



**ASPIRE EDUCATION PROJECT**

*(A CALIFORNIA NONPROFIT ORGANIZATION)*

**FINANCIAL STATEMENTS**

**WITH**

**INDEPENDENT ACCOUNTANT'S REVIEW**

**YEAR ENDED JUNE 30, 2022**

**ASPIRE EDUCATION PROJECT**

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
ASPIRE EDUCATION PROJECT  
Oakland, California

We have reviewed the accompanying financial statements of ASPIRE EDUCATION PROJECT (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### 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.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of ASPIRE EDUCATION PROJECT and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "D. Smith", is written over a light blue horizontal line.

*Iryna Accountancy Corporation*

Oakland, California  
September 12, 2022

**ASPIRE EDUCATION PROJECT**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	\$ 606,021	\$ 1,000	\$ 607,021
Accounts receivable	66,168	63,400	129,568
Deposits	1,700	-	1,700
Total current assets	673,889	64,400	738,289
Total assets	\$ 673,889	\$ 64,400	\$ 738,289
 <b>LIABILITIES AND NET ASSETS</b>			
CURRENT LIABILITIES			
Accounts payable	\$ 107	\$ -	\$ 107
Accrued compensation	11,950	-	11,950
Deferred revenue	25,308	-	25,308
Total current liabilities	37,365	-	37,365
Note payable - EIDL	500,000	-	500,000
Total liabilities	537,365	-	537,365
 <b>NET ASSETS</b>			
Without donor restrictions			
Undesignated	136,524	-	136,524
With donor restrictions			
Purpose and time restrictions	-	64,400	64,400
Total net assets	136,524	64,400	200,924
Total liabilities and net assets	\$ 673,889	\$ 64,400	\$ 738,289

See independent accountant's review report and notes to financial statements.

**ASPIRE EDUCATION PROJECT**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
Donation and contributions	\$ 67,849	\$ 163,000	\$ 230,849
Government support	-	137,779	137,779
Program fees	186,581	-	186,581
Special event revenue	1,185	-	1,185
Net assets released from restrictions	<u>236,379</u>	<u>(236,379)</u>	<u>-</u>
Total revenues and support	491,994	64,400	556,394
<b>EXPENSES</b>			
Program services	305,655	-	305,655
General and administrative	146,426	-	146,426
Fundraising	<u>25,151</u>	<u>-</u>	<u>25,151</u>
Total expenses	<u>477,232</u>	<u>-</u>	<u>477,232</u>
Change in net assets	14,762	64,400	79,162
Net assets, beginning of year	93,053	-	93,053
Prior year adjustment	<u>28,709</u>	<u>-</u>	<u>28,709</u>
Net assets, end of year	\$ <u><u>136,524</u></u>	\$ <u><u>64,400</u></u>	\$ <u><u>200,924</u></u>

See independent accountant's review report and notes to financial statements.

**ASPIRE EDUCATION PROJECT**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2022**

	<u>Program</u>	<u>Supporting</u>		<u>Total</u>
		<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries and wages	\$ 247,171	\$ 76,035	\$ 20,574	\$ 343,780
Payroll taxes	22,356	5,030	559	27,945
Retirement benefits	2,550	574	64	3,188
Employee benefits	<u>3,168</u>	<u>713</u>	<u>79</u>	<u>3,960</u>
Total personnel expenses	275,245	82,352	21,276	378,873
Accounting fees	-	7,650	-	7,650
Advertising	3,934	-	3,544	7,478
Dues and subscriptions	3,055	589	-	3,644
Insurance	6,456	7,447	161	14,064
Interest expense	-	256	-	256
Occupancy costs	-	15,397	-	15,397
Office expenses	977	5,317	170	6,464
Professional services	-	15,927	-	15,927
Supplies	15,952	8,999	-	24,951
Recruiting expenses	-	1,764	-	1,764
Travel and meals	36	114	-	150
Other expenses	<u>-</u>	<u>614</u>	<u>-</u>	<u>614</u>
Total expenses	\$ <u>305,655</u>	\$ <u>146,426</u>	\$ <u>25,151</u>	\$ <u>477,232</u>

See independent accountant's review report and notes to financial statements.

**ASPIRE EDUCATION PROJECT**

**STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 79,162
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:	
PPP loan forgiveness	(137,523)
(Increase)/decrease in operating assets:	
Accounts receivable	(99,069)
Prepaid expenses	72
Increase/(decrease) in operating liabilities:	
Accounts payable	(7,277)
Accrued compensation	(10,406)
Net cash provided /(used) by operating activities	<u>(175,041)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from loan - EIDL	<u>500,000</u>
Net cash provided/(used) by financing activities	<u>500,000</u>
Net change in cash and cash equivalents	<u>324,959</u>

Cash and cash equivalents, beginning of the year

Unrestricted cash and cash equivalents	253,353
Restricted cash and cash equivalents	<u>-</u>
Total and cash equivalents, beginning of the year	253,353
Add: Prior year adjustment	28,709
Cash and cash equivalents, end of the year	
Unrestricted cash and cash equivalents	606,021
Restricted cash and cash equivalents	<u>1,000</u>
Cash and cash equivalents, end of the year	<u>\$ 607,021</u>

Interest expense	\$ 256
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See independent accountant's review report and notes to financial statements.

**ASPIRE EDUCATION PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF ACTIVITIES**

ASPIRE EDUCATION PROJECT (the Organization) is a non-profit public benefit corporation incorporated in 2006. The Organization provides educational support services to children, families, schools, and community organizations. The support includes, but is not limited to, tutoring and mentoring services directed toward increasing children’s literacy levels and supporting their educational success.

**NOTE 2 – PROGRAM SERVICES**

The Organization’s program includes the following activities:

*Community Reading Buddies*

The Organization trains middle and high school students to serve as Youth Mentors, giving them tutoring skills, and supporting their overall leadership development. Then, trained students paired with K-3 students, who are measured as reading below grade-level. The program runs in eight-week cycles on a virtual platform, with oversight and coaching from the Organization’s staff. Youth Mentors receive additional life skills and enrichment content through the program.

*Private Tutoring*

The Organization’s diverse team of specialists provides academic support in a wide range of subjects for students of all ages and learning levels. Many are trained and experienced in working with ADD/ADHD, executive functioning issues, memory and processing challenges, and other learning differences. Also, the Organization provides one-on-one and small group sessions supporting students to reach greater results in high school and college entrance exams, while also increasing students’ confidence and achievement levels in subjects in which they’ve struggled.

*Community Partnerships*

The Organization provides on-site tutoring services in partnership with community-based after-school programs, supporting students who would not otherwise have access to one-to-one educational support.

**NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

*Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and, or expenses and their related notes during the reporting period. Accordingly, actual results could differ from those estimates.

*Cash and Cash Equivalents*

For purposes of the statement of cash flows the Organization considers cash and cash equivalents to include all cash accounts held in banks and other financial institutions, with an initial maturity of three months or less.

*Deferred Revenue*

Deferred revenue represents deposits received as advance payment for tutoring services.



### **NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### *Net Assets*

Financial statement presentation follows the requirement of the Financial Accounting Standard Board. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board can designate from net assets without donor restrictions, net assets for an operating reserve or board-designed endowment. There were no board-designated net assets as of June 30, 2022.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no donor-imposed restrictions perpetual in nature as of June 30, 2022.

#### *Income Taxes*

The Organization is not classified as a private foundation and is exempt from federal and state taxes under section 501(c)3 of the Internal Revenue Code and Section 23701(d) of the California Code. The Organization is considered a publicly supported organization. The Financial Accounting Standards Board prescribes a recognition threshold and a measurement attribute for financial statement recognition of tax positions taken or expected to be taken on a tax return. Management has evaluated its uncertain tax positions and related income tax contingencies at June 30, 2022 and does not believe any material tax positions exist.

#### *Concentration of Credit Risk*

*FASB ASC 825* requires disclosure of significant concentrations of credit risk arising from all financial instruments. Concentrations of credit risk financial instruments which potentially subject the Organization to concentrations of credit risk consist primary of temporary cash investments. At times, a portion of these cash investments may not be insured by Federal Deposit Insurance Corporation. The potential concentration of credit risk pertaining to temporary cash investments will vary throughout the year depending upon the level of cash deposits versus amounts insured. The Organization is maintaining all deposits in high quality financial institutions. At June 30, 2022, the Organization had uninsured bank balance of \$357,021.

#### *Functional Allocation of Expenses*

The costs of providing various programs and other activities are summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on the management estimate. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Salaries and related expenses are allocated based on employees' direct time spent on program or support activities or the best estimate of time spent. Given the collaborative manner in which the Organization delivers its programs, rents are allocated based on staff hours devoted to each program or function. Expenses, other than salaries and related expense, which are not directly identifiable by program or support services, are allocated based on the management's best estimate.

#### *Property, Equipment and Depreciation*

Property and equipment are recorded at cost when purchased or, if contributed at estimated fair market value when donated. It is the Organization's policy to capitalize items costing at least \$1,000. Depreciation is computed using the straight-line method over the assets estimated useful life.

### **NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### *Contributions*

The Organization accounts for contributions received and contributions made in accordance with accounting standards for nonprofit organizations. Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions received are recorded as contributions without donor restrictions or contributions with donor restrictions depending on the existence and, or nature of any donor restrictions. Contributions with donor restrictions are reported as an increase in net assets with donor restrictions. When the restriction is met, the amount is shown as a reclassification from net assets with donor restrictions to net assets without donor restrictions.

#### *Contributions In-Kind*

Donated equipment and other goods are recorded at estimated fair market value on the day of donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at their estimated fair market value at the time the services are rendered. The Organization also receives donated services that do not meet the criteria for recognition, but which are, nonetheless, central to the Organization's operations; these contributed services are not reflected in the financial statements.

#### *Revenue Recognition*

The Organization recognizes revenue on the accrual basis of accounting. Program service fees are recognized as revenue in the period in which the related service is provided. Grants and donations are recognized in accordance with contribution rules established for nonprofit organizations.

#### *Contingencies*

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since, by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

As of June 30, 2022, the Organization had no conditional grants, for which conditions have not been met.

#### *Fair Value Measurements*

The Organization adopted the provisions of Fair Value Measurements which applies to all financial instruments being measured and reported on a fair value basis. Fair value is defined as 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. In determining fair value, the Organization uses a fair value hierarchy which is categorized into three levels as follows:

*Level 1* – Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

*Level 2* – Valuations are based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.

*Level 3* – Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

The Organization did not have any assets measured at fair value as of June 30, 2022.

#### *Advertising*

The Organization expenses advertising costs as they are incurred. For the year ended June 30, 2022, advertising costs are \$7,478.

#### NOTE 4 – MAJOR FUNDING SOURCES

For the year ended June 30, 2022, the Organization received approximately 25% of total revenue from Small Business Administration and 18% of total revenue from Impact 100 East Bay.

#### NOTE 5 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Cash and cash equivalents	\$	607,021
Accounts receivable		129,568
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions		<u>(64,400)</u>
Financial assets available for general expenditure within one year	\$	<u>672,189</u>

\$672,189 of financial assets are available to cover the Organization's liquidity needs. The Organization has a goal to maintain sufficient financial assets on hands, which consists of cash and accounts receivable to meet the total of next fiscal year's projected management and fundraising expenses, which are expected to be approximately \$171,577; therefore, the Organization accumulated about four years of funds to sustain the similar level of operations.

#### NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

For the year ending June 30, 2022 the Organization's net assets with donor restrictions is as follows:

Restrictions	06/30/2021	Additions	Releases	06/30/2022
Impact 100 East Bay	\$ -	\$ 100,000	\$ (36,600)	\$ 63,400
Oakland Literacy COA.	-	2,500	(1,500)	1,000
Quest Foundation	-	25,000	(25,000)	-
Shop with a Cop Foundation of Silicon Valley	-	5,000	(5,000)	-
Teichert Foundation	-	6,500	(6,500)	-
The Weindling Family Charitable Fund	-	500	(500)	-
West Contra Costa	-	15,000	(15,000)	-
Children's Support League (CSL)	-	6,000	(6,000)	-
Mechanics Bank	-	2,500	(2,500)	-
PPP loan	-	137,779	(137,779)	-
Total	\$ <u>-</u>	\$ <u>300,779</u>	\$ <u>(236,379)</u>	\$ <u>64,400</u>

#### NOTE 7 – CORRECTION OF AN ERROR

It was determined that certain expenses were overstated during the year ended June 30, 2021. Therefore, a correction was made to increase the net assets of \$28,709.

**NOTE 8 – CONTRIBUTIONS IN-KIND**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization did not receive any in-kind donations that should be recorded in the financials for the year ended June 30, 2022.

During the years ended June 30, 2022, the Organization received donated services from unpaid volunteers that do not satisfy the criteria for recognition under *FASB ASC 958-605-25-16*. Management estimated that the Organization received approximately 4,053 volunteer hours from 167 Youth Mentors and 600 hours from 10 Governing and Advisory Board members for the year ended June 30, 2022.

**NOTE 9 – SPECIAL EVENTS**

The Organization held a virtual special event called “By Heart: Lessons Teachers Learned in School – A Storytelling Concert” on September 30, 2021. Revenue for the event was derived from donations. The income and expenses for the event were as follows.

Revenue from fundraising event	\$	1,185
Cost of fundraising event		-
Net income from fundraising event	\$	1,185

**NOTE 10 – RETIREMENT BENEFITS**

The Organization has a SIMPLE IRA plan that matches up to 3% of eligible employees’ salaries. Total plan contributions for the year ended June 30, 2022 was \$3,188.

**NOTE 11 – NOTE PAYABLE - EIDL**

On April 4, 2022, the Organization obtained a \$500,000 COVID-19 Economic Injury Disaster Loan (EIDL) from U.S. Small Business Administration. The EIDL is to help small businesses recover from the economic impacts of the COVID-19 pandemic. The loan carries a 2.75% interest rate and matures on April 4, 2052. The Organization will begin paying principal and interest starting April 4, 2024.

Future principal payments on EIDL are as follows:

For the year ending June 30,	Payment
2023	\$ -
2024	3,302
2025	13,437
2026	13,812
2027	14,196
Thereafter	455,253
Total	\$ 500,000

**NOTE 12 – SUBSEQUENT EVENTS**

Management of the Organization has reviewed the results of operations for the period of time from its year end, June 30, 2022, through September 12, 2022, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.

**IRYNA ACCOUNTANCY CORPORATION**

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