2022, the Organization received and recognized donated services and facilities usage, as follows:

	2023	2022
Other:		
Facilities	$ 59,128	$ 21,423
Services:		
Legal	23,029	24,152
	$ 82,157	$ 45,575

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 and cash equivalents, program receivables, promises to give, deposits, accounts payable and accrued expenses, donor-designated funds, other liabilities and the paycheck protection program loan approximate fair market value due to the short-term maturities of these assets and liabilities. Refer to Note 5 for disclosure of the fair value of investments.

Program receivables
Program receivables consist mainly of amounts due from various donors, certain educational institutions, and other program partners. 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, 2023 and 2022.

Program service revenue
ASC 606 defines a five-step process to recognize revenue that requires judgment and estimates, including identifying the contract with the client, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract and recognizing revenue when or as the performance obligation is satisfied.

The Organization enters into contracts that define various student advising, scholarship administration, training and consulting services. Services defined in the contracts are generally capable of being distinct and accounted for as separate performance obligations. The majority of the Organization’s program service revenues are derived from advising, training and consulting services provided to clients.

Management uses judgment in evaluation of the following criteria: 1) the client simultaneously receives and consumes the benefits provided by the performance of the service; 2) the performance creates or enhances an asset that is under control of the client; 3) the performance does not create an asset with an alternative use to the Organization; 4) the Organization has an enforceable right to payment. Specifically, fees for services performed are recognized at a point in time as the Organization satisfies the performance obligation and the benefit is received by the client. Clients have the ability to prepay, and those amounts are reported as deferred revenue on the accompanying statements of financial position.

The Organization does not incur significant costs that are required to be capitalized in connection with obtaining a contract. Expenses related to the incremental direct costs of obtaining the contracts are expensed as incurred, because the amortization period would be less than one year.

Leases
Effective for annual reporting periods beginning after December 15, 2021, a new accounting policy was effective for non-profit organizations. On July 1, 2022, the Organization adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 842, Leases (“ASC 842”), as more fully described in the Leases footnote in Note 2. The adoption of this standard resulted in recognition of operating lease right-of-use assets in the amount of $547,567 and operating lease liabilities in the amount of $614,414 on the statements of financial position as of June 30, 2023. Existing deferred rent totaling $67,847 as of June 30, 2022 is included as a reduction to the initial measurement of operating lease right-of-use assets. There was no material impact on the statements of activities and changes in net assets, functional expenses or cash flows.

ASC 842 requires an Organization to recognize a lease liability in the lessee’s balance sheet, representing the present value of lease payments including fixed rental payments and guaranteed minimum payments. This lease liability is recognized against a right-of-use asset corresponding to the lease items. ASC 842 is required for leases with terms of 12 months or more.

The modified retrospective method permitted under ASC 842 has been applied. The Organization has elected the package of practical expedients as permitted under the transition guidance, which allowed it: (1) to carry forward the historical lease classification; (2) not to reassess whether expired or existing contracts are or contain leases; and (3) not to reassess the treatments of initial direct costs for existing leases.

Right-of-use assets and lease liabilities are presented separately from other assets and liabilities in the balance sheet. The Organization defines lease term as the noncancellable term of the lease plus any renewals covered by renewal options that are reasonably certain of exercise based on our assessment of the economic factors relevant to the lessee. The noncancelable term of the lease commences on the date the lessor makes the underlying property in the lease available to the lessee, irrespective of when lease payments begin under the contract.

The Organization recognizes a right-of-use asset and lease liability at lease commencement, which are measured by discounting lease payments using the risk-free rate and electing the practical expedient permitted under ASC 842 for private entities. A lease right-of-use asset is depreciated on a straight-line basis over the lease term. Interest on each lease liability is determined as the amount that results in a constant periodic discount rate on the remaining balance of the liability. Lease right-of-use assets are assessed for impairment in accordance with our long-lived asset impairment policy.

The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified, and that modification is not accounted for as a separate contract or upon certain other events that require reassessment in accordance with ASC 842. Percentage rent, maintenance and property tax expenses are accounted for on an accrual basis as variable lease costs.

Subsequent events

Subsequent events were evaluated through May 8, 2024, which is the date the financial statements were available to be issued.

3. Availability and liquidity

As of June 30, 2023, 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:

Financial assets at year end:	
Cash and cash equivalents	$ 3,147,165
Investments	6,150,908
Program receivables	244,609
Promises to give	3,874,252
Total financial assets available within one year	13,416,934
Liquidity resources at end of year:	
Line of credit	1,000,000
Total financial assets and liquidity resources available within one year	14,416,934
Less:	
Amounts unavailable for general expenditures within one year, due to restriction by donors with time or purpose restriction	(5,159,662)
Donor-designated funds	(83,517)
Financial assets and liquidity resources available to meet cash needs for general expenditures within one year	$ 9,173,755

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.

4. Promises to give

Promises to give consists of pledges receivable and represent contributions receivable that are expected to be collected in the future. Promises to give that are expected to be collected within one year of the statement of financial position date are recorded at net realizable value. Long-term promises to give are discounted at a rate of 4.22% to arrive at net present value.

At June 30, 2023 and 2022, promises to give consisted of the following:

	2023	2022
Promises to give in less than one year	$ 2,032,938	$ 692,892
Promises to give in one to three years	2,000,000	-
	4,032,938	692,892
Less discount to net present value	(158,686)	-
	$ 3,874,252	$ 692,892

Conditional pledges
The Organization had certain conditional promises to give totaling $2,167,500 (due at various dates through December 2026) at June 30, 2023. 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.

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.

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 - Unadjusted 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 table summarizes the valuation of the Organization's financial assets which include investments and investments limited to use as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Investments:				
Asset backed securities	$ -	$ 279,282	$ -	$ 279,282
Certificates of deposit	-	39,819	-	39,819
Common stock	1,237,839	-	-	1,237,839
Corporate bonds	-	3,634,882	-	3,634,882
Exchange traded funds	575,913	-	-	575,913
U.S. Treasury notes	-	427,873	-	427,873
Total assets at fair value	$ 1,813,752	$ 4,381,856	$ -	$ 6,195,608

The following table summarizes the valuation of the Organization's financial assets which include investments and investments limited to use as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Investments:				
Certificates of deposit	$ -	$ 40,565	$ -	$ 40,565
Common stock	913,293	-	-	913,293
Corporate bonds	-	840,617	-	840,617
Exchange traded funds	458,623	-	-	458,623
U.S. Treasury notes	-	96,062	-	96,062
Mutual funds	2,578,954	-	-	2,578,954
Total assets at fair value	$ 3,950,870	$ 977,244	$ -	$ 4,928,114

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 $5,000. Normal maintenance and repair costs are expensed as incurred.

As of June 30, 2023 and 2022, property and equipment consisted of the following:

Asset Category	Estimated Useful Life	2023	2022
Furniture and equipment	5 years	$ 32,534	$ 32,534
Leasehold improvements	Life of lease	28,028	28,028
		60,562	60,562
Less accumulated depreciation		59,364	53,839
		$ 1,198	$ 6,723

Depreciation expense for the years ended June 30, 2023 and 2022 was $5,525 and $7,549, respectively.

7. Paycheck Protection Program loan

On February 25, 2021, the Organization received $1,109,915 under the additional Coronavirus Response and Relief section of H.R. 133, the purpose of which is to provide a second round of emergency assistance for organizations affected by the 2020 coronavirus pandemic. As the related expenditures had not been recognized in full as of June 30, 2021, this account was been presented as a note in the accompanying statement of financial position as of June 30, 2021.

On November 9, 2021, the Organization received acceptance from the SBA to forgive the second round of the Paycheck Protection Program loan in the amount of $1,109,915, therefore, the Organization recognized the outstanding balance of $1,109,915 as Paycheck Protection Program loan forgiveness, which is included in support and revenues in the accompanying statements of activities and changes in net assets for the year ended June 30, 2022.

8. Line of credit

The Organization has a revolving line of credit agreement, to allow maximum borrowings up to $1,000,000 with the outstanding borrowings due on demand. There was no balance on the line of credit as of June 30, 2023 and 2022. Borrowings under this agreement are secured by substantially all assets of the Organization and bear interest at the banks base rate, as defined (4.00% at June 30, 2023 and 2022).

9. Donor-designated funds

During the years ended June 30, 2023 and 2022, 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. The Organization remits these scholarships to the schools in which the students attend on behalf of the donors. 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, 2023 and 2022 donor designated funds totaled $83,517 and $86,612, respectively.

10. 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 Organization decided not to extend the lease and the lease expired in October 2023.

The base rent under the 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, 2023 and 2022, was $441,534 and $433,446, respectively. The Organization is required to maintain a letter of credit, as defined in the lease agreement, totaling $44,700 which is included in investments limited to use in the statements of financial position.

The Organization entered into an agreement to sublease the expansion premises to a subtenant, commencing on February 1, 2020 expiring in October 2023. The subtenant is required to pay base rent under the current sublease agreement and is adjusted annually, as defined in the agreement. Total rental income for the years ended June 30, 2023 and 2022 was $108,958 and $106,767, respectively, which is included in rent expense in the statement of functional expenses.

The Organization expects to receive $36,959 under the sublease agreement during the year ended June 30, 2024.

The Organization has entered into various sublease agreements, located in Oakland, CA and Philadelphia, PA, that expire at various dates through September 30, 2023. The Organization did not renew these sublease agreements and the leases expired in September 2023. Lease expense, related to these agreements, for the years ended June 30, 2023 and 2022 was $68,400 and $71,311, 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 $59,128 per year as disclosed in Note 2.

Future minimum lease payments under long-term non-cancelable operating leases for the years ending June 30, 2024 are $184,163, which includes $1,287 of imputed interest.

Supplemental lease information

Balance sheet information		
Operating lease right-of-use assets	$	163,155
Operating lease liabilities	$	184,163
Cash flow information		
Cash paid for operating lease liabilities	$	441,534
Operating lease information		
Weighted-average remaining lease term (months)		4.00
Weighted-average discount rate		2.79%

11. Related party transactions

During the years ended June 30, 2023 and 2022, certain employees and members of the Board of Directors made contributions to the Organization totaling $164,415 and $169,110, respectively. As of June 30, 2022, pledges receivable from these related parties totaled $10,000. There were no pledges receivable at June 30, 2023 Also during the years ended June 30, 2023 and 2022, the Organization made payments totaling $18,000 and $70,000, respectively, for professional consulting expenses, to a Company which is owned by a member of the Board of Directors.

12. Concentrations

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.

Significant donors

A significant donor is defined as a donor that accounts for more than 10% of total support and revenue in a year. During the years ended June 30, 2023 and 2022, one donor accounted for approximately 38% and 14%, respectively, of total support and revenue. There was approximately $3,375,000 of multi-year pledges receivable related to this one donor at June 30, 2023. There were no accounts receivable or promises to give outstanding from this donor as of June 30, 2022.

13. 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 $210,558 and $209,061 for the years ended June 30, 2023 and 2022, respectively.

Subsequent to year end, in November 2023, the Organization’s two retirement plans were merged into one Plan.

14. Net assets with donor restrictions

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

	2023	2022
Time or Purpose Restrictions		
Restricted for time	$ 3,375,000	$ -
Bay Area Student Advising	-	20,000
Consulting	-	183,945
Free Application for Federal Student Aid	806,200	399,932
Expansion and Exploration	-	509,821
Massachusetts Student Advising	218,000	680,260
New York City Student Advising	166,667	103,736
New York City Student Re-engagement	-	151,458
Other	-	47,822
Policy and Systems Change	-	127,481
Scholarships	-	3,500
Strategic Planning and Evaluation	25,000	451,838
Training and Technical Assistance	10,886	149,990
Total	4,601,753	2,829,783
Gifts Held in Perpetuity		
Donor - Designated Endowment Fund	557,909	557,909
Total Net Assets With Donor Restrictions	$ 5,159,662	$ 3,387,692

Gifts held in perpetuity, which are included in investments and investments – restricted in the accompanying statements of financial position, consisted of the following:

Balance July 1, 2021	$ 557,909
Dividend and interest income	10,989
Realized and unrealized loss	(41,216)
	(30,227)
Board designated funds to replenish corpus	30,227
Balance June 30, 2022	557,909
Dividend and interest income	17,175
Realized and unrealied gain	8,921
Appropriations of investment income	(26,096)
Balance June 30, 2023	$ 557,909

15. IRS imposed penalties

Included in the statements of functional expenses for the year ended June 30, 2022, are IRS imposed late filing penalties totaling $79,250, which are related to the late filing of one of the Organization's employee benefit plan tax forms. The Organization has also included these penalties in accounts payables and accrued expenses on the statements of financial position for the year ended June 30, 2022. On February 14, 2024, the Organization received a letter from the IRS which dismissed the penalty. Therefore, the Organization removed the accrual from the books for the year ended June 30, 2023.

16. Prior period adjustment

The Organization determined that its classification of net assets without donor restrictions and with donor restrictions were not properly reflecting the amount of contributions with and without donor restrictions in the statements of activities and changes in net assets in the prior period. The following adjustments were required to correct these misclassifications:

	As previously stated	Correction	Restated
Net assets without donor restrictions as of July 1, 2022	$ 5,401,139	$ 466,550	$ 5,867,689
Net assets with donor restrictions as of July 1, 2022	$ 3,854,242	$ (466,550)	$ 3,387,692

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