

**UASPIRE, INC.**

**FINANCIAL STATEMENTS**

**Years Ended June 30, 2020 and 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, 2020, 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, 2020, 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 uAspire, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 12, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Chestnut Hill, Massachusetts

February 18, 2021

**UASPIRE, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2020 and 2019**

**ASSETS**

	<b><u>2020</u></b>	<b><u>2019</u></b>
Cash and cash equivalents (includes certificates of deposit of \$50,117 and \$150,192 at June 30, 2020 and 2019, respectively)	\$ 4,916,485	\$ 800,777
Investments	778,543	599,951
Investments - restricted	44,700	67,050
Program receivables	157,562	480,818
Promises to give	1,089,412	1,303,544
Prepaid expenses and other assets	41,384	73,539
Property and equipment, net	30,554	49,250
Deposits	<u>29,395</u>	<u>13,175</u>
Total assets	<b><u>\$ 7,088,035</u></b>	<b><u>\$ 3,388,104</u></b>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Line of credit	\$ -	\$ 825,200
Paycheck Protection Program loan	1,142,357	-
Accounts payable and accrued expenses	388,976	331,595
Deferred rent	150,864	157,097
Donor-designated funds	177,397	66,388
Other liabilities	<u>17,433</u>	<u>-</u>
Total liabilities	<b><u>1,877,027</u></b>	<b><u>1,380,280</u></b>
Net assets:		
Without donor restrictions	1,478,177	74,299
With donor restrictions	<u>3,732,831</u>	<u>1,933,525</u>
Total net assets	<b><u>5,211,008</u></b>	<b><u>2,007,824</u></b>
Total liabilities and net assets	<b><u>\$ 7,088,035</u></b>	<b><u>\$ 3,388,104</u></b>

UASPIRE, INC.

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

Year Ended June 30, 2020 with Comparative Totals for the Year Ended June 30, 2019

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenues:				
Contributions	\$ 7,970,211	\$ 2,980,324	\$ 10,950,535	\$ 7,854,741
Program revenue	486,660	-	486,660	891,515
Special event revenue	-	-	-	595,477
Dividend and interest income	35,550	-	35,550	46,840
Donated services and facilities	282,985	-	282,985	112,831
Realized and unrealized loss on investments	(11,782)	-	(11,782)	(2,671)
Net assets released from restrictions	1,181,018	(1,181,018)	-	-
Total support and revenues	<u>9,944,642</u>	<u>1,799,306</u>	<u>11,743,948</u>	<u>9,498,733</u>
Expenses:				
Program services	5,483,283	-	5,483,283	5,680,732
General and administrative	902,241	-	902,241	862,465
Fundraising	2,155,240	-	2,155,240	2,192,972
Total expenses	<u>8,540,764</u>	<u>-</u>	<u>8,540,764</u>	<u>8,736,169</u>
Increase in net assets	1,403,878	1,799,306	3,203,184	762,564
Net assets, beginning of year	<u>74,299</u>	<u>1,933,525</u>	<u>2,007,824</u>	<u>1,245,260</u>
Net assets, end of year	<u>\$ 1,478,177</u>	<u>\$ 3,732,831</u>	<u>\$ 5,211,008</u>	<u>\$ 2,007,824</u>

**UASPIRE, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2020 With Comparative Totals for the Year Ended June 30, 2019**

	<b>2020</b>				<b>2019</b>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Bank service fees and interest	\$ 131	\$ 5,413	\$ 5,191	\$ 10,735	\$ 9,499
Depreciation	-	18,696	-	18,696	35,996
Donated facilities (see Note 2)	20,000	-	-	20,000	20,000
Donated services - consulting (see Note 2)	125,000	-	-	125,000	600
Donated services - legal (see Note 2)	24,221	113,764	-	137,985	92,231
Electricity	14,213	2,304	6,736	23,253	24,853
Employee benefits	417,973	76,184	222,742	716,899	801,404
Equipment rental and maintenance	11,217	1,818	5,317	18,352	12,413
Events	495	-	13,756	14,251	238,684
Insurance	51,994	11,102	-	63,096	36,157
Marketing and promotion	9,914	-	1,750	11,664	8,460
Office supplies, printing and postage	25,852	5,919	1,100	32,871	33,928
Payroll taxes and service fees	244,444	39,625	115,855	399,924	422,179
Professional consulting and services	249,599	35,000	15,500	300,099	118,235
Rent	293,382	47,559	139,050	479,991	498,180
Salaries	3,181,364	515,714	1,507,817	5,204,895	5,573,384
Scholarships	303,450	-	-	303,450	229,100
Staff development	45,092	7,310	21,371	73,773	34,227
Technology consulting	133,898	6,000	17,543	157,441	66,030
Technology hardware	18,851	3,056	8,934	30,841	34,124
Technology software	176,064	7,155	20,921	204,140	196,502
Telephone and internet	34,684	5,622	16,439	56,745	58,444
Travel, meals and conferences	101,445	-	35,218	136,663	191,539
<b>Total</b>	<b>\$ 5,483,283</b>	<b>\$ 902,241</b>	<b>\$ 2,155,240</b>	<b>\$ 8,540,764</b>	<b>\$ 8,736,169</b>

**UASPIRE, INC.**

**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase in net assets	\$ 3,203,184	\$ 762,564
Adjustments to reconcile increase in net assets to net cash provided by (used for) operating activities:		
Realized and unrealized loss on investments	11,782	2,671
Non-cash donations of common stock	(30,557)	(26,741)
Investment fees	5,225	5,320
Non-cash dividend and interest income	(40,774)	(52,160)
Depreciation	18,696	35,996
Changes in operating assets and liabilities:		
Program receivables	323,256	(343,622)
Promises to give	214,132	(821,629)
Prepaid expenses and other assets	32,155	52,842
Accounts payable and accrued expenses	57,381	(10,204)
Deferred rent	(6,233)	(12,135)
Donor-designated funds	111,009	64,888
Deposits	(16,220)	(7,445)
Other liabilities	17,433	-
Net cash provided by (used for) operating activities	3,900,469	(349,655)
Cash flows from investing activities:		
Purchase of investments	(234,284)	(419,997)
Proceeds from sales of investments	132,366	597,692
Purchase of property and equipment	-	(13,295)
Net cash provided by (used for) investing activities	(101,918)	164,400
Cash flows from financing activities:		
Net borrowings (payments) on line of credit	(825,200)	375,200
Borrowings under Paycheck Protection Program loan	1,142,357	-
Net cash provided by financing activities	317,157	375,200
Net increase in cash and cash equivalents	4,115,708	189,945
Cash and cash equivalents, beginning of year	800,777	610,832
Cash and cash equivalents, end of year	\$ 4,916,485	\$ 800,777



## UASPIRE, INC.

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

Note 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 ensure that young people have the financial information and resources necessary to find an affordable path to and through college. 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.

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, 2020 and 2019. 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, 2020 and 2019, the Organization had \$3,732,831 and \$1,933,525, respectively, of net assets with donor restrictions (see Note 14).

**UASPIRE, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2020 and 2019**

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

**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.

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, 2020 and 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.

UASPIRE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2020 and 2019

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

**Donor-designated endowments (continued)**

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.

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.

UASPIRE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2020 and 2019

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

**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.

During the years ended June 30, 2020 and 2019, the Organization received and recognized donated services and facilities usage, recorded at fair market value, as follows:

	<u>2020</u>	<u>2019</u>
Other:		
Facilities	\$ 20,000	\$ 20,000
Services:		
Consulting	125,000	600
Legal	<u>137,985</u>	<u>92,231</u>
	<u>\$ 282,985</u>	<u>\$ 112,831</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.

**UASPIRE, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2020 and 2019**

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

**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, paycheck protection program loan and line of credit approximate fair market value due to the short-term maturities of these assets and liabilities.

**Program revenue and 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, 2020 and 2019.

Program revenues, which consist of various educational services provided by the Organization are recognized as earned.

**Recently issued accounting pronouncements**

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 was originally effective for non-public entities for annual reporting periods beginning after December 15, 2018. Due to Coronavirus pandemic, the FASB issued ASU 2020-05, which has provided non-public entities an option to defer implementation for one year.

The standard is now effective for annual reporting periods beginning after December 15, 2019. The Organization has adopted the latest standard and is in the process of assessing the impact on the Organization's future financial reporting and disclosures.

**UASPIRE, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2020 and 2019**

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

**Subsequent events**

Subsequent events were evaluated through February 18, 2021, which is the date the financial statements were available to be issued.

As a result of the COVID-19 outbreak in 2020, a novel strain of coronavirus, uncertainties have arisen that are expected to have an impact on the world-wide economy. Management expects that their operations will be affected. However, management cannot reasonably estimate the duration or the effect that this will have on the Organization's financial position. Management is taking steps to mitigate any negative effects on operations, including but not limited to, availing itself of applicable government assistance.

Note 3      **Availability and liquidity**

As of June 30, 2020, 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	\$	4,916,485
Investments		778,543
Program receivables		157,562
Promises to give		<u>1,089,412</u>
Total financial assets available within one year		6,942,002
Liquidity resources at end of year:		
Line of credit		<u>1,000,000</u>
Total financial assets and liquidity resources available within one year		7,942,002
Less: net assets with donor restrictions		<u>(3,732,831)</u>
Financial assets available to meet cash needs for general expenditures over the next twelve months	\$	<u><u>4,209,171</u></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.

**UASPIRE, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2020 and 2019**

Note 4 **Promises to give (continued)**

**Conditional pledges**

The Organization had certain conditional promises to give totaling \$3,106,336 (due at various dates through March 31, 2024) at June 30, 2020. 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.

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.

UASPIRE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2020 and 2019

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

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, 2020.

*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.

*Certificates of deposit:* Consist of fixed rate certificates and are valued using various techniques, which may consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), interest rates and other data related to the issuer. The certificates of deposit have original maturity dates in excess of three months.

*Money market fund:* Valued at the closing price reported by the fund sponsor from an actively traded exchange.

*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, 2020 and 2019**

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

The following table summarizes the valuation of the Organization's financial assets as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Exchange traded funds	\$ 112,551	\$ -	\$ -	\$ 112,551
Certificates of deposit	234,284	-	-	234,284
Corporate bonds	-	28,251	-	28,251
Common stock	12,531	-	-	12,531
Mutual funds	<u>435,626</u>	<u>-</u>	<u>-</u>	<u>435,626</u>
Total assets at fair value	\$ <u>794,992</u>	\$ <u>28,251</u>	\$ <u>-</u>	\$ <u>823,243</u>

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>

**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 \$5,000. Normal maintenance and repair costs are expensed as incurred. As of June 30, 2020 and 2019, property and equipment consisted of the following:

<u>Asset Category</u>	<u>Estimated Useful Life</u>	<u>2020</u>	<u>2019</u>
Furniture and equipment	5 years	\$ 63,471	\$ 63,471
Leasehold improvements	Life of lease	<u>28,029</u>	<u>28,029</u>
		91,500	91,500
Less accumulated depreciation		<u>60,946</u>	<u>42,250</u>
		\$ <u>30,554</u>	\$ <u>49,250</u>

UASPIRE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2020 and 2019

Note 6 **Property and equipment (continued)**

Depreciation expense for the years ended June 30, 2020 and 2019 was \$18,696 and \$35,996, respectively.

Note 7 **Paycheck Protection Program loan**

On April 14, 2020, the Organization received \$1,142,357 of funds under the Paycheck Protection Program of H.R. 748, the purpose of which is to provide emergency assistance for organizations affected by the 2020 coronavirus pandemic. The Organization may request in writing that the principal balance of the note and all accrued interest be forgiven upon certification that all proceeds of the note have been used for forgivable purposes as described in 13 CFR Part 120 and the guidance promulgated thereunder by Small Business Administration, an Agency of the United States of America ("SBA").

The portion of the note that is not forgiven bears interest at a rate of 1% per annum. Repayments on the note will be made through April 14, 2022. Effective December 30, 2020, the Organization received acceptance from the Small Business Administration to forgive the Paycheck Protection Program loan in the amount of \$1,142,357.

Note 8 **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 as of June 30, 2019. There was no balance on the line of credit as of June 30, 2020. 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% (4.75% at June 30, 2020).

Note 9 **Donor-designated funds**

During the years ended June 30, 2020 and 2019, 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, 2020 and 2019 donor designated funds totaled \$177,397 and \$66,388, respectively.

Note 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.

**UASPIRE, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2020 and 2019**

Note 10 **Commitments and contingencies (continued)**

**Office lease (continued)**

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, 2020 and 2019, was \$411,382 and \$390,936, 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 – restricted 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 year ended December 31, 2020 was \$44,564, which is included in rent expense in the statement of functional expenses. The following is a schedule of estimated rental income due under the sublease agreement:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 105,472
2022	107,564
2023	109,656
2024	<u>36,959</u>
	<u>\$ 359,651</u>

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, 2020 and 2019 was \$107,562 and \$97,989, 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 per year 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, 2020 and 2019**

Note 10 **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, 2020 are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 517,432
2022	457,555
2023	441,498
2024	<u>148,360</u>
	<u>\$ 1,564,845</u>

Note 11 **Related party transactions**

During the years ended June 30, 2020 and 2019, certain employees and members of the Board of Directors made contributions to the Organization totaling \$248,788 and \$205,249, respectively. As of June 30, 2020 and 2019, pledges receivable from these related parties totaled \$900 and \$6,520, respectively.

Note 12 **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 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 \$209,061 and \$222,556 for the years ended June 30, 2020 and 2019, respectively.

**UASPIRE, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2020 and 2019**

Note 14 **Net assets with donor restrictions**

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

	<u>2020</u>	<u>2019</u>
<u>Time or Purpose Restrictions</u>		
Bay Area Student Advising	\$ 154,004	\$ 187,067
Expansion and Exploration	456,382	-
Other	383,232	-
Massachusetts Student Advising	670,520	477,573
New York City Student Advising	116,875	-
Policy and Systems Change	647,370	-
Scholarships	175,007	516,499
Training and Technical Assistance	<u>571,532</u>	<u>194,477</u>
Total	3,174,922	1,375,616
 <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><u>3,732,831</u></u>	\$ <u><u>1,933,525</u></u>