Aspire of Illinois

Financial Report
June 30, 2023

Contents

RSM US LLP

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, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis of Matter
As discussed in Note 1 to the financial statements, Aspire adopted Finance Accounting Standards Board (FASB) Accounting Standards Update (ASU), *Leases (Topic 842).* Our opinion is not modified with respect to this matter.

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 19, 2023

Aspire of Illinois

Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	**$ 2,207,562**	$ 1,904,126
Investments	**7,389,492**	4,785,141
Accounts receivable:		
Pledges receivable, net	**593,169**	1,243,147
Contracts, State of Illinois and other, net	**1,592,118**	1,353,829
Prepaid expenses and deposits	**222,276**	162,760
Deferred compensation, managed fund	**154,173**	135,516
Property and equipment, net	**10,347,444**	10,350,031
Right-of-use-asset—operating lease	**47,103**	-
Total assets	**$ 22,553,337**	$ 19,934,550
Liabilities and Net Assets		
Liabilities:		
Accounts payable	**$ 837,236**	$ 472,079
Accrued expenses:		
Salaries and related payroll taxes	**1,274,673**	1,089,508
Other	**25,771**	26,383
Lease liabilities—operating leases	**47,803**	-
Lease liabilities—finance leases	**377,743**	390,426
Long-term debt, net	**1,691,156**	1,962,756
Deferred compensation liability	**154,173**	135,516
Total liabilities	**4,408,555**	4,076,668
Net assets:		
Without donor restrictions	**16,973,806**	13,817,661
With donor restrictions	**1,170,976**	2,040,221
Total net assets	**18,144,782**	15,857,882
Total liabilities and net assets	**$ 22,553,337**	$ 19,934,550

See notes to financial statements.

Aspire of Illinois

Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Fees and grants from government agencies (net of bad debt allowances of $13,937)	$ 14,056,132	$ -	$ 14,056,132
Participant/family fees	1,815,914	-	1,815,914
Contracts for goods and services and other income (net of cost of goods sold of $232,471)	119,825	-	119,825
Investment returns, net	321,201	556	321,757
Total revenue	16,313,072	556	16,313,628
Public support:			
Contributions of cash and other financial assets	620,267	1,110,013	1,730,280
Contributions of nonfinancial assets	35,635	-	35,635
Special events (net of related expenses of $274,092)	439,907	-	439,907
Total public support	1,095,809	1,110,013	2,205,822
Net assets released from restrictions	1,979,814	(1,979,814)	-
Total revenue and public support	19,388,695	(869,245)	18,519,450
Expenses:			
Program services:			
Living	8,797,545	-	8,797,545
Learning	2,236,975	-	2,236,975
Behavioral health	543,485	-	543,485
Innovation	477,508	-	477,508
Careers	1,658,387		1,658,387
CoffeeWorks	173,657	-	173,657
Total program services	13,887,557	-	13,887,557
Supporting services:			
Development	1,151,576	-	1,151,576
Management and general	1,979,871	-	1,979,871
Total supporting services	3,131,447	-	3,131,447
Total expenses	17,019,004	-	17,019,004
Increase (decrease) in net assets before other items	2,369,691	(869,245)	1,500,446
Other items:			
Net gain on sale of property	19,995	-	19,995
Employee retention tax credit	766,459		766,459
Total other items	786,454	-	786,454
Increase (decrease) in net assets	3,156,145	(869,245)	2,286,900
Net assets:			
Beginning of year	13,817,661	2,040,221	15,857,882
End of year	$ 16,973,806	$ 1,170,976	$ 18,144,782

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 loss 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 Functional Expenses
Year Ended June 30, 2023

	Program Services							Supporting Services			
	Living	Learning	Behavioral Health	Innovation	Careers	CoffeeWorks	Total Program Services	Development	Management and General	Total Supporting Services	Grand Total
Salaries and benefits	$ 6,223,760	$ 1,541,058	$ 464,885	$ 364,332	$ 1,255,545	$ 146,598	$ 9,996,178	$ 716,864	$ 1,379,793	$ 2,096,657	$ 12,092,835
Supplies	135,437	24,099	8,550	2,174	12,039	391	182,690	8,308	20,042	28,350	211,040
Telephone	77,902	19,885	2,860	2,575	11,514	773	115,509	6,027	8,218	14,245	129,754
Postage and shipping	-	-	95	282	150	24	551	5,629	820	6,449	7,000
Occupancy	928,375	239,248	14,552	17,261	106,992	3,021	1,309,449	41,340	70,553	111,893	1,421,342
Equipment rental and maintenance	44,334	19,286	1,165	1,432	10,710	285	77,212	3,980	5,682	9,662	86,874
Printing and publications	167	54	50	1,905	606	1,783	4,565	18,787	369	19,156	23,721
Travel and transportation	147,509	57,465	9,634	3,348	53,263	1,922	273,141	5,631	3,456	9,087	282,228
Interest	41,652	12,881	535	774	52	-	55,894	390	1,955	2,345	58,239
Depreciation and amortization	465,332	176,864	6,825	14,586	112,281	3,513	779,401	66,710	85,016	151,726	931,127
Consulting/professional	701,029	130,371	32,962	55,440	84,832	9,372	1,014,006	234,704	365,546	600,250	1,614,256
Membership, dues and licenses	24,542	13,655	903	7,203	8,904	905	56,112	13,495	9,602	23,097	79,209
Advertising	7,506	2,109	469	3,646	1,499	3,047	18,276	8,285	14,574	22,859	41,135
Merchant fees and bank charges	-	-	-	2,550	-	2,023	4,573	21,426	14,245	35,671	40,244
	$ 8,797,545	$ 2,236,975	$ 543,485	$ 477,508	$ 1,658,387	$ 173,657	$ 13,887,557	$ 1,151,576	$ 1,979,871	$ 3,131,447	$ 17,019,004

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

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Increase in net assets	$ 2,286,900	$ 1,525,010
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	929,757	903,593
Amortization of loan fees	1,370	10,176
Gain on sale of property	(19,995)	(370,748)
Bad debt expense	13,937	1,956
Donated property and equipment	-	(167,981)
Net realized and unrealized (gains) losses on investments	(144,887)	199,861
Contributions restricted for investment in endowment	(2,500)	-
Reduction in carrying amount of operating right-of-use asset	13,279	-
Reduction in carrying amount of finance lease right-of-use assets	18,981	-
Cash paid for operating leases	(14,400)	-
Retirement of mortgage upon forgiveness of debt	(14,193)	-
Effects of changes in operating assets and liabilities:		
Accounts receivable	397,751	(1,407,065)
Prepaid expenses and deposits	(59,516)	87,039
Deferred compensation, managed fund	(18,657)	18,973
Accounts payable	365,158	7,461
Accrued salaries and related payroll taxes	184,553	(98,694)
Deferred compensation liability	18,657	(18,973)
Net cash provided by operating activities	3,956,195	690,608
Cash flows from investing activities:		
Purchases of property and equipment	(817,910)	(1,792,829)
Proceeds from sale of property and equipment	19,995	1,728,760
Purchase of investments	(4,402,923)	(3,551,350)
Proceeds from sale of investments	1,943,459	551,349
Net cash used in investing activities	(3,257,379)	(3,064,070)
Cash flows from financing activities:		
Cash paid for finance leases	(139,784)	(116,193)
Proceeds from contributions restricted for investment in endowment	2,500	-
Principal payments on long-term debt	(258,096)	(1,665,082)
Loan fees paid	-	(9,590)
Proceeds from long-term debt	-	1,316,618
Net cash used in financing activities	(395,380)	(474,247)
Increase (decrease) in cash	303,436	(2,847,709)
Cash and cash equivalents:		
Beginning of year	1,904,126	4,751,835
End of year	$ 2,207,562	$ 1,904,126
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 58,239	$ 83,925
Supplemental disclosures of noncash investing and financing activities:		
Acquisition of vehicles through finance lease obligation	$ 109,260	$ -
Noncash financing activity—forgiveness of mortgage loan	$ 14,193	$ -
Establishment of lease liability for operating lease	$ 60,382	$ -

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 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. There are no conditional commitments as of June 30, 2023 and 2022, respectively. 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.

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.

Note 2. Summary of Significant Accounting Policies (Continued)

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	Directly Charged
Equipment rental and maintenance	Full Time Equivalent
Printing and publications	Directly Charged
Travel and transportation	Directly Charged
Interest	Directly Charged
Depreciation and amortization	Full Time Equivalent
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. Accounts receivable is recorded net of management's estimated allowance for uncollectible receivables of $13,937 and $0 at June 30, 2023 and 2022, respectively.

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. Management considers pledges receivable to be fully collectible at June 30, 2023 and 2022. Accordingly, no allowance for uncollectible accounts is required.

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.

Leases: Prior to July 1, 2022, Aspire followed the lease accounting guidance in FASB ASC Topic 840. Effective July 1, 2022, Aspire follows the lease accounting guidance in FASB ASC Topic 842. Aspire determines if an arrangement is a lease at inception of the contract. Under Topic 842, a lease is a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Aspire's contracts determined to be or contain a lease include explicitly or implicitly identified assets where Aspire has the right to obtain substantially all of the economic benefits of the assets and has the ability to direct how and for what purpose the assets are used during the lease term.

Leases are classified as either operating or finance. For both operating and finance leases, Aspire recognizes a lease liability equal to the present value of the remaining lease payments, and a right-of-use asset equal to the lease liability, subject to certain adjustments, such as for prepaid rents. The lease term may include options to extend or terminate the lease when it is reasonably certain that Aspire will exercise such option. When the rate implicit in the lease is not readily determinable, Aspire has made a policy election to use a risk-free rate, based on the United States Treasury rates, to determine the present value of the lease payments for all classes of assets.

Aspire defines a short-term lease as any lease arrangement with a lease term of 12 months or less that does not include an option to purchase the underlying asset. Aspire has made a policy election to not recognize right-of-use assets and lease liabilities for short-term leases. Aspire had no identifiable short-term leases as of June 30, 2023.

Operating leases result in a straight-line lease expenses, while finance leases result in front-loaded expense patterns. Aspire's lease agreements do not contain residual value guarantees or restrictive covenants.

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 statements of activities. For the years ended June 30, 2023 and 2022, the amount amortized was $1,370 and $10,176, 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.

Note 2. Summary of Significant Accounting Policies (Continued)

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.

Employee Retention Tax Credit: Aspire determined their eligibility for the Employee Retention Credit in 2023. This tax credit was established as part of the Coronavirus Aid, Relief and Economy Security Act. The revenue generated and received from this tax credit totaled $703,631, including $62,838 accrued interest, and is included in other items in the statements of activities in 2023.

Income taxes: 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).

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: The FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842).* The guidance in this ASU supersedes the leasing guidance in FASB ASC Topic 840, *Leases,* which is intended to increase transparency and comparability among organizations related to their leasing arrangements. The new lease standard, including all the related amendments subsequent to its issuance, supersedes the current guidance for lease accounting and requires lessees to recognize a right-of-use asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term for substantially all leases, as well as disclose key quantitative and qualitative information about lease arrangements.

Note 2. Summary of Significant Accounting Policies (Continued)

Aspire adopted ASU 2016-02 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior period financial statements. Under this transition provision, Aspire has applied ASU 2016-02 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the legacy guidance under ASC Topic 840, Leases. The adoption did not result in a cumulative-effect adjustment to the opening balance of net assets.

In addition to the policy election choices, FASB ASC Topic 842 includes practical expedient choices. Aspire elected the package of practical expedients available in the standard and, as a result, did not reassess the lease classification of existing leases, whether a pre-existing contract is deemed to be or to include a lease or the initial direct costs associated with existing leases. Aspire did not elect the hindsight practical expedient, and so did not re-evaluate lease terms for existing leases and will measure the right-of-use asset and lease liability using the remaining portion of the lease term at adoption on July 1, 2022.

The adoption did not result in a cumulative-effect adjustment to the opening balance of net assets without donor restrictions. Adoption of the new lease standard resulted in the recording of operating lease right-of-use assets of $60,382 and operating lease liabilities of $60,662 as of July 1, 2022. Adoption also resulted in the recording of finance right-of-use assets included in property and equipment totaling $594,705 and finance lease liabilities of $390,426 as of July 1, 2022.

Subsequent events: Aspire has evaluated subsequent events for potential recognition and or/disclosure through December 19, 2023, 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.

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, 2023 and 2022:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	$ 2,207,562	$ 1,904,126
Investments	7,389,492	4,785,141
Accounts receivable	2,185,287	2,596,976
Total financial assets	11,782,341	9,286,243
Less amounts not available to be used within one year:		
Net assets with donor restrictions	1,170,976	2,040,221
Board designated investments	1,861,831	1,653,869
	3,032,807	3,694,090
Financial assets available to meet general expenditures over the next 12 months	$ 8,749,534	$ 5,592,153

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 8).

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, 2023 and 2022, the application of valuation techniques applied to similar assets and liabilities has been consistent, and there are no unfunded commitments at June 30, 2023 and 2022, 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, 2023 and 2022, are composed of the following:

	2023	2022
Investment securities:		
Money market funds	$ 768,605	$ 1,009,268
Mutual funds:		
Fixed income	4,326,036	2,373,127
Equity	2,165,791	1,040,960
Real Estate	129,060	-
Private equity	-	361,786
	$ 7,389,492	$ 4,785,141

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

	2023	2022
Interest and dividends, net of fees	$ 176,870	$ 46,724
Realized and unrealized gains (losses)	144,887	(241,721)
	$ 321,757	$ (194,997)

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, 2023 and 2022:

	2023			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Money market funds	$ 768,605	$ -	$ -	$ 768,605
Mutual funds:				
Fixed income	4,326,036	-	-	4,326,036
Equity	2,165,791	-	-	2,165,791
Real Estate	129,060			129,060
	$ 7,389,492	$ -	$ -	$ 7,389,492

	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

* Certain investments are measured at fair value using 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, 2023 and 2022:

	2023	2022
Land	$ 1,696,186	$ 1,696,186
Buildings	6,488,743	6,488,743
Buildings and leasehold improvements	8,931,343	8,250,689
Furnishings and equipment	1,304,416	1,611,664
Vehicles	1,101,292	1,244,934
Total property and equipment, at cost	19,521,980	19,292,216
Less accumulated depreciation	(9,174,536)	(8,942,185)
	$ 10,347,444	$ 10,350,031

Note 6. Property and Equipment (Continued)

Depreciation of property and equipment charged to expense was $929,757 and $903,593 for the years ended June 30, 2023 and 2022, respectively. Depreciation expense includes charges related to disposals.

Note 7. Leases

Aspire enters into contracts to lease real estate, office equipment and vehicles. Aspire's most significant lease is an equipment lease entered into with Enterprise Fleet Management on March 12, 2020. Aspire took delivery of the first vehicle under the lease on June 22, 2020. There were 19 additional vehicles leased and delivered to Aspire from September 2020 through April 2023. The terms of the lease payments range from four to five years. Certain leases include renewal, termination or purchase options. Under FASB ASC Topic 842, the lease term at the lease commencement date is determined based on the non-cancellable period for which Aspire has the right to use the underlying assets, together with any periods covered by an option to extend the lease if Aspire is reasonably certain to exercise that option, periods covered by an option to terminate the lease if the Organization is reasonably certain to not exercise that option, and periods covered by an option to extend (or to terminate) the lease in which the exercise of the option is controlled by the lessor. Aspire considered a number of factors when evaluating whether the options in its lease contracts were reasonably certain of exercise, such as length of time before option exercise, expected value of the leased asset at the end of the initial lease term, importance of the lease to overall operations, costs to negotiate a new lease and any contractual or economic penalties.

FASB ASC Topic 842 includes a number of reassessment and re-measurement requirements for lessees based on certain triggering events or conditions, including whether a contract is or contains a lease, assessment of lease term and purchase options, measurement of lease payments, assessment of lease classification and assessment of the applicable discount rate. Aspire reviewed the reassessment and re-measurement requirements and did not identify any events or conditions during the fiscal year ended June 30, 2023, that required a reassessment or re-measurement. In addition, there were no impairment indicators identified during fiscal year 2023 that required an impairment test for Aspire's right-of-use assets or other long-lived assets in accordance with ASC 360-10.

The components of lease expense related to leases for the fiscal year ended June 30, 2023, are as follows:

Operating lease cost	$	14,820
Finance lease cost		138,748
Total lease cost	$	153,568

Rent expense recognized for June 30, 2022, under previous leasing guidance, Topic 840, Leases, was $71,775.

Other lease-related information as of and for the year ended June 30, 2023, is as follows:

Weighted-average remaining lease term—operating leases	3.33
Weighted-average remaining lease term—finance leases	2.97
Weighted-average discount rate—operating leases	2.88%
Weighted-average discount rate—finance leases	3.92%

Note 7. Leases (Continued)

As of June 30, 2023, maturities of Aspire's lease liabilities are as follows:

	Operating Leases	Finance Leases
Years ending June 30:		
2024	$ 14,800	$ 153,378
2025	15,000	145,422
2026	15,200	59,766
2027	5,100	26,622
2028	-	22,185
Total lease payments	50,100	407,373
Less imputed interest	(2,297)	(29,630)
Total lease obligation	$ 47,803	$ 377,743

As previously reported, as of June 30, 2022, Aspire's future minimum lease commitments, under previous leasing guidance, Topic 840, Leases were:

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 8.06%)	(13,211)
Present value of net minimum lease payments	$ 357,581

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 $0 for at least 30 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, 2023 and 2022, or borrowings for the years then ended.

Note 8. Line of Credit (Continued)

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.

The line of credit loan in the amount of $2,900,000 was refinanced on August 15, 2023, with a maturity date of August 15, 2025.

Note 9. Long-Term Debt

Long-term debt is as follows at June 30, 2023 and 2022:

	2023	2022
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.	$ 1,381,449	$ 1,636,684
Mortgage notes payable to Lake County, Illinois through the Lake County Department of Planning and 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.	11,466	13,549
Mortgage note payable to Lake County, Illinois through the Lake County Department of Planning and 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.	10,216	11,674
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 ending in 2032.	295,104	309,297
Less unamortized loan fees	(7,079)	(8,448)
	$ 1,691,156	$ 1,962,756

Note 9. Long-Term Debt (Continued)

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

Years ending June 30:	
2024	$ 327,580
2025	340,845
2026	311,072
2027	294,075
2028	361,937
Thereafter	62,726
	1,698,235
Less unamortized loan fees	(7,079)
	$ 1,691,156

Loan fees of $9,590 are shown net of accumulated amortization of $2,512, leaving a remaining balance of unamortized loan fees of $7,078.

Note 10. Net Assets

Net assets without donor restrictions for the years ended June 30, 2023 and 2022, are as follows:

	2023	2022
Undesignated	$ 15,111,975	$ 12,163,792
Board designated endowment	1,861,831	1,653,869
	$ 16,973,806	$ 13,817,661

Net assets with donor restrictions were as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Specific purpose	$ 1,044,859	$ 1,930,246
Endowment	126,117	109,975
	$ 1,170,976	$ 2,040,221

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

	2023	2022
Satisfaction of purpose restrictions	$ 1,979,814	$ 1,775,156
Total	$ 1,979,814	$ 1,775,156

Note 11. 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, 2023 and 2022, no scholarship funds have been awarded. These funds are maintained in a separate investment account.

Aspire's endowment net asset composition is as follows for the years ended June 30, 2023 and 2022:

	2023		
	Without Donor Restrictions	Donor Restricted	Total
Board designated endowment funds	$ 1,861,831	$ -	$ 1,861,831
Donor-restricted endowment funds:			
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donor	-	92,500	92,500
Accumulated investment gains	-	33,617	33,617
Total endowment net assets	$ 1,861,831	$ 126,117	$ 1,987,948

	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

Note 11. Endowment Fund (Continued)

The changes in endowment net assets for Aspire were as follows for the years ended June 30, 2023 and 2022:

	2023		
	Without Donor Restrictions	Donor Restricted	Total
Endowment net assets, beginning of year	$ 1,653,869	$ 109,975	$ 1,763,844
Contributions	-	2,500	2,500
Investment income	207,962	13,642	221,604
Endowment net assets, end of year	$ 1,861,831	$ 126,117	$ 1,987,948

	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

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, 2023 and 2022.

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.

Note 11. Endowment Fund (Continued)

(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 12. 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 $118,600 and $95,850 for the years ended June 30, 2023 and 2022, respectively.

Note 13. 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% to 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 years ended June 30, 2023 and 2022, totaled $4,630 and $8,750, respectively. At June 30, 2023 and 2022, $154,173 and $135,516, respectively, 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. The assets are invested in a mutual fund which is measured at fair value using NAV per share as a practical expedient and has not been categorized in the fair value hierarchy.

Note 14. Significant Concentrations

Approximately 75% and 69% of Aspire's revenues for the years ended June 30, 2023 and 2022, 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 81% and 76% of the total outstanding accounts receivable balance as of June 30, 2023 and 2022, respectively.

Note 15. 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 16. Contribution of Nonfinancial Assets

For the years ended June 30, 2023 and 2022, gifts in-kind recognized within the statements of activities included:

	2023	2022
Building improvements	$ -	$ 70,581
Furniture	-	97,400
Legal services	7,169	3,052
Other professional services	28,466	5,630
Total	$ 35,635	$ 176,663

Aspire recognized contributed nonfinancial assets within revenue, including contributed building improvements, furniture, and legal and professional services. 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.