Aspire of Illinois

Financial Report
June 30, 2022

Contents

Independent Auditor's Report

Board of Directors
Aspire of Illinois

Opinion
We have audited the accompanying financial statements of Aspire of Illinois (Aspire), which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities, functional expenses and cash flows for the years 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 Aspire as of June 30, 2022 and 2021, and the changes it its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits 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 Aspire and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Aspire's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 Aspire'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 Aspire'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.

RSM US LLP

Chicago, Illinois
December 20, 2022

Aspire of Illinois

Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	$ 1,904,126	$ 4,751,835
Investments	4,785,141	1,985,001
Accounts receivable:		
Pledges receivable, net	1,243,147	760,778
Contracts, state of Illinois and other, net	1,353,829	431,089
Prepaid expenses and deposits	162,760	249,799
Deferred compensation, managed fund	135,516	154,489
Property and equipment, net	10,350,031	10,650,826
Total assets	$ 19,934,550	$ 18,983,817
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 472,079	$ 464,618
Accrued expenses:		
Salaries and related payroll taxes	1,089,508	1,095,534
Other	26,383	119,051
Long-term debt, net	1,962,756	2,310,634
Other liabilities	390,426	506,619
Deferred compensation liability	135,516	154,489
Total liabilities	4,076,668	4,650,945
Net assets:		
Without donor restrictions	13,817,661	12,160,495
With donor restrictions	2,040,221	2,172,377
Total net assets	15,857,882	14,332,872
Total liabilities and net assets	$ 19,934,550	$ 18,983,817

See notes to financial statements.

Aspire of Illinois

Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Fees and grants from government agencies (net of bad debt allowances of $1,956)	$ 12,015,082	$ -	$ 12,015,082
Participant/family fees	1,697,052	-	1,697,052
Contracts for goods and services and other income (net of cost of goods sold of $176,945)	96,151	-	96,151
Investment returns (loss)	(170,924)	(24,073)	(194,997)
Total revenue	13,637,361	(24,073)	13,613,288
Public support:			
Contributions of cash and other financial assets	628,500	1,667,073	2,295,573
Contributions of nonfinancial assets	176,663	-	176,663
Special events (net of related expenses of $74,448)	445,732	-	445,732
Total public support	1,250,895	1,667,073	2,917,968
Net assets released from restrictions	1,775,156	(1,775,156)	-
Total revenue and public support	16,663,412	(132,156)	16,531,256
Expenses:			
Program services:			
Living	7,746,399	-	7,746,399
Learning	2,241,072	-	2,241,072
Behavioral health	396,697	-	396,697
Innovation	419,949	-	419,949
Careers	1,433,038		1,433,038
CoffeeWorks	240,338	-	240,338
Total program services	12,477,493	-	12,477,493
Supporting services:			
Development and integration	1,067,453	-	1,067,453
Management and general	1,832,048	-	1,832,048
Total supporting services	2,899,501	-	2,899,501
Total expenses	15,376,994	-	15,376,994
Increase (decrease) in net assets before other items	1,286,418	(132,156)	1,154,262
Other items:			
Net gain on sale of property	370,748	-	370,748
Increase (decrease) in net assets	1,657,166	(132,156)	1,525,010
Net assets:			
Beginning of year	12,160,495	2,172,377	14,332,872
End of year	$ 13,817,661	$ 2,040,221	$ 15,857,882

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	1,006,776	1,342,150	2,348,926
Contributions of nonfinancial assets	138,025		138,025
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
Behavioral 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, 2022

	Program Services							Supporting Services			
	Living	Learning	Behavioral Health	Innovation	Careers	CoffeeWorks	Total Program Services	Development and Integration	Management and General	Total Supporting Services	Grand Total
Salaries and benefits	$ 5,795,268	$ 1,614,237	$ 319,812	$ 334,474	$ 1,092,681	$ 176,667	$ 9,333,139	$ 655,519	$ 1,368,251	$ 2,023,770	$ 11,356,909
Supplies	106,199	14,114	4,363	1,017	13,207	367	139,267	2,835	8,323	11,158	150,425
Telephone	95,626	20,033	2,475	2,166	10,598	854	131,752	2,897	8,612	11,509	143,261
Postage and shipping	215	172	35	98	233	9,463	10,216	5,067	1,058	6,125	16,341
Occupancy	610,211	250,526	19,211	32,802	91,579	16,542	1,020,871	58,417	64,129	122,546	1,143,417
Equipment rental and maintenance	503	2,484	226	69	1,019	1	4,302	37	105	142	4,444
Printing and publications	296	352	41	189	169	4,055	5,102	16,325	901	17,226	22,328
Travel and transportation	118,536	39,357	8,163	3,886	20,331	2,915	193,188	1,232	1,073	2,305	195,493
Interest	56,105	21,122	1,035	1,150	1,228	-	80,640	460	2,825	3,285	83,925
Depreciation and amortization	423,589	175,197	16,090	22,989	125,163	10,040	773,068	50,007	90,694	140,701	913,769
Consulting/professional	498,229	85,406	22,579	11,339	64,222	17,956	699,731	232,842	231,674	464,516	1,164,247
Membership, dues and licenses	23,926	13,389	2,187	3,647	10,981	1,407	55,537	23,652	22,960	46,612	102,149
Advertising	17,266	4,678	480	3,083	1,623	176	27,306	1,118	11,485	12,603	39,909
Merchant fees and bank charges	430	5	-	3,040	4	(105)	3,374	17,045	19,958	37,003	40,377
	$ 7,746,399	$ 2,241,072	$ 396,697	$ 419,949	$ 1,433,038	$ 240,338	$ 12,477,493	$ 1,067,453	$ 1,832,048	$ 2,899,501	$ 15,376,994

See notes to financial statements.

Aspire of Illinois

Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services						Supporting Services			
	Living	Learning	Behavioral 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

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Increase in net assets	$ 1,525,010	$ 3,790,827
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	903,593	858,320
Amortization of loan fees	10,176	2,778
(Gain) loss on sale of property	(370,748)	10,498
Bad debt expense	1,956	32,941
Donated property and equipment	(167,981)	(128,000)
Forgiveness of PPP loan	-	(1,955,936)
Net realized and unrealized losses (gains) on investments	199,861	(405,826)
Effects of changes in operating assets and liabilities:		
Accounts receivable	(1,407,065)	140,316
Prepaid expenses and deposits	87,039	(129,542)
Deferred compensation, managed fund	18,973	(51,203)
Accounts payable	7,461	155,086
Accrued salaries and related payroll taxes	(98,694)	260,460
Deferred compensation liability	(18,973)	51,203
Net cash provided by operating activities	690,608	2,631,922
Cash flows from investing activities:		
Purchases of property and equipment	(1,792,829)	(893,509)
Proceeds from sale of property and equipment	1,728,760	396,257
Purchase of investments	(3,551,350)	(516,889)
Proceeds from sale of investments	551,349	698,917
Net cash used in investing activities	(3,064,070)	(315,224)
Cash flows from financing activities:		
Principal payments on long-term debt	(1,665,082)	(155,217)
Principal payments on capital leases	(116,193)	(83,869)
Loan fees paid	(9,590)	-
Proceeds from long-term debt	1,316,618	-
Net cash used in financing activities	(474,247)	(239,086)
(Decrease) increase in cash	(2,847,709)	2,077,612
Cash and cash equivalents:		
Beginning of year	4,751,835	2,674,223
End of year	$ 1,904,126	$ 4,751,835
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 83,925	$ 92,273
Supplemental disclosures of noncash investing and financing activities:		
Vehicles received in exchange for capital lease obligation	$ -	$ 515,549
Noncash investing activity—forgiveness of PPP loan	$ -	$ 1,955,936

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 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 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.

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 statements of financial position. Aspire has received conditional commitments, which generally represent unexpended governments, amount to $0 and $96,566 at June 30, 2022 and 2021, respectively, which has not been recognized because Aspire has not yet met the barriers. These amounts will be subject to recognition as Aspire incurs qualifying expenses and performs its duties under the terms of the grant agreements. 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 Aspire's programs.

Note 2. Summary of Significant Accounting Policies (Continued)

Functional allocation of expenses: The cost of providing the various programs and other activities have been summarized on a functional basis in the statements 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 and cash equivalents: 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 statements of activities as increases or decreases in unrestricted net assets. Interest income from investments is recorded on the accrual basis. Private equity investments are recorded at fair value based on the net asset value (NAV) of the fund.

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 consists primarily of outstanding billings made to third-party payers 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.

Note 2. Summary of Significant Accounting Policies (Continued)

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.

Loan fees: Loan fees are capitalized as incurred and are amortized over the life of the related debt using a method which approximates the effective interest method. Aspire refinanced its mortgage loan in August 2021 and capitalized loan fees of $9,590. The balance of prior capitalized loan fees in the amount of $8,505 were expensed at the time of refinancing and are netted against debt on the statement of activities. For the years ended June 30, 2022 and 2021, the amount amortized was $10,176 and $2,778, respectively. The loan fee expenses and amortization are included in depreciation and amortization expense on the accompanying statements 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 statements 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.

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.

Note 2. Summary of Significant Accounting Policies (Continued)

Adopted accounting pronouncements: Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, requires entities to present contributed nonfinancial assets as a separate line item 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 resulted in changes to presentation of contributed nonfinancial assets in Aspire's statement of activities and additional disclosures.

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.

Aspire's management is currently evaluating the impact the accounting pronouncement will have on the financial statements.

Subsequent events: Aspire has evaluated subsequent events for potential recognition and or/disclosure through December 20, 2022, 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 statements 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.

Behavioral health: 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 as well as providing services to individuals living independently,

Careers: Provides 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, 2022 and 2021:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	$ 1,904,126	$ 4,751,835
Investments	4,785,141	1,985,001
Accounts receivable	2,596,976	1,191,867
Total financial assets	9,286,243	7,928,703
Less amounts not available to be used within one year:		
Net assets with donor restrictions	2,040,221	1,403,216
Board designated investments	1,653,869	1,708,455
	3,694,090	3,111,671
Financial assets available to meet general expenditures over the next 12 months	$ 5,592,153	$ 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.

Note 5. Investments and Fair Value Measurements (Continued)

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 years ended June 30, 2022 and 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent, and there are no unfunded commitments at June 30, 2022 and 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. Money market funds are valued at the net asset value of the shares held by Aspire at year-end, which is based on quoted market prices and are classified as Level 1.

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.

Investments at June 30, 2022 and 2021, are composed of the following:

	2022	2021
Investment securities:		
Money market funds	$ 1,009,268	$ 172,255
Mutual funds:		
Fixed income	2,373,127	337,885
Equity	1,040,960	1,131,655
Private equity	361,786	343,206
	$ 4,785,141	$ 1,985,001

Investment returns recorded in the statements of activities and changes in net assets are as follows:

	2022	2021
Interest and dividends, net of fees	$ 46,724	$ 13,886
Realized and unrealized gains	(241,721)	398,608
	$ (194,997)	$ 412,494

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.

Note 5. Investments and Fair Value Measurements (Continued)

The following tables present Aspire's fair value measurements on a recurring basis at June 30, 2022 and 2021:

	2022			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Money market funds	$ 1,009,268	$ -	$ -	$ 1,009,268
Mutual funds:				
Fixed income	2,373,127	-	-	2,373,127
Equity	1,040,960	-	-	1,040,960
	$ 4,423,355	$ -	$ -	4,423,355
Investments measured at NAV*				361,786
				$ 4,785,141

	2021			
	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

*Certain investments are measured at fair value using net asset value (NAV) per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Note 6. Property and Equipment

Property and equipment is as follows at June 30, 2022 and 2021:

	2022	2021
Land	$ 1,696,186	$ 1,755,443
Buildings	6,488,743	6,848,673
Buildings and leasehold improvements	8,250,689	8,219,525
Furnishings and equipment	1,611,664	1,446,806
Vehicles	1,244,934	1,273,733
Total property and equipment, at cost	19,292,216	19,544,180
Less accumulated depreciation	(8,942,185)	(8,893,354)
	$ 10,350,031	$ 10,650,826

Note 6. Property and Equipment (Continued)

Depreciation of property and equipment charged to expense was $903,593 and $858,320 for the years ended June 30, 2022 and 2021, respectively. Depreciation expense includes charges related to disposals.

Note 7. Lease Commitments

Aspire had an operating lease for office space in Chicago, Illinois, which expired in January 2022. Total rent expense incurred under the operating lease totaled $61,895 and $80,003 for the years ended June 30, 2022 and 2021, respectively.

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

Aspire entered into an operating lease agreement effective November 1, 2021, for property maintenance operations located in Waukegan, Illinois through October 31, 2026. Total rent expense incurred under the operating lease totaled $9,880 for the period ended June 30, 2022.

Future minimum lease payments, exclusive of additional operating costs, at June 30, 2022, were:

Future minimum lease payments:		
2023	$	25,599
2024		26,423
2025		25,023
2026		15,200
2027		5,100
	$	97,345

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 16 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, 2022:

Years ending June 30:		
2023	$	122,804
2024		122,804
2025		116,635
2026		35,614
Total minimum lease payments		397,857
Less estimated executory costs		(27,065)
Net minimum lease payments		370,792
Less the amount representing interest (at rates of 2.15% to 3.30%)		(13,211)
Present value of net minimum lease payments	$	357,581

Note 7. Lease Commitments (Continued)

The capital lease obligation of $357,581 and $462,984 at June 30, 2022 and 2021, respectively, is recorded in other liabilities on the statements of financial position.

Note 8. Line of Credit

Aspire refinanced its existing line of credits with Fifth Third Bank on August 15, 2021, which consolidated the two lines 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. In addition, the outstanding principal balance of the line of credit must be zero dollars for at least thirty consecutive days during each annual period ending on the anniversary date of the loan agreement.

There were no outstanding balances on the lines of credit as of June 30, 2022 and 2021, or borrowings for the years then ended.

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, 2022 and 2021:

	2022	2021
Mortgage note payable to Fifth Third Bank dated August 25, 2021, requiring monthly payments of $25,380 including interest at 3.2% through August 2028, with a final balloon payment due August 2028. The note is secured by commercial real estate owned by Aspire.	$ 1,636,684	$ 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. This loan was paid off on August 25, 2021, and included in the refinanced mortgage loan.	-	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. This loan was paid off with the proceeds from the sale of the Sheridan Road property 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. This loan was paid off with the proceeds from the sale of the Sheridan Road property 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. This loan was paid off with the proceeds from the sale of the Sheridan Road property 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.	13,549	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.	11,674	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	309,297
Less unamortized loan fees	(8,448)	(9,034)
	$ 1,962,756	$ 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:		
2023	$	313,961
2024		266,356
2025		400,513
2026		310,324
2027		293,302
Thereafter		386,748
		1,971,204
Less unamortized loan fees		(8,448)
	$	1,962,756

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. The 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. Aspire made a lump sum payment of $767,000 on the mortgage loan on January 25, 2022, from the proceeds of the sale of the Killian Center in Zion, Illinois. The interest rate is 3.20%. Closing costs totaled $9,590.

Loan fees of $9,590 are shown net of accumulated amortization of $1,142, leaving a remaining balance of unamortized loan fees of $8,448.

Note 10. Paycheck Protection Program Loan

The Coronavirus Aid, Relief and Economic Security Act 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 years ended June 30, 2022 and 2021, are as follows:

	2022	2021
Undesignated	$ 12,163,792	$ 10,452,040
Board designated endowment	1,653,869	1,708,455
	$ 13,817,661	$ 12,160,495

Net assets with donor restrictions were as follows for the years ended June 30, 2022 and 2021:

	2022	2021
Specific purpose	$ 1,930,246	$ 1,274,634
Specific purpose—Killian property	-	769,161
Endowment	109,975	128,582
	$ 2,040,221	$ 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 were released when Aspire purchased property in Waukegan.

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

	2022	2021
Satisfaction of purpose restrictions	$ 1,775,156	$ 1,244,625
Total	$ 1,775,156	$ 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 of Directors 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 years ended June 30, 2022 and 2021, no scholarship funds have been awarded. These funds are maintained in a separate investment account.

Note 12. Endowment Fund (Continued)

Aspire's endowment net asset composition is as follows for the years ended June 30, 2022 and 2021:

	2022		
	Without Donor Restrictions	Donor Restricted	Total
Board designated endowment funds	$ 1,653,869	$ -	$ 1,653,869
Donor-restricted endowment funds:			
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donor	-	90,000	90,000
Accumulated investment gains	-	19,975	19,975
Total endowment net assets	$ 1,653,869	$ 109,975	$ 1,763,844

	2021		
	Without Donor Restrictions	Donor Restricted	Total
Board designated	$ 1,708,455	$ -	$ 1,708,455
Donor-restricted endowment funds:			
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donor	-	90,000	90,000
Accumulated investment gains	-	38,582	38,582
Total endowment net assets	$ 1,708,455	$ 128,582	$ 1,837,037

The changes in endowment net assets for Aspire were as follows for the years ended June 30, 2022 and 2021:

	2022		
	Without Donor Restrictions	Donor Restricted	Total
Endowment net assets, beginning of year	$ 1,708,455	$ 128,582	$ 1,837,037
Investment loss	(54,586)	(18,607)	(73,193)
Endowment net assets, end of year	$ 1,653,869	$ 109,975	$ 1,763,844

	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

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Illinois UPMIFA requires Aspire to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in donor restricted net assets. There were no such deficiencies as of June 30, 2022 and 2021.

Note 12. Endowment Fund (Continued)

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 of Directors 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 of Directors 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 Aspire. The calculation may be adjusted, from time to time, by the Board of Directors 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 $95,850 and $72,646 for the years ended June 30, 2022 and 2021, respectively.

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 3.5% 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, 2022, totaled $8,750. At June 30, 2022, $135,516 was accrued as a liability and set aside in a separate asset account for this benefit. 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 69% and 68% of Aspire's revenues for the years ended June 30, 2022 and 2021, respectively, 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 76% and 53% of the total outstanding accounts receivable balance as of June 30, 2022 and 2021, respectively.

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. Contribution of Nonfinancial Assets

For the years ending June 30, 2022 and 2021, gifts in-kind recognized within the statements of activities included:

	2022	2021
Building improvements	$ 70,581	$ -
Furniture	97,400	-
Legal services	3,052	92,578
Event auction and program supplies	-	30,121
Other professional services	5,630	15,326
Total	$ 176,663	$ 138,025

Aspire recognized contributed nonfinancial assets within revenue, including contributed building improvements, furniture, legal and professional services, and event auction and program supplies. Contributed nonfinancial assets did not have donor-imposed restrictions.

The contributed building improvements and furniture are being used for program and administrative activities. The fair value of the building improvements and furniture were based on market value of materials and services donated.

Contributed legal and professional services are determined based on invoices provided by the vendors for hours of service provided at market rates.

Event auction items and program supplies are estimated based on the fair market value of items donated and are used in program and administrative activities.