

ASPIRE AFTERSCHOOL LEARNING

FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

AND INDEPENDENT AUDITORS' REPORT THEREON

TABLE OF CONTENTS

Independent Auditors' Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7-12

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Aspire Afterschool Learning

Opinion

We have audited the accompanying financial statements of Aspire Afterschool Learning, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aspire Afterschool Learning as of June 30, 2022, and the changes in its net assets and its cash flows for the fiscal year 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. 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 Afterschool Learning 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 Afterschool Learning ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Afterschool Learning 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 Afterschool Learning 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.

Miller Musmar

MillerMusmar

Reston, Virginia
December 9, 2022

**ASPIRE AFTERSCHOOL LEARNING
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

Assets

Current assets	
Cash and cash equivalents	\$ 607,579
Grants receivable, net	76,268
Other assets	1,522
Total current assets	<u>685,369</u>
 Non-current assets	
Property and equipment, net	<u>791,164</u>
Total non-current assets	<u>791,164</u>
Total assets	<u><u>\$ 1,476,533</u></u>

Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 6,267
Contributions collected for subsequent periods	113,214
Accrued expense	11,542
Accrued payroll	11,675
Total current liabilities	<u>142,698</u>
Total liabilities	<u>142,698</u>
 Net assets	
Unrestricted net assets	1,324,101
Net assets with donor restrictions	9,734
Total net assets	<u>1,333,835</u>
Total liabilities and net assets	<u><u>\$ 1,476,533</u></u>

The accompanying notes are an integral part of the financial statements.

**ASPIRE AFTERSCHOOL LEARNING
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Unrestricted	Donor Restricted	Total
Revenue			
Contributions	681,816	\$ 35,000	\$ 716,816
Grants	308,344	-	308,344
Other income	890	-	890
Release from restriction	25,266	(25,266)	-
Total revenue	<u>1,016,316</u>	<u>9,734</u>	<u>1,026,050</u>
Expenses			
Program services	698,240	-	698,240
Supporting services	301,231	-	301,231
Total expenses	<u>999,471</u>	<u>-</u>	<u>999,471</u>
Change in net assets	16,845	9,734	26,579
Nets assets, beginning	<u>1,307,256</u>	-	<u>1,307,256</u>
Net assets, ending	<u>\$ 1,324,101</u>	<u>\$ 9,734</u>	<u>\$ 1,333,835</u>

The accompanying notes are an integral part of the financial statements.

**ASPIRE AFTERSCHOOL LEARNING
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Cash flows from operating activities	
Change in net assets	\$ 26,579
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation expense	78,711
(Increase) decrease in assets:	
Grants receivable, net	81,423
Other assets	304
Increase (decrease) in liabilities:	
Accounts payable	2,202
Contributions collected for subsequent periods	113,214
Accrued expense	8,958
Accrued payroll	(1,424)
Net cash provided by operating activities	<u>309,967</u>
 Cash flows from investing activities	
Purchase of property and equipment	<u>(651)</u>
Net cash used in investing activities	<u>(651)</u>
 Net increase in cash and cash equivalents	 309,316
 Cash and cash equivalents, beginning	 <u>298,263</u>
 Cash and cash equivalents, ending	 <u><u>\$ 607,579</u></u>

The accompanying notes are an integral part of the financial statements.

**ASPIRE AFTERSCHOOL LEARNING
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Program Services			Supporting Services			Total
	Parent and		Program Services	Management and		Supporting	
	Learning Rocks	Community Outreach		General	Fundraising	Services	
			Total			Total	
Payroll	\$ 233,504	\$ -	\$ 233,504	\$ 71,635	\$ 86,284	\$ 157,919	\$ 391,423
Americorps members stipends	298,626	-	298,626	-	-	-	298,626
Depreciation	-	-	-	78,711	-	78,711	78,711
Fringe Benefits	52,718	-	52,718	4,170	4,170	8,340	61,058
Professional fees/bookkeeping	13,673	-	13,673	13,673	13,673	27,346	41,019
Bonus	9,457	-	9,457	3,425	2,885	6,310	15,767
Tech & Software	10,820	-	10,820	3,864	773	4,637	15,457
Supplies and materials	13,480	416	13,896	-	-	-	13,896
Gifts for students/families	-	12,055	12,055	-	-	-	12,055
Field trips	11,658	-	11,658	-	-	-	11,658
Dues and subscriptions	5,944	-	5,944	2,123	425	2,547	8,491
Miscellaneous	2,161	-	2,161	1,937	2,084	4,021	6,182
Personnel	4,628	-	4,628	1,234	309	1,543	6,171
Rent	4,758	-	4,758	423	106	529	5,287
Insurance	4,410	-	4,410	646	-	646	5,056
Printing and copying	1,218	-	1,218	406	2,435	2,841	4,059
Professional development	3,643	-	3,643	-	-	-	3,643
AmeriCorps Gear	3,287	-	3,287	-	-	-	3,287
Business fees and licenses	2,262	-	2,262	808	162	970	3,232
Bank charges/investment fees	797	-	797	797	797	1,595	2,392
Insurance	2,300	-	2,300	-	-	-	2,300
Telephone, fax, internet	1,642	-	1,642	438	109	547	2,189
Office Supplies	1,192	-	1,192	318	79	397	1,589
Equipment	1,099	-	1,099	293	73	366	1,465
Resource materials	1,296	-	1,296	-	-	-	1,296
Postage and delivery	-	-	-	104	934	1,038	1,038
Maintenance	1,007	-	1,007	-	-	-	1,007
Special events	-	-	-	-	927	927	927
Local travel	190	-	190	-	-	-	190
Marketing	\$ 685,769	\$ 12,471	\$ 698,240	\$ 185,005	\$ 116,226	\$ 301,231	\$ 999,471

The accompanying notes are an integral part of the financial statements.

**ASPIRE AFTERSCHOOL LEARNING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Aspire Afterschool Learning (Aspire) is a non-profit established in 1994 by the Arlington Community Foundation.

Aspire provides afterschool and summer programs to upper elementary students, primarily from low-income, immigrant, and refugee households, fostering academic achievement and social-emotional development. Aspire actively collaborates with other organizations serving low-income Arlington communities, including sharing information to facilitate relevant, appropriate referrals for services, as well as best practices. Aspire's programs are as follows:

Learning ROCKS! Program provides an intensive, daily afterschool program for 3rd - 5th grade students at four sites, both located in Neighborhood Strategy/Focus Areas. The program heavily emphasizes reading and literature, as well as providing homework help, arts-based, and other enrichment activities. The program follows the school calendar and operates daily from the end of school until 6:00 p.m. The program continues with a full day summer camp during the summer recess from school to prevent "summer drop-off" in academic gains. This comprehensive program operates as follows:

- Learning ROCKS! Arlington Mill site: Provides 15 hours of afterschool programming each week at the Arlington Mill Community Center. Students attending the program at this site are enrolled at either schools: Elementary-Carlin Springs, Claremont, Campbell, and Barcroft. Middle Schools: Kenmore and Gunston. ASPIRE provides one AmeriCorps Member to each school two mornings per week to serve in a direct capacity with children to provide continuity across school and afterschool. This site serves 100 students.
- Learning ROCKS! VA Gardens site: Provides 15 hours of afterschool programming each week at the Virginia Gardens apartments, an affordable housing development operated by AHC, Inc. Students attending the program at this site are enrolled at either Schools: Elementary-Randolph, Arlington Traditional, and Claremont. ASPIRE provides one AmeriCorps Member to each school two mornings per week to serve in a direct capacity with children to provide continuity across school and afterschool. This site serves 16 students.
- Learning ROCKS! Gilam Place: Provides 15 hours of afterschool programming each week at the Gilliam Place. Students attending the program at this site are enrolled at either Schools: Elementary-Alice West Fleet, Claremont, and Barrett. ASPIRE provides one AmeriCorps Member to each school two mornings per week to serve in a direct capacity with children to provide continuity across school and afterschool. This site serves 20 students.

**ASPIRE AFTERSCHOOL LEARNING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

- Learning ROCKS! Summer Camp: Provides seven weeks of full-day programming to elementary students during the summer to prevent "drop-off" in academic gains. The program is operated at the Arlington Mill site and serves 100 rising 3rd, 4th, and 5th graders. The program continues the emphasis on reading and literature and also more heavily incorporates other arts and humanities into the program, as well as additional enrichment activities and field trips.

Parent & Community Outreach recognizes the need for parent programming to supplement the educational after-school programs for children. ASPIRE sponsors workshops and community meetings that focus on Healthy Lifestyles, Positive Parenting, Education, and Community and Safety.

Basis of Accounting

Aspire prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

Aspire considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. At June 30, 2022, cash and cash equivalents consisted of checking accounts and money market accounts.

Contributions and Grants Receivable

Contributions and grants receivable are recorded at their net realizable value. All of Aspire's receivables were collectible within one year. Conditional promises to give are not included as support until the conditions are substantially met. There were no conditional promises to give as of June 30, 2022. Aspire considers all contributions and grants receivable to be collectible, therefore has not recorded an allowance for doubtful accounts.

Property and Equipment

Buildings, building improvements and property are recorded at cost at the date of acquisition. Donations of property and equipment are recorded as support at their estimated fair value at the date of the gift. The assets are depreciated on a straight-line basis over their estimated useful lives.

Property and equipment are capitalized and stated at cost. Assets acquired through donation are recorded at their estimated fair value at the date of the gift. Assets with values greater than or equal to \$1,000 and estimated useful lives extending beyond one year are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets which range from five years to thirty-nine years. Expenditures for major renewals and

**ASPIRE AFTERSCHOOL LEARNING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense.

Net Assets

Aspire follows ASC 958, *Not-for-Profit Entities*. Under ASC 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*, Aspire is required to report information regarding its financial position and activities according to the following classes:

Unrestricted net assets

- Undesignated net assets: are net assets whose use is not restricted by donors or designated by the board of directors.

- Board designated net assets: are net assets designated by the board of directors for a specific purpose. Aspire did not have board designated net assets.

Net assets with donor restrictions: consist of assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period, or are restricted by the donor for specific purposes are reported as contributions with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as contributions without donor restrictions.

Donated Services

Aspire receives donated services from unpaid volunteers assisting Aspire to accomplish its mission. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort under ASC 958-605, *Not-for-Profit Entities, Revenue Recognition*, have not been satisfied.

Aspire recognizes revenue for donated services that meet the following criteria: (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**ASPIRE AFTERSCHOOL LEARNING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Functional Expense Allocation

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefit.

Tax Exempt Status

Aspire is exempt from income tax under section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Aspire's tax exempt purpose is subject to taxation as unrelated business income. Currently, Aspire has no obligation for any unrelated business income tax.

Management has assessed Aspire's tax positions and concluded that there are no uncertain tax positions that require recognition or disclosure in the financial statements. With few exceptions, year ending on or before June 30, 2018 are no longer subject to examination by federal and state taxing authorities.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). This ASU modifies lease accounting to increase transparency and comparability by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing information. The most significant change for lessees will be the recognition of both a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term for those leases classified as operating leases under current GAAP. Certain accounting policy elections are permitted for leases with terms of 12 months or less. Topic 842 supersedes current lease requirements in FASB ASC Topic 840, Leases. When adopted, the amendments in the ASU must be applied using a modified retrospective approach, with certain practical expedients available. The new standard is effective for nonpublic companies for annual periods beginning after December 15, 2021.

2) LIQUIDITY

Aspire has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Aspire's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 607,579
Contributions receivable, net	76,268
Total financial assets	<u>\$ 683,847</u>

**ASPIRE AFTERSCHOOL LEARNING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

3) CONCENTRATION OF CREDIT RISK

Financial instruments that subject Aspire to a concentration of credit risk consist of bank deposits that exceed the Federal Deposit Insurance Aspire (FDIC) insurance limits of \$250,000 per depositor per institution. Investment accounts held by brokers that exceed the Securities and Investors Protection Aspire (SIPC) insurance limit of \$750,000 (including \$250,000 for claims for cash) in the event of the Institutions insolvency and liquidation also subjects the Aspire to a concentration of credit risk. Aspire had \$555,508 of money market amounts which are not covered by the FDIC insurance, though covered by SIPC.

4) GRANTS RECEIVABLE

As of June 30, 2022, the grants receivable consists of the following:

Contributions receivable	\$	76,268
Less: Allowance for doubtful accounts		-
Contributions receivable, net	\$	76,268

There was no bad debt expense for the fiscal year ended June 30, 2022.

5) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2022:

Leasehold improvements	\$	959,003
Furniture, fixtures and equipment		65,664
Computer equipment		4,550
Total		1,029,217
Less: Accumulated depreciation		(238,053)
Property and equipment, net	\$	791,164

Depreciation expense for the fiscal year ended June 30, 2022 amounted to 78,711.

The leasehold improvements were build-out to the leased space in the Arlington Mill Community Center. Refer to Note 7 for the lease commitment.

6) RESTRICTED NET ASSETS

Aspire had \$9,734 of donor restricted net assets, which were restricted for program materials and supplies.

**ASPIRE AFTERSCHOOL LEARNING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

7) LEASE COMMITMENT

Aspire entered into an operating lease with Arlington County for the operation of their after school and summer programs at the Arlington Mill Community Center. The lease commenced on July 2019. The lease term is 15 years with an annual base rent of \$8,952. The agreement was amended in August of 2022 to add two additional years to the lease term. The agreement will expire on June 30, 2036. In addition to base rent, Aspire is responsible for payment of annual real estate taxes and any license and permit fees.

Future minimum rental expense under this lease is as follows:

2023	\$	8,952
2024		8,952
2025		8,952
2026		8,952
2027		8,952
Thereafter		80,568
Total	\$	<u>125,328</u>

Rent expense was \$5,287 for the fiscal year ended June 30, 2022.

8) SUBSEQUENT EVENTS

Aspire has evaluated subsequent events through December 9, 2022, the date the financial statements were available to be issued. There were no subsequent events to note as of that date