Aspire of Illinois

Financial Report
June 30, 2021

Contents

RSM

Independent Auditor's Report

RSM US LLP

Board of Directors
Aspire of Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Aspire of Illinois (Aspire), which comprise the statement of financial position as of June 30, 2021, the related statements of activities, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aspire as of June 30, 2021, and the change 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.

RSM US LLP

Chicago, Illinois
December 15, 2021

Aspire of Illinois

Statement of Financial Position
June 30, 2021

Assets		
Cash	$	4,751,835
Investments		1,985,001
Accounts receivable:		
Pledges receivable		760,778
Contracts, State of Illinois and other, less allowance for doubtful accounts of $20,772		431,089
Prepaid expenses and deposits		249,799
Deferred compensation, managed fund		154,489
Property and equipment, net		10,650,826
Total assets	$	18,983,817
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$	464,618
Accrued expenses:		
Salaries and related payroll taxes		1,095,534
Other		119,051
Long-term debt, net		2,310,634
Other liabilities		506,619
Deferred compensation liability		154,489
Total liabilities		4,650,945
Net assets:		
Without donor restrictions		12,160,495
With donor restrictions		2,172,377
Total net assets		14,332,872
Total liabilities and net assets	$	18,983,817

See notes to financial statements.

Aspire of Illinois

Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Fees and grants from government agencies (net of bad debt allowances of $32,941)	$ 11,361,351	$ -	$ 11,361,351
Participant/family fees	1,750,493	-	1,750,493
Contracts for goods and services and other income (net of cost of goods sold of $62,207)	82,334	-	82,334
Investment returns	373,912	38,582	412,494
Total revenue	13,568,090	38,582	13,606,672
Public support:			
Contributions	1,144,801	1,342,150	2,486,951
Special events (net of related expenses of $96,149)	347,620	-	347,620
Total public support	1,492,421	1,342,150	2,834,571
Net assets released from restrictions	1,244,625	(1,244,625)	-
Total revenue and public support	16,305,136	136,107	16,441,243
Expenses:			
Program services:			
Living	7,668,648	-	7,668,648
Learning	2,808,090	-	2,808,090
Mental health	681,575	-	681,575
Innovation	1,050,360	-	1,050,360
CoffeeWorks	189,075	-	189,075
Total program services	12,397,748	-	12,397,748
Supporting services:			
Development and integration	1,244,714	-	1,244,714
Management and general	1,573,392	-	1,573,392
Total supporting services	2,818,106	-	2,818,106
Total expenses	15,215,854	-	15,215,854
Increase in net assets before other items	1,089,282	136,107	1,225,389
Other items:			
Net loss on sale of property	(10,498)	-	(10,498)
PPP loan forgiveness	1,955,936		1,955,936
CARES Act grant funding	620,000		620,000
Total other items	2,565,438	-	2,565,438
Increase in net assets	3,654,720	136,107	3,790,827
Net assets:			
Beginning of year	8,505,775	2,036,270	10,542,045
End of year	$ 12,160,495	$ 2,172,377	$ 14,332,872

See notes to financial statements.

Aspire of Illinois

Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services						Supporting Services			
	Living	Learning	Mental Health	Innovation	CoffeeWorks	Total Program Services	Development and Integration	Management and General	Total Supporting Services	Grand Total
Salaries and benefits	$ 5,779,567	$ 2,075,376	$ 584,347	$ 754,694	$ 135,773	$ 9,329,757	$ 861,331	$ 1,127,058	$ 1,988,389	$ 11,318,146
Supplies	190,265	32,357	6,554	12,043	1,235	242,454	5,595	7,573	13,168	255,622
Telephone	76,621	32,071	4,389	14,425	1,194	128,700	6,428	9,899	16,327	145,027
Postage and shipping	322	1,064	444	1,041	5,989	8,860	6,246	869	7,115	15,975
Occupancy	562,370	198,316	31,564	93,410	16,883	902,543	51,046	31,098	82,144	984,687
Equipment rental and maintenance	351	3,332	430	183	-	4,296	(32)	23	(9)	4,287
Printing and publications	325	75	51	611	1,793	2,855	15,883	438	16,321	19,176
Travel and transportation	115,866	13,956	2,962	3,991	407	137,182	1,492	1,691	3,183	140,365
Interest	78,424	6,987	3,187	1,834	-	90,432	-	14,805	14,805	105,237
Depreciation and amortization	309,099	295,338	9,665	105,860	9,716	729,678	57,624	73,796	131,420	861,098
Consulting/professional	539,962	139,635	36,757	54,231	9,037	779,622	204,358	269,203	473,561	1,253,183
Membership, dues and licenses	15,067	9,307	1,225	5,808	1,294	32,701	17,926	15,859	33,785	66,486
Advertising	50	207	-	800	-	1,057	99	-	99	1,156
Corporate events and meetings	120	60	-	60	-	240	-	555	555	795
Merchant fees and bank charges	239	9	-	1,369	5,754	7,371	16,718	20,525	37,243	44,614
	$ 7,668,648	$ 2,808,090	$ 681,575	$ 1,050,360	$ 189,075	$ 12,397,748	$ 1,244,714	$ 1,573,392	$ 2,818,106	$ 15,215,854

See notes to financial statements.

Aspire of Illinois

Statement of Cash Flows
Year Ended June 30, 2021

Cash flows from operating activities:		
Increase in net assets	$	3,790,827
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation		858,320
Amortization of loan fees		2,778
Loss on disposal of property		10,498
Bad debt expense		32,941
Donated property and equipment		(128,000)
Forgiveness of PPP loan		(1,955,936)
Net realized and unrealized gains on investments		(405,826)
Effects of changes in operating assets and liabilities:		
Accounts receivable		140,316
Prepaid expenses and deposits		(180,745)
Deposits		
Accounts payable		155,086
Other accrued expenses		260,460
Other liabilities		51,203
Net cash provided by operating activities		2,631,922
Cash flows from investing activities:		
Purchases of property and equipment		(893,509)
Proceeds from sale of property and equipment		396,257
Purchase of investments		(516,889)
Proceeds from sale of investments		698,917
Net cash used in investing activities		(315,224)
Cash flows from financing activities:		
Principal payments on long-term debt		(155,217)
Principal payments on capital leases		(83,869)
Net cash used in financing activities		(239,086)
Increase in cash		2,077,612
Cash:		
Beginning of year		2,674,223
End of year	$	4,751,835
Supplemental disclosure of cash flow information:		
Cash paid for interest	$	92,273
Noncash investing activity – forgiveness of PPP loan	$	1,955,936
Supplemental disclosure of non-cash investing and financing activities:		
Vehicles received in exchange for capital lease obligation	$	515,549

See notes to financial statements.

Note 1. Nature of Activities

Aspire of Illinois (Aspire) is a leading provider of services for more than 1,000 people with developmental disabilities and their families in the Chicago metropolitan area, Lake County (Illinois), and southeastern Wisconsin. Incorporated as a nonprofit corporation in the state of Illinois in 1960, Aspire's mission is to support the successes of children and adults with developmental disabilities, strengthen their families and build embracing communities. True to the vision of its founders, Aspire focuses on community-based services with a common thread of building independence and promoting inclusion. Aspire conducts its activities from various locations, including its headquarters in Hillside, Illinois, as well as virtually.

Aspire CoffeeWorks, an enterprise of Aspire, was formed on September 23, 2009, to provide employment opportunities for its clients consistent with its mission, to increase awareness for its vision, and to create a source of revenue to support program operations.

Aspire is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and applicable state law. In addition, Aspire qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Aspire CoffeeWorks is a disregarded entity under the IRC.

Aspire has a fiscal year that ends on June 30. Significant accounting policies followed by Aspire are presented below.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: Aspire's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to nonprofit organizations.

Accounting standards: Aspire follows accounting standards established by the Financial Accounting Standards Board (FASB) to ensure consistent reporting of financial condition, results of activities, and cash flows. References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification, sometimes referred to as the Codification or ASC.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition: Contribution revenues and other support are recognized in the fiscal year received. Contract revenue is recognized when the related expenditure has been incurred. Program service fees are recognized as earned and net of allowances. There were no significant changes in the judgements affecting the determination of the amount and timing of revenue from contracts due to the implementation of Topic 606.

Note 2. Summary of Significant Accounting Policies (Continued)

Government contracts: Aspire receives funding under contracts from various federal, state and local government agencies. Revenue is recognized as income under government contracts based on their respective terms. Government contracts are primarily conditional contributions which are recognized when the barriers have been substantially met (generally when qualifying expenses have been incurred and all other contract requirements have been met). Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. Deferred revenue was $96,566 at June 30, 2021. Aspire receives a substantial amount of its operating support from government agencies. Any significant reduction in the level of this support could have an effect on the Aspire's programs.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses and methods of allocation are as follows:

Expense	Method of Allocation
Salaries and benefits	Full Time Equivalent
Supplies	Full Time Equivalent
Telephone	Full Time Equivalent
Postage and shipping	Directly Charged
Occupancy	Square Footage
Equipment rental and maintenance	Full Time Equivalent
Printing and publications	Directly Charged
Travel and transportation	Directly Charged
Interest	Directly Charged
Depreciation and amortization	Square Footage
Consulting/professional	Directly Charged
Membership, dues and licenses	Directly Charged
Advertising	Directly Charged
Merchant fees and bank charges	Directly Charged

Cash: Aspire maintains its cash balances in bank accounts which, at times, may exceed federally insured limits. Aspire has not experienced any losses in such accounts and management believes that Aspire is not exposed to any significant credit risk on cash.

Investments: Investments are recorded at fair value. Investment income, realized gains (losses) and change in unrealized gains are recorded in the statement of activities as increases or decreases in unrestricted net assets. Private equity investments are recorded at fair value based on the net asset value (NAV) of the fund.

Note 2. Summary of Significant Accounting Policies (Continued)

Accounts receivable: Accounts receivable consist of obligations due primarily from government agencies. Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying troubled receivable balances and by using historical experience applied to an aging of accounts. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts. Bad debt expense for fiscal year 2021 consists primarily of outstanding billings made to third-party payers during 2021, which were deemed uncollectible and written off.

Pledges receivable: Pledges receivable consist of unconditional promises to give and are recorded at the present value of estimated future cash flows. Pledges have been discounted using rates that approximate the risk associated with the ultimate collection of the receivable. The discount is amortized using an effective yield over the expected collection period of the receivable.

Property and equipment: Property and equipment are carried at cost, except donated assets which are recorded at fair value at date of donation. Assets retired or otherwise disposed of are removed from the accounts at their net carrying amount. Aspire depreciates its property and equipment using primarily the straight-line method over the estimated useful lives of the assets, which are 30 years for buildings, five to 30 years for building and leasehold improvements, three to 10 years for furnishings and equipment and five years for vehicles.

Real estate held for sale: Real estate held for sale is recorded at the lower of its carrying amount or fair value less cost to sell, and is not a depreciable asset.

Loan fees: Loan fees are capitalized as incurred and are amortized over the life of the related debt up to five years, using a method which approximates the effective interest method. Two of Aspire's loans were refinanced in August 2019 and December 2019, and loan fees of $13,889 were capitalized. For the year ended June 30, 2021, the amount amortized was $2,778. The loan fee expenses and amortization are included in depreciation and amortization expense on the accompanying statement of functional expenses.

Net assets: Net assets and changes in net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

Net assets without donor restrictions: net assets that are not subject to donor-imposed restrictions including amounts designated by the Board of Directors for specific purposes.

Net assets with donor restrictions: net assets are subject to donor-imposed restrictions that may or will be met by actions of Aspire or by the passage of time. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose for which the contributions were restricted is fulfilled), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. In the absence of donor-imposed restrictions on the use of the assets, contributions of long-lived assets are reported as increases in net assets without donor restrictions when placed in service. Included in net assets with donor restrictions are net assets subject to donor-directed restrictions to be maintained in perpetuity by Aspire.

Contributions: Unconditional promises to give cash and other assets to Aspire are recorded at fair value at the date the promise is made and reported as increases in either net assets with or without donor restrictions. Amounts received that are for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions.

Note 2. Summary of Significant Accounting Policies (Continued)

Income taxes: The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, Aspire may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of Aspire and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the reporting periods presented in the financial statements.

Aspire files Form 990 in the U.S. federal jurisdiction and the state of Illinois.

Adopted accounting pronouncements: In 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaces most existing revenue recognition guidance in U.S. GAAP. The updated standard had no significant impact on the financial statements.

Pending accounting pronouncements: In 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for Aspire for its fiscal year ending June 30, 2023, with early adoption permitted.

In 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, requiring entities to present contributed nonfinancial assets as a separate line items in the statement of activities, apart from contributions of cash and other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets and entity has received. The new standard is effective for Aspire for its fiscal year ending June 30, 2022, with early adoption permitted.

Aspire’s management is currently evaluating the impact the accounting pronouncements will have on Aspire’s financial statements.

Risk and uncertainties: On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a “Public Health Emergency of International Concern” and, on March 11, 2020, declared COVID-19 a pandemic. Virtual services were in place for the fiscal year ended June 30, 2021. Aspire has resumed onsite programming starting in mid-August 2021 and have limited staffing in offices at this time.

The full impact of COVID-19 on Aspire and its financial results will depend on future developments, which are highly uncertain.

Subsequent events: Aspire has evaluated subsequent events for potential recognition and or/disclosure through December 15, 2021, the date the financial statements were available to be issued.

Note 3. Description of Program and Supporting Services

The following program and supporting service category expenses are reported on the statement of activities:

Living: Provides community group homes, independent living services and life skills development to support people with disabilities.

Learning: Provides day programs and vocation skills training to support the success of people with disabilities.

Mental health: Provides person-center services for people with disabilities on their journey to recovery from mental illness. Behavior therapy services provide assessment, intervention and training in the development of positive strategies and techniques for positive behaviors for improved daily experiences and relationships. The Mental Health program was discontinued effective March 31, 2021.

Innovation: Provides comprehensive services to support diversity in the workplace and in schools, independent living, alternatives to traditional employment and job training and placement in collaboration with community partners.

CoffeeWorks: Social enterprise and dynamic partnership with Metropolis Coffee Company and Canteen-Vending to employ adults with disabilities to roast and ship coffee across the country. All net proceeds benefit Aspire.

Note 4. Availability and Liquidity

The following represents Aspire's financial assets at June 30, 2021:

	2021
Financial assets at year-end:	
Cash and cash equivalents	$ 4,751,835
Investments	1,985,001
Accounts receivable	1,191,867
Total financial assets	7,928,703
Less amounts not available to be used within one year:	
Net assets with donor restrictions	1,403,216
Board designated investments	1,708,455
	3,111,671
Financial assets available to meet general expenditures over the next 12 months	$ 4,817,032

Aspire's liquidity management plan is to utilize cash in excess of daily requirements to prevent draws on the line of credit agreement. Aspire has available credit facilities totaling $2,900,000 to meet current and future cash flow needs.

Note 5. Investments and Fair Value Measurements

The Fair Value Measurements and Disclosures topic of the Codification defines fair value 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 and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the topic as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the topic are described below:

Level 1: Unadjusted quoted prices in active markets, such as the New York Stock Exchange, for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments that are included in this category generally include equity and debt positions in private companies and general and limited partnership interests in corporate private equity and real estate funds, debt funds and funds of hedge funds.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the highest level of input that is significant to the fair value measurement. Aspire's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

For the fiscal year ended June 30, 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent, and there are no unfunded commitments at June 30, 2021, requiring fair value measurement. The following is a description of the valuation methodology used for investments measured at fair value:

Investment securities: The fair value of publicly traded mutual funds is based upon market quotations of national security exchanges. These financial instruments are classified as Level 1 in the fair value hierarchy.

Investments at June 30, 2021, are composed of the following:

Investment securities:	
Money market funds	$ 172,255
Mutual funds:	
Fixed Income	337,885
Equity	1,131,655
Private equity	343,206
	$ 1,985,001

Note 5. Investments and Fair Value Measurements (Continued)

Dividends, interest and fees totaling $7,218 and realized and unrealized gains totaling $398,608 for the year ended June 30, 2021, are included in investment return on the statement of activities.

Aspire assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with Aspire's accounting policy. There were no transfers among levels during the year presented.

The following table presents Aspire's fair value measurements on a recurring basis at June 30, 2021:

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Money market funds	$ 172,255	$ -	$ -	$ 172,255
Mutual funds:				
Fixed income	337,885	-	-	337,885
Equity	1,131,655	-	-	1,131,655
	$ 1,641,795	$ -	$ -	1,641,795
Investments measured at NAV				343,206
				$ 1,985,001

For the year ended June 30, 2021, the valuation techniques applied to similar assets and liabilities have been consistent with techniques used in previous years.

Aspire reports the fair value of private equity using the practical expedient method. The practical expedient method allows for the use of NAV, either as reported by the investee fund or as adjusted by Aspire based on various factors. The private equity investment has no redemption restrictions and there are no unfunded commitments.

Note 6. Property and Equipment

Property and equipment is as follows at June 30, 2021:

Land	$ 1,755,443
Buildings	6,848,673
Buildings and leasehold improvements	8,219,525
Furnishings and equipment	1,446,806
Vehicles	1,273,733
Total property and equipment, at cost	19,544,180
Less accumulated depreciation	(8,893,354)
	$ 10,650,826

Depreciation of property and equipment charged to expense was $858,320 for the year ended June 30, 2021. Depreciation expense includes charges related to disposals.

Note 7. Lease Commitments

Aspire has an operating lease for office space in Chicago, Illinois which is set to expire in January 2022. Total rent expense incurred under the operating lease totaled $80,003 for the year ended June 30, 2021.

Aspire has a lease agreement with TTS Group Incorporated for the financing of copier and printer equipment through June 2025.

Future minimum lease payments, exclusive of additional operating costs, at June 30, 2021, were:

Future minimum lease payments:		
2022	$	84,505
2023		55,065
2024		11,624
2025		10,023
	$	161,217

Aspire entered into a lease agreement with Enterprise Fleet Management March 12, 2020, and took delivery of the first vehicle under the lease on June 22, 2020. There were sixteen additional vehicles leased and delivered to Aspire from September 2020 through January 2021. The terms of the lease payments range from four to five years.

The following is a schedule of the future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of June 30, 2021:

Year ending June 30:		
2022	$	122,804
2023		122,804
2024		122,804
2025		116,635
2026		35,613
Total minimum lease payments		520,660
Less estimated executory costs		(35,347)
Net minimum lease payments		485,313
Less the amount representing interest (2.15% - 3.30%)		(22,329)
Present value of net minimum lease payments	$	462,984

The capital lease obligation of $462,984, is recorded in other liabilities on the statement of financial position.

Note 8. Line of Credit

Aspire has two lines of credit with Fifth Third Bank. The first credit facility allows for an operating line of credit of up to $2,000,000 and expires on August 29, 2028. The agreement is collateralized by a lien on all property and assets of Aspire. Under the current agreement, amounts drawn against the line of credit bear interest at the LIBOR One-Month Daily Index (0.1005% at June 30, 2021) plus 1.75%. At no time will the interest rate on the line of credit be less than 3.00% per annum.

The second credit facility allows for an operating line of credit of up to $900,000 and expires August 15, 2021. The agreement is collateralized by a lien on unrestricted investments. Under the current agreement, amounts drawn against the line of credit bear interest at the LIBOR One-Month Daily Index (0.1005% at June 30, 2021) plus 1.00%.

There were no outstanding balances on the lines of credit as of June 30, 2021, or borrowings for the year then ended.

Aspire subsequently amended its existing line of credits with Fifth Third Bank on August 15, 2021, which consolidated the two line of credits into one. The line of credit allows for borrowings of up to $2,900,000. Interest on any unpaid principal balance will be calculated using a rate of 1.250 percentage points under the Index rate published by Fifth Third Bank, N.A. If at any time the Index rate is determined to be less than 3.00%, then the Index shall be deemed to be 3.00%. So long as any indebtedness remains outstanding, Aspire shall maintain no less than $2,900,000 in unrestricted value in cash accounts or marketable securities, exclusive of any such marketable securities purchased with margin loans, to be tested on a semi-annual basis in the months of February and August.

Aspire manages its financing arrangements by using available excess cash balances, including cash proceeds from restricted contributions, to repay the line of credit. The line then funds payments of expenditures, including those which qualify for reimbursement under restricted contributions (at which time the restrictions are released). The line requires Aspire to maintain $2,900,000 in cash and investments that will be measured semi-annually.

Note 9. Long-Term Debt

Long-term debt is as follows at June 30, 2021:

Mortgage note payable to Fifth Third Bank dated August 15, 2018, requiring monthly payments of $11,015 including interest at 4.64% through August 2023, with a final balloon payment due August 2023. The note is secured by real estate and requires Aspire to maintain certain financial ratios (including a debt service coverage ratio of available cash flow to debt service of not less than 1.10 to 1.00).	$ 1,295,252
Mortgage note payable to Fifth Third Bank dated August 28, 2019, requiring monthly payments of $1,733 including interest at 3.19% through August 2024. The note is secured by residential real estate located in Lake County, Illinois	285,441
Mortgage note payable to Fifth Third Bank dated December 16, 2019, requiring monthly payments of $2,015 including interest at 3.37% through December 2024. The note is secured by the commercial property located on Sheridan Road in Zion, Illinois.	322,861
Mortgage note payable to the Illinois Facilities Fund dated June 27, 2007, requiring monthly payments of $3,654 including interest at 3.10% through July 1, 2022. The note is secured by the commercial property located on Sheridan Road in Zion, Illinois.	46,644
Mortgage note payable to the Illinois Facilities Fund dated March 6, 2008, requiring monthly payments of $1,480 including interest at 3.81% through April 1, 2023. The note is secured by residential real estate located in Zion, Illinois.	31,408
Mortgage notes payable to Lake County, Illinois through the Lake County Department of Planning & Development dated March 6, 1998, requiring annual payments totaling $2,083 without interest and are due to mature March 1, 2028. The notes are secured by residential real estate located in Zion, Illinois.	15,633
Mortgage note payable to Lake County, Illinois through the Lake County Department of Planning & Development dated January 28, 2000, requiring an annual payment of $1,458 without interest and are due to mature February 1, 2030. The note is secured by residential real estate located in Zion, Illinois.	13,132
Conditional mortgages payable to Lake County, Illinois, were provided by Lake County to assist in the purchase of certain residential facilities. The mortgages do not require repayment provided the homes are utilized in the residential program during the terms of the respective agreements ranging from 15 to 30 years.	309,297
Less: unamortized loan fees	(9,034)
	$ 2,310,634

Note 9. Long-Term Debt (Continued)

Scheduled maturities in each of the next five years and thereafter are:

Years ending June 30:		
2022	$	161,311
2023		200,661
2024		1,176,475
2025		659,409
2026		29,801
Thereafter		92,011
		2,319,668
Less unamortized loan fees		(9,034)
	$	2,310,634

Loan fees of $13,889 are shown net of accumulated amortization of $4,855, leaving a remaining balance of unamortized loan fees of $9,034.

Subsequent to year end, Aspire refinanced Fifth Third mortgages dated August 15, 2018 and August 23, 2019, for their residential homes and added a new mortgage for the purchase of a commercial property located in Waukegan, Illinois (Note 17). This new mortgage dated August 25, 2021, totaled $2,600,000 and expires on August 15, 2028. Monthly payments are $25,380 starting September 15, 2021, for 83 months, and a final payment of $894,886. The interest rate is 3.20%. Closing costs totaled $9,590.

Note 10. Paycheck Protection Program Loans

The Coronavirus Aid, Relief and Economic Security Act, signed into law on Friday, March 27, 2020, introduced the Paycheck Protection Program (PPP) to provide funding to small businesses with the goal of preventing job loss and business failures due to losses caused by the COVID-19 pandemic. The PPP loan program was available for eligible small businesses, including nonprofits, to provide a forgivable loan to cover payroll and other costs. Through the Small Business Administration (SBA), the PPP loan is a 100% federal guaranteed unsecured loan requiring no collateral. A borrower of a PPP loan is eligible for loan forgiveness up to the full amount of the loan and any accrued interest for costs incurred and payments made during the 24-week period after the lender makes the first disbursement of the PPP loan to the borrower, subject to proper documentation.

Aspire was eligible to apply for a PPP loan as a nonprofit agency that employed no more than 500 employees whose principal place of residence is in the United States and was in operation as of February 15, 2020. Aspire applied for and received a PPP loan through Fifth Third Bank in the amount of $1,939,200. The date of the loan is April 20, 2020, and bears a fixed interest at a rate of 1% with a maturity date of two years from the date of the loan. The PPP loan plus accrued interest totaling $1,955,936 was forgiven by the SBA on April 2, 2021.

Note 11. Net Assets

Net assets without donor restrictions for the year ended June 30, 2021, are as follows:

Undesignated	$	10,452,040
Board designated endowment		1,708,455
	$	12,160,495

Net assets with donor restrictions were as follows for the year ended June 30, 2021:

Specific purpose	$	1,274,634
Specific purpose-Killian property		769,161
Endowment		128,582
	$	2,172,377

Any proceeds received from a sale of the acquired NorthPointe Resources' corporate offices located in Zion, Illinois (Killian property) are restricted for capital expenses and similar costs related to Lake County, Illinois properties. As a result, net assets with donor restrictions includes $769,161, an amount equivalent to the net book value of the Killian property less related mortgage debt. These restrictions remain in place until July 1, 2022.

Net assets released from net assets with donor restrictions are as follows:

Satisfaction of purpose restrictions	$	1,244,625
Total	$	1,244,625

Note 12. Endowment Fund

In 1992, Aspire's Board of Directors established an endowment fund for the purpose of providing an alternative source of income for Aspire's operations which would ultimately benefit its participants. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

In June 2019, Aspire received a donor restricted endowment for the purpose of providing scholarship assistance to low-income individuals receiving services through Aspire's Life On My Own (LOMO) program. For the year ended June 30, 2021, no scholarship funds have been awarded. These funds are maintained in a separate investment account.

Aspire's endowment net asset composition by type of fund is as follows for the year ended June 30, 2021:

	Without Donor Restrictions	Donor Restricted	Total
Board designated	$ 1,708,455	$ -	$ 1,708,455
Donor restricted	-	128,582	128,582
Total	$ 1,708,455	$ 128,582	$ 1,837,037

Note 12. Endowment Fund (Continued)

The changes in endowment net assets for Aspire were as follows for the year ended June 30, 2021:

	Without Donor Restrictions	Donor Restricted	Total
Endowment net assets, beginning of year	$ 1,330,957	$ 100,254	$ 1,431,211
Investment income	377,498	28,328	405,826
Endowment net assets, end of year	$ 1,708,455	$ 128,582	$ 1,837,037

The donor restricted endowment balance consists of $90,000 in principal, and $38,582 in accumulated investment gains.

Aspire has adopted investment and spending policies for endowment assets as follows:

Investment policy: Aspire has adopted an investment policy for its endowment assets that seeks to provide a competitive total return consistent with historical capital market conditions and subject to risk tolerances, liquidity requirements and investment guidelines established by its endowment investment policy. The endowment fund portfolio is diversified, and includes bond, domestic and international equity mutual funds, private equity funds and money market funds.

Spending policy: For the first year after the inception of the endowment, the Board will not appropriate any funds for expenditure. After that time, consistent with the purpose of the endowment and organization, and subject to donor-imposed restrictions on endowment gifts, Aspire may appropriate for expenditure or accumulate so much of the endowment fund as the Board determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established.

In compliance with UPMIFA, the decision to appropriate will incorporate the following considerations:

1. The duration and preservation of the endowment
2. The purposes of the institution and the endowment
3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the institution
7. The investment policy of the institution

Aspire's appropriations calculation will be based on a 12-quarter rolling average and will consider a combination of market performance of the endowment and needs of the agency. The calculation may be adjusted, from time to time, by the Board as it deems reasonable and appropriate.

Note 13. Employee Benefit Plan

Aspire maintains a savings and retirement plan under Section 403(b) of the IRC. This plan is available to all employees who have attained the age of 21 and have completed at least 1,000 hours of service. The plan allows employees to contribute a percentage of their annual compensation, subject to Internal Revenue Service limitations. Aspire matches up to 50% of the participant's contributions up to a maximum participant contribution of 5%. Participants are fully vested in their contributions at all times and vest over three years in any matching contributions made by Aspire. Matching contributions made by Aspire to the plan totaled $72,646 for the year ended June 30, 2021.

Note 14. Deferred Compensation Agreement

Aspire has a Section 457(b) deferred compensation arrangement with its President/CEO, which will provide benefits to the executive upon retirement. Aspire contributes 2.5% of the employee's gross wages on an annual basis. The plan assets are held in Aspire's name and are invested in a portfolio determined by the executive. Costs incurred under the deferred compensation arrangement for the year ended June 30, 2021, totaled $8,750. At June 30, 2021, $154,489 was accrued as a liability and set aside in a separate asset account for this benefit. The assets held in this account are the property of Aspire and are subject to the claims of the general creditors.

Note 15. Significant Concentrations

Approximately 68% of Aspire's revenues for the year ended June 30, 2021, were from state of Illinois government agencies. A significant reduction in the level of this support, if this were to occur, could have a significant effect on Aspire's programs and activities.

Amounts due from these agencies represent 53% of the total outstanding accounts receivable balance as of June 30, 2021.

Note 16. Compliance with Contracts or Restrictions

Financial assistance from governmental entities in the form of contracts are subject to special audit. Such audits could result in claims against Aspire for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from any such audits since the amounts, if any, cannot be determined at this time.

Note 17. Subsequent Events

Aspire has received a Letter of Intent from a potential buyer for the sale of its property located at 3441 Sheridan Road in Zion, Illinois (Killian Center) for a price of $1,250,000. The property was originally acquired through the acquisition of NorthPointe Resources, Inc. on August 1, 2019, and has a net book value of $1,138,667 as of June 30, 2021. The purchase was effective as of September 29, 2021, and proceeds received from the sale are restricted for capital expenses and similar costs related to Lake County, Illinois properties.

Aspire sold one of its group homes located in Cook County at 1412 North Taft Avenue in Berkeley, Illinois for $345,000 on September 16, 2021.

Proceeds from sales were used to repay existing mortgages on certain properties.

Aspire acquired a commercial property located at 1530 South Shields Drive in Waukegan, Illinois on August 24, 2021. This corporate location will replace the Killian Center and will be used as the Lake County corporate headquarters and programming service center. The purchase price was $1,175,344 of which $1,022,537 was financed through a Fifth Third Bank mortgage note on August 25, 2021 (Note 9).