



# **uAspire, Inc.**

## **Independent Auditor's Report and Financial Statements**

**June 30, 2024**



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## **Independent Auditor's Report**

Board of Directors  
uAspire, Inc.  
Boston, Massachusetts

### ***Opinion***

We have audited the financial statements of uAspire, Inc., which comprise the statement of financial position as of June 30, 2024, 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, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's 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.

### ***Emphasis of Matter***

The 2023 financial statements, before they were restated for the matter discussed in Note 14, were audited by other auditors, and their report thereon, dated May 8, 2024, expressed an unmodified opinion. Our opinion is not modified with respect to this matter.

The summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived after the restatement.

### ***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.

### ***Auditor's 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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.

**Forvis Mazars, LLP**

New York, New York  
May 12, 2025

**uAspire, Inc.**  
**Statement of Financial Position**  
**June 30, 2024**  
**(With Summarized Financial Information for June 30, 2023)**

	<b>2024</b>	<b>(Restated See Note 14) 2023</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,155,125	\$ 3,147,165
Investments	8,487,367	6,150,908
Program receivables, net	627,051	244,609
Promises to give	4,487,661	5,374,252
Prepaid expenses and other assets	289,547	136,325
Property and equipment, net	-	1,198
Investments limited to use	-	44,700
Deposits	-	9,700
Operating lease right-of-use asset	-	163,155
<b>Total Assets</b>	<b>\$ 17,046,751</b>	<b>\$ 15,272,012</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 694,924	\$ 802,167
Donor-designated funds	111,198	83,517
Other liabilities	-	17,433
Operating lease liability	-	184,163
<b>Total Liabilities</b>	<b>806,122</b>	<b>1,087,280</b>
<b>Net Assets</b>		
Without donor restrictions	8,039,601	7,525,070
With donor restrictions	8,201,028	6,659,662
<b>Total Net Assets</b>	<b>16,240,629</b>	<b>14,184,732</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 17,046,751</b>	<b>\$ 15,272,012</b>

**uAspire, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended June 30, 2024**  
**(With Summarized Financial Information for the Year Ended June 30, 2023)**

	<b>2024</b>			<b>(Restated See Note 14) 2023</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>Support and Revenues</b>				
Contributions	\$ 5,503,705	\$ 4,011,869	\$ 9,507,574	\$ 12,524,591
Program revenue	1,351,446	-	1,359,446	1,101,816
Donated services and facilities	66,016	-	66,016	82,157
Dividend and interest income, net	148,069	-	148,069	190,831
Realized and unrealized gain on investments	426,433	-	426,433	99,120
Other income	-	-	-	87,219
Net assets released from restrictions	2,470,503	(2,470,503)	-	-
<b>Total Support and Revenues</b>	<b>9,966,172</b>	<b>1,541,366</b>	<b>11,507,538</b>	<b>14,085,734</b>
<b>Expenses</b>				
Program services	6,118,668	-	6,118,668	5,570,070
General and administrative	1,882,795	-	1,882,795	1,639,450
Fundraising	1,450,178	-	1,450,178	1,946,863
<b>Total Expenses</b>	<b>9,451,641</b>	<b>-</b>	<b>9,451,641</b>	<b>9,156,383</b>
<b>Increase in Net Assets</b>	<b>514,531</b>	<b>1,541,366</b>	<b>2,055,897</b>	<b>4,929,351</b>
<b>Net Assets, Beginning of Year (Note 14)</b>	<b>7,525,070</b>	<b>6,659,662</b>	<b>14,184,732</b>	<b>9,255,381</b>
<b>Net Assets, End of Year</b>	<b>\$ 8,039,601</b>	<b>\$ 8,201,028</b>	<b>\$ 16,240,629</b>	<b>\$ 14,184,732</b>

**uAspire, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2024**  
**(With Summarized Financial Information for the Year Ended June 30, 2023)**

	2024				(Restated See Note 14) 2023
	Program Services	General and Administrative	Fundraising	Total	Total
Salaries	\$ 4,105,091	\$ 755,394	\$ 1,037,251	\$ 5,897,736	\$ 5,756,186
Employee benefits	559,013	102,866	141,248	803,127	892,286
Payroll taxes and service fees	307,536	56,591	77,706	441,833	425,586
<b>Total Personnel Costs</b>	<b>4,971,640</b>	<b>914,851</b>	<b>1,256,205</b>	<b>7,142,696</b>	<b>7,074,058</b>
Professional consulting and services	345,545	748,907	9,000	1,103,452	587,392
Rent	84,592	47,844	21,374	153,810	432,244
Scholarships and student engagement	125,478	-	-	125,478	301,489
Staff development	109,113	20,078	27,570	156,761	187,096
Travel, meals and conferences	183,896	33,839	46,466	264,201	160,068
Telephone and internet	26,670	4,908	6,739	38,317	61,586
Technology, dues and subscriptions	157,143	28,917	39,706	225,766	209,546
Marketing and promotion	56,963	8,806	14,241	80,010	32,676
Events	1,276	-	14,638	15,914	24,500
Office supplies, printing, and postage	41,001	7,546	10,360	58,907	29,365
Electricity	4,001	736	1,011	5,748	21,213
Insurance	9,102	1,675	2,300	13,077	13,641
Equipment rental and maintenance	1,414	260	357	2,031	8,119
Bank service fees and interest	-	2,200	-	2,200	7,865
Depreciation	834	153	211	1,198	5,525
Credit loss expense	-	62,075	-	62,075	-
<b>Total Expenses</b>	<b>\$ 6,118,668</b>	<b>\$ 1,882,795</b>	<b>\$ 1,450,178</b>	<b>\$ 9,451,641</b>	<b>\$ 9,156,383</b>

**uAspire, Inc.**  
**Statement of Cash Flows**  
**Year Ended June 30, 2024**  
**(With Summarized Financial Information for the Year Ended June 30, 2023)**

	<b>2024</b>	<b>(Restated See Note 14) 2023</b>
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 2,055,897	\$ 4,929,351
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Realized and unrealized gain on investments	(426,433)	(99,120)
Noncash operating lease expense (credit)	(21,008)	6,063
Donations of common stock	(13,946)	(15,850)
Depreciation	1,198	5,525
Credit loss expense	62,075	-
Changes in operating assets and liabilities		
Program receivables	(444,517)	26,885
Promises to give	886,591	(4,681,360)
Prepaid expenses and other assets	(153,222)	(28,007)
Deposits	9,700	-
Accounts payable and accrued expenses	(107,243)	257,953
Deferred rent	-	(67,847)
Deferred revenue	-	(1,600)
Donor-designated funds	27,681	(3,095)
Other liabilities	(17,433)	-
<b>Net Cash Provided by Operating Activities</b>	<b>1,859,340</b>	<b>328,898</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(7,471,384)	(7,100,233)
Proceeds from sales of investments	5,620,004	5,962,654
<b>Net Cash Used in Investing Activities</b>	<b>(1,851,380)</b>	<b>(1,137,579)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>7,960</b>	<b>(808,681)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>3,147,165</b>	<b>3,955,846</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 3,155,125</b>	<b>\$ 3,147,165</b>



## 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 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.

## 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 (board). 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.

### ***Adoption of New Accounting Policy***

On July 1, 2023, the Organization adopted Accounting Standards Update 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (Accounting Standards Codification (ASC) 326), as amended, which replaces the incurred loss methodology with an expected credit loss methodology that is referred to as the current expected credit loss (CECL) methodology. ASC 326 requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Organization uses a forward-looking CECL model for trade accounts receivables. ASC 326 did not have a material impact on the financial statements.

### ***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 has determined that certain of the Organization's net assets that are restricted in perpetuity meet the definition of endowment funds under the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). The original source of the funds in such accounts was a fundraising campaign for the uAspire endowment.

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of 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, 2024 and 2023, the remaining portion of the donor-restricted endowment fund in excess of the original value and subsequent gifts that were not classified in net assets with donor restrictions were classified as net assets without donor restriction.

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, 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.

**uAspire, Inc.**  
**Notes to Financial Statements**  
**June 30, 2024**  
**(With Summarized Financial Information as of and for the Year Ended June 30, 2023)**

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***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 return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

There were no investments underwater as of June 30, 2024 and 2023.

***Cash and Cash Equivalents***

For purposes of the statements of cash flows, cash equivalents include money market funds.

***Property and Equipment***

Property and equipment are stated at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation and amortization are 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.

***Contributions***

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

**uAspire, Inc.**  
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In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

### ***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, 2024 and 2023, the Organization received and recognized donated services and facilities usage, as follows:

	<b>2024</b>	<b>2023</b>
Facilities usage (included in rent expense)	\$ 32,278	\$ 59,128
Legal services (included in professional consulting and services expense)	33,738	23,029
	<u>\$ 66,016</u>	<u>\$ 82,157</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.

**uAspire, Inc.**  
**Notes to Financial Statements**  
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**(With Summarized Financial Information as of and for the Year Ended June 30, 2023)**

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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 certain educational institutions and other program partners. The Organization provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts. The allowance for credit losses at June 30, 2024 was approximately \$25,000. There was no allowance for credit losses at June 30, 2023.

### ***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 over 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. There was no deferred revenue as of June 30, 2024 and 2023.

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.

### ***Transaction Price and Recognition***

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by discounts provided in accordance with the Organization's policy and implicit price concessions provided by customers. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of customers.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payors that have different reimbursement and payment methodologies
- Geography of the service location
- uAspire's line of business that provided the service

**uAspire, Inc.**  
**Notes to Financial Statements**  
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**(With Summarized Financial Information as of and for the Year Ended June 30, 2023)**

For the years ended June 30, 2024 and 2023, the Organization recognized revenue of \$1,351,446 and \$1,101,816, respectively, from goods and services that transfer to the customer over time.

**Contract Balances**

The following table provides information about the Organization's receivables with customers:

	<u>2024</u>	<u>2023</u>
Accounts receivable, beginning of year	\$ 244,609	\$ 271,494
Accounts receivable, end of year	\$ 627,051	\$ 244,609

**Reclassifications**

Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 financial statement presentation. These reclassifications had no effect on changes in net assets.

**Revisions**

Certain immaterial revisions have been made to the 2023 financial statements for the fair value hierarchy tables and the leveling and classification of investments as well as for the lease accounting classification in the statement of cash flows. The revision to the statement of cash flows for the year ended June 30, 2023, removed the amortization of operating lease right-of-use assets line totaling \$369,467, operating lease right-of-use asset line totaling \$(547,567) and the operating lease liability obligations line totaling \$184,163 and added a single line item called noncash operating lease expense totaling \$6,063. These revisions did not have a significant impact on the financial statements line items impacted.

**Note 3. Availability and Liquidity**

As of June 30, 2024 and 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:

	<u>2024</u>	<u>(Restated See Note 14) 2023</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 3,155,125	\$ 3,147,165
Investments	8,487,367	6,150,908
Program receivables, net	627,051	244,609
Promises to give	4,487,661	5,374,252
Total financial assets available within one year	16,757,204	14,916,934
Less		
Amounts unavailable for general expenditures within one year, due to restriction by donors with time or purpose restriction	(8,201,028)	(6,659,662)
Donor-designated funds	(111,198)	(83,517)
Financial assets and liquidity resources available to meet cash needs for general expenditures within one year	<u>\$ 8,444,978</u>	<u>\$ 8,173,755</u>



**uAspire, Inc.**  
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To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of \$1,000,000, which it could draw upon. 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 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 4.34% (as of the promise to give date) to arrive at net present value.

At June 30, 2024 and 2023, promises to give consisted of the following:

	<u>2024</u>	<u>2023</u>
Promises to give in less than one year	\$ 3,481,337	\$ 2,782,938
Promises to give in one to three years	<u>1,050,000</u>	<u>2,750,000</u>
	4,531,337	5,532,938
Less discount to net present value	<u>(43,676)</u>	<u>(158,686)</u>
	<u><u>\$ 4,487,661</u></u>	<u><u>\$ 5,374,252</u></u>

#### **Conditional Pledges**

The Organization had certain conditional promises to give totaling \$368,949 (due at various dates through November 2025) at June 30, 2024. 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. Disclosures About Fair Value of Assets**

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value.

**Level 1** – Quoted prices in active markets for identical assets

**Level 2** – Observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets

**Level 3** – Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets

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***Recurring Measurements***

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall a June 30, 2024 and 2023:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
<b>June 30, 2024</b>				
Investments				
Asset-backed securities	\$ -	\$ 304,513	\$ -	\$ 304,513
Corporate	3,137,903	17,727	-	3,155,630
Equity	1,332,824	-	-	1,332,824
Government-sponsored entities	-	480,132	-	480,132
Mutual fund	662,494	-	-	662,494
REIT	43,695	-	-	43,695
U.S. Treasury	2,508,079	-	-	2,508,079
Total assets at fair value	<u>\$ 7,684,995</u>	<u>\$ 802,372</u>	<u>\$ -</u>	<u>\$ 8,487,367</u>
<b>June 30, 2023</b>				
Investments				
Asset-backed securities	\$ -	\$ 279,282	\$ -	\$ 279,282
Certificates of deposit	-	40,186	-	40,186
Corporate	3,601,151	33,365	-	3,634,516
Equity	1,209,143	-	-	1,209,143
Mutual fund	575,913	-	-	575,913
REIT	28,696	-	-	28,696
U.S. Treasury	427,872	-	-	427,872
Total assets at fair value	<u>\$ 5,842,775</u>	<u>\$ 352,833</u>	<u>\$ -</u>	<u>\$ 6,195,608</u>

**Note 6. Property and Equipment**

As of June 30, 2024 and 2023, property and equipment consisted of the following:

	<b>2024</b>	<b>2023</b>
Furniture and equipment	\$ 32,534	\$ 32,534
Leasehold improvements	28,028	28,028
	<u>60,562</u>	<u>60,562</u>
Less accumulated depreciation	<u>60,562</u>	<u>59,364</u>
	<u>\$ -</u>	<u>\$ 1,198</u>



## **Note 7. 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, 2024 and 2023. Borrowings under this agreement are secured by substantially all assets of the Organization and bear interest at the bank's base rate, as defined (8.50% and 8.25% at June 30, 2024 and 2023, respectively).

## **Note 8. Donor-Designated Funds**

During the years ended June 30, 2024 and 2023, 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 in the accompanying statements of financial position as a liability. As of June 30, 2024 and 2023, donor-designated funds totaled \$111,198 and \$83,517, respectively.

## **Note 9. Leases**

### ***Accounting Policies***

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the least that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

### ***Nature of Leases***

The Organization has entered into the following lease arrangements.

#### ***Operating Leases***

The Organization had 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 lease arrangement was adjusted annually, as defined in the agreement. In addition to the base rent, the Organization was responsible for paying its portion of real estate taxes and utilities. The Organization decided not to extend the lease, and the lease expired in October 2023.

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The lease expense related to this agreement for the years ended June 30, 2024 and 2023 was \$160,567 and \$413,674, respectively. The Organization was required to maintain a letter of credit, as defined in the lease agreement, totaling \$44,700 which was included in investments limited to use in the statements of financial position as of June 30, 2023. The letter of credit was terminated during the year ended June 30, 2024.

**Short-Term Leases**

The Organization entered into various sublease agreements, located in Oakland, California, and Philadelphia, Pennsylvania, that expired 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, 2024 and 2023 was \$5,700 and \$68,400, respectively.

**Sublease**

The Organization entered into an agreement to sublease a portion of the Boston facilities' operating lease to a subtenant, commencing on February 1, 2020 and expiring in October 2023. The subtenant was required to pay base rent under the sublease agreement, which was adjusted annually, as defined in the agreement. Total rental income for the years ended June 30, 2024 and 2023 was \$44,735 and \$108,958, respectively, which is included as a reduction to rent expense in the statement of functional expenses.

**Donated Lease**

The Organization was donated office space in New York during the years ended June 30, 2024 and 2023. There are no monthly rent payments due, and the Organization is a tenant at will. The value of the donated facility was \$32,278 and \$59,128 during the years ended June 30, 2024 and 2023, respectively, as disclosed in Note 2.

**Quantitative Disclosures**

The lease cost and other required information for the years ended June 30, 2024 and 2023 are:

	<b>2024</b>	<b>2023</b>
Lease cost		
Operating lease cost	\$ 148,360	\$ 395,500
Short-term lease cost	5,700	68,400
Variable lease cost	12,207	18,174
Donated lease cost	32,278	59,128
Sublease income	(44,735)	(108,958)
	<u>\$ 153,810</u>	<u>\$ 432,244</u>
	<b>2024</b>	<b>2023</b>
Other information		
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 176,300	\$ 441,534
Weighted-average remaining lease term (months)	-	4.00
Weighted-average discount rate	0.00%	2.79%

## **Note 10. Related-Party Transactions**

During the years ended June 30, 2024 and 2023, certain employees and members of the board made contributions to the Organization totaling \$211,017 and \$164,415, respectively. There were no pledges receivable at June 30, 2024 and 2023. Additionally, during the year ended June 30, 2023, the Organization made payments totaling \$18,000 for professional consulting expenses to a Company which is owned by a member of the board. There were no related-party consulting expenses during the year ended June 30, 2024.

## **Note 11. 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. At June 30, 2024, the Organization's cash accounts exceeded federally insured limits by approximately \$2,835,000.

### ***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 year ended June 30, 2023, one donor accounted for approximately 38%, respectively, of total support and revenue. There was approximately \$2,000,000 and \$3,375,000 of multi-year pledges receivable related to this donor at June 30, 2024 and 2023, respectively. There were no significant donors during the year ended June 30, 2024.

## **Note 12. Retirement Plan**

The Organization sponsored two 403(b) retirement plans for all eligible employees during the year ended June 30, 2023. During the year ended June 30, 2024, these two plans were merged, and the surviving plan became known as the uAspire, Inc. 403(b) Retirement Plan (Plan). All employees of the Organization are eligible make contributions to the Plan upon hire, however employees must complete one year of service, as defined, to become eligible for employer contributions. Eligible employees may elect to contribute through payroll reductions.

The Organization contributes an amount equal to 5% of each eligible participant's compensation. Participants are immediately vested in their employer contributions. Contributions from the Organization to the Plan totaled \$226,051 and \$210,558 for the years ended June 30, 2024 and 2023, respectively.

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**Note 13. Net Assets**

***Net Assets With Donor Restrictions***

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

	<u>2024</u>	<u>2023</u>
Time or purpose restrictions		
Restricted for time (restated)	\$ 3,350,000	\$ 4,875,000
Technical support/projects related to FAFSA	1,902,802	806,200
Massachusetts student advising	135,000	218,000
New York City student advising	75,000	166,667
Strategic planning and evaluation	-	25,000
Training and technical assistance	-	10,886
Capacity building	1,226,939	-
Scholarship administration	387,980	-
Education and research to further programs	226,345	-
California and national programming	329,053	-
College affordability and systems change	10,000	-
	<u>7,643,119</u>	<u>6,101,753</u>
Total		
	7,643,119	6,101,753
Gifts held in perpetuity		
Donor-designated endowment fund	557,909	557,909
	<u>557,909</u>	<u>557,909</u>
Total net assets with donor restrictions	<u>\$ 8,201,028</u>	<u>\$ 6,659,662</u>

Gifts held in perpetuity, which are included in investments and investments—limited to use in the accompanying statements of financial position, consisted of the following:

<b>Balance July 1, 2022</b>	<b>\$ 557,909</b>
Dividend and interest income	17,175
Realized and unrealized gain	8,921
Appropriations of investment income	<u>(26,096)</u>
<b>Balance June 30, 2023</b>	<b>557,909</b>
Dividend and interest income	10,365
Realized and unrealized gain	29,850
Appropriations of investment income	<u>(40,215)</u>
<b>Balance June 30, 2024</b>	<b><u>\$ 557,909</u></b>

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***Net Assets Released from Restrictions***

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2024</u>	<u>2023</u>
Expiration of time restrictions	\$ 1,375,000	\$ -
Satisfaction or purpose restrictions		
Technical support/projects related to FAFSA	774,950	399,932
Massachusetts student advising	118,000	710,260
New York City student advising	166,667	204,550
Strategic planning and evaluation	25,000	451,838
Training and technical assistance	10,886	139,990
	<u>\$ 2,470,503</u>	<u>\$ 2,813,116</u>

**Note 14. Restatement**

The Organization determined that an unconditional multi-year contribution was not properly recorded in contribution revenue, promises to give and net assets in the statements of activities and changes in net assets and statements of financial position in the prior period. The following adjustments were required to correctly include the unconditional multi-year contribution:

	<u>As Previously Stated</u>	<u>Correction</u>	<u>Restated</u>
<b>Statement of Financial Position</b>			
Promises to Give, Net	\$ 3,874,252	\$ 1,500,000	\$ 5,374,252
Total Assets	\$ 13,772,012	\$ 1,500,000	\$ 15,272,012
Net Assets – With Donor Restrictions	\$ 5,159,662	\$ 1,500,000	\$ 6,659,662
Total Net Assets	\$ 12,684,732	\$ 1,500,000	\$ 14,184,732
Total Liabilities and Net Assets	\$ 13,772,012	\$ 1,500,000	\$ 15,272,012
<b>Statement of Activities and Changes in Net Assets</b>			
Contributions	\$ 11,024,591	\$ 1,500,000	\$ 12,524,591
Total Support and Revenues	\$ 12,585,734	\$ 1,500,000	\$ 14,085,734
Increase in Net Assets	\$ 3,429,351	\$ 1,500,000	\$ 4,929,351
Net Assets, End of Year – With Donor Restrictions	\$ 5,159,662	\$ 1,500,000	\$ 6,659,662
<b>Statement of Cash Flows</b>			
Increase in Net Assets	\$ 3,429,351	\$ 1,500,000	\$ 4,929,351
Promises to Give, Net	\$ (3,181,360)	\$ (1,500,000)	\$ (4,681,360)

## **Note 15. Subsequent Events**

Subsequent events were evaluated through May 12, 2025, which is the date the financial statements were available to be issued.