GREAT ASPIRATIONS
SCHOLARSHIP PROGRAM, INC.

Audited Financial Statements

Years Ended
June 30, 2018 and 2017

Owen, PLC

Certified Public Accountants
Accounting • Tax • Consulting

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SCHOLARSHIP PROGRAM, INC.

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Accounting ● Tax ● Business Consulting

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
GReat Aspirations Scholarship Program, Inc.

We have audited the accompanying financial statements of GReat Aspirations Scholarship Program, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GReat Aspirations Scholarship Program, Inc. as of June 30, 2018 and 2017, and its statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Owen, PLC

Richmond, Virginia
October 3, 2017

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STATEMENTS OF FINANCIAL POSITION

June 30,	2018	2017
ASSETS		
Current assets		
Cash	**$ 505,435**	$ 726,135
Investments in Virginia529 Plans	**3,333,583**	3,053,934
Accounts and grants receivable	**30,750**	31,892
Total current assets	**3,869,768**	3,811,961
Property and equipment		
Office equipment	**35,041**	23,593
Accumulated depreciation	**(22,253)**	(18,681)
Property and equipment, net	**12,788**	4,912
Total assets	**$ 3,882,556**	$ 3,816,873
LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued payroll taxes	**$ -**	$ 345
Total current liabilities	**-**	345
Total liabilities	**$ -**	$ 345
Net assets		
Without donor restrictions	**2,708,554**	3,059,486
With donor restrictions	**1,174,002**	757,042
Total net assets	**3,882,556**	3,816,528
Total liabilities and net assets	**$ 3,882,556**	$ 3,816,873

See accompanying notes.

GREAT ASPIRATIONS SCHOLARSHIP PROGRAM, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30,	2018	2017
Changes in net assets without donor restrictions		
Revenues and gains		
Donations - private donors	$ 612,513	$ 592,841
Donations - foundations	169,500	167,250
Commonwealth of Virginia	400,000	400,000
SOAR Virginia®	56,000	58,750
Public school advisor fees	58,000	58,450
Donated (in - kind) services	27,702	26,565
Chancellor's 2+2 scholarship	26,500	-
Fees earned scholarships	1,300	2,409
General program fees	500	-
Event Income	18,852	15,141
Small donor fund	1,065	2,746
Summer concert series	3,194	2,773
Library program fees	250	-
Miscellaneous income	-	52
Investment income	73,073	94,921
Total revenues and gains without donor restrictions	1,448,449	1,421,898
Net assets released from restrictions		
Net assets released for scholarships	575,733	601,257
10% fee released for administration	41,286	52,061
Brokerage transactions expense	(691)	(171)
Other	-	(1,132)
Total net assets released from restrictions	616,328	652,015
Total revenues, gains and other support without donor restrictions	2,064,777	2,073,913
Expenses		
Program services	1,593,325	1,494,132
Management and general support services	206,056	179,214
Total costs and expenses	1,799,381	1,673,346
Increase in net assets without donor restrictions	265,396	400,567
Changes in net assets with donor restrictions		
Education Improvement Scholarship Tax Credit Program K-12 Support	412,168	520,440
Donations for scholarships	-	-
Investment income	4,792	5,265
Net assets released from restrictions	(616,328)	(652,015)
Increase (decrease) in net assets with donor restrictions	(199,368)	(126,310)
Increase in total net assets	66,028	274,257
Net assets, beginning of year	3,816,528	3,542,271
Net assets, end of year	$ 3,882,556	$ 3,816,528

See accompanying notes.

GREAT ASPIRATIONS SCHOLARSHIP PROGRAM, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30,	2018 Program Services	2018 Management and General	2017 Program Services	2017 Management and General
Expenses				
Salaries and wages	**$ 507,863**	**$ 169,288**	$ 438,881	$ 146,293
Scholarships	**805,033**	**-**	816,230	-
Fundraising expenses	**30,590**	**-**	12,552	-
Consulting administrative services	**1,036**	**-**	443	-
Occupancy costs	**40,249**	**13,417**	40,314	13,438
Payroll taxes	**38,851**	**12,951**	31,708	10,569
Office supplies and expenses	**33,453**	**-**	36,011	-
Training expenses	**22,681**	**-**	18,625	-
Professional fees	**19,191**	**6,397**	15,235	5,078
Computer database services	**20,486**	**-**	13,572	-
Mileage reimbursement	**25,200**	**-**	25,594	-
Costs associated with Reach for the Stars	**10,371**	**-**	11,205	-
Miscellaneous	**288**	**-**	3,972	-
Depreciation	**3,572**	**-**	2,843	-
Employee benefits	**4,224**	**-**	4,072	-
Cellular communications	**6,887**	**2,296**	7,619	2,540
Postage and delivery	**3,870**	**-**	3,957	-
Bank service charges	**2,199**	**-**	2,050	-
Workers' compensation insurance	**2,834**	**945**	1,614	538
Liability insurance	**1,572**	**524**	1,763	587
Program expense	**10,021**	**-**	4,919	-
SOAR Virginia ® expenses, excluding payroll	**452**	**-**	291	-
Licenses and permits	**712**	**238**	512	171
Background checks	**416**	**-**	140	-
Dues and subscriptions	**1,274**	**-**	10	-
Total expenses	**$ 1,593,325**	**$ 206,056**	$ 1,494,132	$ 179,214

See accompanying notes.

GREAT ASPIRATIONS SCHOLARSHIP PROGRAM, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30,		2018		2017
Cash flows from operating activities				
Cash received from program activities	**$**	**1,348,816**	$	1,277,270
Cash received temporarily restricted donations		**412,168**		520,440
Cash paid to employees, scholarships and vendors		**(1,768,452)**		(1,647,840)
Investment income received		**77,865**		100,186
Net cash provided by operating activities		**70,397**		250,056
Cash flows from investing activities				
Investment in Virginia529 Plans		**(279,649)**		(318,257)
Purchase of office equipment		**(11,448)**		-
Net cash used in investing activities		**(291,097)**		(318,257)
Net decrease in cash and cash equivalents		**(220,700)**		(68,201)
Cash and cash equivalents, beginning of period		**726,135**		794,336
Cash and cash equivalents, end of period	**$**	**505,435**	$	726,135
Reconciliation of changes in net assets to net cash provided by (used in) operating activities				
Change in net assets	**$**	**66,028**	$	274,257
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation		**3,572**		2,843
Changes in:				
Grants receivable		**1,142**		(23,142)
Payroll taxes payable		**(345)**		(3,902)
	$	**70,397**	$	250,056
Supplemental Information:				
Non-cash transactions:				
In kind donations	**$**	**27,702**	$	26,565

See accompanying notes.

NOTE 1 - Organization and Business

GReat Aspirations Scholarship Program, Inc. ("GRASP") is a non-profit, 501(c)(3) tax exempt organization founded in 1983 to provide resources to students and families to access financial aid for education after high school, scholarships, private financial support and counseling to encourage and maximize each student's educational opportunities. GRASP's mission is to help students and their families, regardless of their financial resources and at no charge to them, develop an educational plan by assisting them with the financial aid process; by awarding and administering scholarships; by inspiring them to believe that secondary and post-secondary education are attainable goals; and by supporting them in the attainment of their goals throughout their post-secondary education. GRASP's focus is on increasing college, technical school, and workforce credential access and graduation rates, particularly among families without sufficient financial resources to accomplish this without GRASP's guidance and financial assistance.

Since its founding in 1983, GRASP, through its cadre of highly trained advisors assigned to public schools and other venues, has educated thousands of students about how to fund post-secondary education and secure the resources to make their plans a reality. Through classroom presentations and individual meetings, GRASP advisors help students: explore an array of options for their futures from community colleges and universities to workforce credentials; overcome financial and motivational barriers; complete the Free Application for Federal Student Aid, the basis for receiving financial aid at post-secondary institutions, as well as other required applications, made more complicated by an array of deadlines and necessary information; access grants, scholarships, state/federal aid; and compare award letters from educational institutions so that choices support goals while minimizing debt. Services are provided at no cost to families and students in 76 high schools and other venues in Virginia. During the fiscal years ended June 30, 2018 and 2017, GRASP guided 7,015 and 7,315 students, respectively, through the maze of requirements to access funding for education leading to substantial amounts of financial aid (scholarships, grants, loans and other financial aid) being awarded to these students.

GRASP has earned a 4-star rating from Charity Navigator, the highest possible rating, four years in a row (2015-2018). Only 13% of charities evaluated receive four consecutive 4-star ratings. GRASP is proudly recognized by the Standards for Excellence Institute® as having met all the requirements of the Standards Basics program. In 2016, GRASP received the Cameron Foundation Handy L. Lindsey, Jr. Award for Excellence in Organizational Management, and in 2015, GRASP received the Richmond History Maker award from the Valentine Museum.

GRASP continues to work with students after high school graduation through the Summer Melt Program and the College Success Program. Each year, 10 to 20 percent of students who have already been admitted to postsecondary institutions fail to enroll. This so-called "summer melt" is higher among students from low-income backgrounds and those who would be first in their family to attend college. GRASP operates a texting program to give students a lifeline for help with roadblocks that arise between graduation and matriculation. The College Success Advisor, a recent college graduate, mentors students as they matriculate to a post-secondary institution and throughout their undergraduate education. The program seeks to increase the college graduation rate for GRASP students and scholarship recipients by helping them re-file financial aid and scholarship forms each year; providing valuable tips regarding internships and summer jobs; acting as a liaison between the college financial aid offices and the students, should a problem arise; and awarding scholarships for those students with unmet financial need who attend Virginia colleges or technical programs. The program's focus on post-secondary retention is achieved through social media and email programs and problem-solving services. The College Success Advisor leverages existing college support systems and provides specific financial aid counseling. During the fiscal years ending June 30, 2018 and 2017, 108 and 90 college students, respectively, actively participated in the College Success Program.

NOTE 1 - Organization and Business *(Continued)*

Scholarships provided to help students and their families consist of the following for the years ended June 30:

	2018	2017
Virginia's Education Improvement Scholarship Tax Credit Program K-12 ("EISTCP")	$ 477,683	$ 519,511
Post-secondary scholarships	327,350	296,719
	$ 805,033	$ 816,230

Also, during the fiscal years ending June 30, 2018 and 2017, GRASP disbursed $313,850 and $296,719 in scholarships to approximately 231 and 204 deserving graduating high school seniors or college students, respectively, most of whom are, financially disadvantaged.

GRASP is qualified to receive donations through Virginia's EISTCP, which is structured for certain students from low-to-moderate-income households to receive scholarships for private K-12 Virginia schools. GRASP's focus is on those students with learning differences or other special circumstances. Donations to the EISTCP fund are limited by the Code of Virginia to students who meet narrow criteria. This Code also requires 90% of all donations to the fund be awarded by the end of the fiscal year following the fiscal year of the donation. During the fiscal years ending June 30, 2018 and 2017, GRASP disbursed $477,683 and $519,511 to 233 and 225 students from low-to-moderate-income households, respectively.

To support its in-school advising, College Success, and scholarship programs, GRASP relies upon financial support from private donors, business sponsors, grants from private foundations, fees from managing private companies' scholarships, public schools, community fundraising activities and the Commonwealth of Virginia and related agency grants. Except for administration and training, the program costs coincide with the public school year and commitments to serve each school are made in advance of the school year. Therefore, the Board has directed that funds be set aside to meet the future in-school services and to carry out the Board's goals of providing substantial direct scholarship assistance to primarily financially disadvantaged students in the 76 Virginia schools. To take advantage of the investment knowledge of the successful Virginia College Savings Plan[SM] and to anticipate the commitments to serve the 76 schools, expand services and set aside scholarships, GRASP has created some special purpose Virginia529 inVEST[SM] 529 plans to serve as the funding mechanism for the future obligations to schools and students. The amount set aside for this purpose as of June 30, 2018 and 2017 was $3,110,728 and 2,737,821, respectively. Also, certain donations with restrictions have been invested in similar plans awaiting the students meeting the criteria of donors for financial aid awards.

In addition to in-school advising to the students directly, GRASP manages scholarship plans for businesses and community organizations as an independent and objective advisor to aid the companies and organizations in the selection and monitoring of scholarship recipients.

GRASP anticipates continuing to take advantage of the Virginia Neighborhood Assistance Act Tax Credit Program for Education ("NAP") and the EISTCP. NAP and EISTCP provide significant tax incentives to Virginia private and business donors who support scholarships and other tuition assistance programs of (1) students and families of low to modest financial means and (2) provide scholastic assistance in developing post-secondary academic and vocational plans for children with one or more disabilities as defined under the federal IDEA legislation. NAP requires that more than 50% of GRASP tax credit derived revenues are used for education services in support of students and families with income at or below 300% of the recognized poverty level or 400% of the recognized poverty level for students with disabilities. EISTCP, a scholarship program for low-to-moderate income students (additional restrictions defined by the Code of Virginia) in K-12 who wish to attend a private school, requires that at least 90% of tax credit generated revenues under this program be paid out in scholarships for students at or below 300% of poverty, or in the case of students with disabilities, 400% of poverty. The GRASP Board has directed that preference is given to scholarships for students with disabilities attending private schools with specialized disability services under the EISP Program.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

NOTE 2 - Summary of Significant Accounting Policies *(Continued)*

Financial Statement Presentation

The accompanying financial statements of GRASP have been prepared in accordance with Accounting Standards Codification ("ASC") 958-205-45, formerly Statement of Financial Accounting Standards Board ("FASB") No. 117, Financial Statements of Not-for-Profit Organizations. This Codification establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions represents net assets not subject to donor imposed restrictions, or stipulations and are available for current support of GRASP activities. As of June 30, 2018 and 2017, net assets without donor restrictions amounted to $2,707,770 and $3,059,486, respectively.

Net Assets With Donor Restrictions – Net assets with restrictions include planned giving and gifts and other assets whose use is limited by donor-imposed, time and/or purpose restrictions.

GRASP reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Earnings on net assets with restrictions are reported as an increase in net asset with restrictions. When a donor's restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets with restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as "net assets released from restrictions". As of June 30, 2018 and 2017, net assets with donor restrictions amounted to $1,174,002 and $757,042, respectively. Of this amount, as of June 30, 2017 and 2016, $257,461 and $440,930, respectively, is for the EISTCP program.

Some net assets with donor restrictions, may include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting GRASP to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy. As of June 30, 2018 and 2017, GRASP did not have any net assets with donor restrictions that met this criteria.

Cash and Cash Equivalents

For purposes of the statement of cash flows, GRASP considers all highly liquid debt instruments purchased and available for current use with an original maturity of three months or less to be cash equivalents.

Investments in Virginia529 Plans

GRASP follows ASC 958-320-50, formerly FASB No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under ASC 958-320-50, investments in marketable securities with readily determinable fair values and all investments in marketable debt securities are reported at their fair values. Unrealized gains and losses are included in the statements of activities and changes in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months. Donated securities are recorded at their estimated value at date of receipt.

The aforementioned accounting standard defines the fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework establishes a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in the active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- Level 1 – observable inputs such as quoted prices for identical instruments in active markets.
- Level 2 – inputs other than quoted prices in active markets that are directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active.
- Level 3 – unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant value drivers are observable.

All valuation techniques are consistently applied.

NOTE 2 - Summary of Significant Accounting Policies *(Continued)*

Interpretation of Relevant Law

The Board has determined that Uniform Prudent Management of Institution Funds Act (UPMIFA) would apply to any endowment fund maintained by GRASP. UPMIFA provides guidance and authority to charitable organizations concerning the management and investment of funds held by those organizations. Also, UPMIFA imposes additional duties on those who manage and invest charitable funds. These duties provide additional protections of those who manage and invest charitable funds. These duties provide additional protection for charities and also protects the interest of donors who want to see their contributions used wisely.

GRASP classifies as net assets with donor restrictions (a time restriction in perpetuity) the original value of the gifts donated to the donor restricted endowment fund, if any, and the original value of subsequent gifts to the donor restricted endowment, if any. Investment income from any donor restricted endowment is classified as net assets with donor restrictions (a purpose on restriction) until those amounts are appropriated for expenditure by GRASP's in a manner consistent with donor stipulated purpose within the standard of prudence prescribed by the UFMIFA. GRASP does not currently maintain any endowment funds.

Investment Policy Statement

The fundamental investment objectives for investments are to ensure safety and preservation of principal, meet liquidity needs, apply diversification and risk limits appropriate to the investment pools and achieve optimal net investment returns subject to the risk tolerance, investment pool objectives and policy constraints. The asset pools in which the endowment funds are invested require current income which the minimum needed for expenses and prudent liquidity, growth of income for planning and execution of distributions, and capital growth for long-term growth and sustainability. GRASP does not currently maintain any endowment funds.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair market value at the time of the donation. It is management's policy to capitalize certain purchases and donations with a useful life greater than one year and a value greater than $250. Depreciation is to be calculated using the straight-line method over an estimated useful life of five to thirty years. Lesser amounts are generally expensed.

Donations of property and equipment are reported as contributions without restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, GRASP reports expirations of donor restrictions when the donated or acquired assets are placed in service. GRASP reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Credit Risk

Financial instruments which potentially subject GRASP to the concentration of credit risk consist primarily of temporary cash investments and investments in Virginia municipal instruments managed by Virginia529. GRASP maintains its cash investments with high credit quality financial institutions and, by policy, reviews the amount of credit exposure to any one financial institution. On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act permanently raised the current standard maximum FDIC deposit insurance limit to $250,000.

After December 31, 2012, deposits held in noninterest-bearing transaction account are now aggregated with any interest-bearing deposits the owner may hold in the same ownership category, and the combined total insured is up to at least $250,000, per depositor and per FDIC-insured financial institution.

The term "noninterest-bearing transaction account" includes a traditional checking account or demand deposit account on which the insured depository institution pays no interest. It does *not* include other accounts, such as traditional checking or demand deposit accounts that may earn interest, NOW accounts and money-market deposit accounts.

At June 30, 2018 and 2017, GRASP maintained its cash with two financial ins1titutions. At June 30, 2018, the amount of cash maintained by GRASP with one of its financial institution exceeded federally established limits in the amount of $7,461. At June 30, 2017, the amount of cash maintained by GRASP with its financial institution exceeded federally established limits in the amount of $337,135.

NOTE 2 - Summary of Significant Accounting Policies *(Continued)*

Credit Risk (Continued)

The scholarships managed for businesses generate fees for such services and are subject to cancellation by the sponsoring companies; public school and state support of activities are dependent on continued appropriation by the respective governing organizations for such purpose. Additionally, the anticipated use of future tax credits as incentives for increased private and business donations to GRASP's continued mission are subject to future legislative changes.

Donations and grants received from Virginia agencies amounted to 24.45% and 23.55% of total revenue without and with donor restrictions during the years ended June 30, 2018 and 2017, respectively.

Income Taxes

GRASP is a Virginia nonprofit corporation, which is exempt from income taxes under Internal Revenue Code Section number 501(c)(3) and Commonwealth of Virginia Title 58; therefore, no provision for income taxes is required. GRASP 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), of the Internal Revenue Service Code.

GRASP has evaluated its tax position for all open tax years subject to examination by the Internal Revenue Service which include the fiscal years ended June 30, 2018, 2017 and 2016. Based on the evaluation of GRASP's tax positions, management believes all tax positions taken by GRASP will be upheld for any examination that may follow in the open tax years previously mentioned. Therefore, no provision for the effects of uncertain tax positions has been made by management for the year ended June 30, 2018.

Donation Revenue

GRASP recognizes donations received and made, including unconditional promises to give, as revenue in the period received or made. It tracks those donations in various categories according to source. Donations received are reported as either as revenues without donor restrictions or revenue with donor restrictions. Donations with donor restrictions that are used for the purpose specified by the donor in the same year as the donation is received are recognized as revenue with restrictions and are reclassified as net assets released from restrictions in the same year. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met. There were no conditional promises to give for the years ended June 30, 2018 and 2017

Donated (In Kind) Services

The fair value of donated services during the fiscal year ended June 30, 2018 and 2017 consisted of professional fees and occupancy costs with a fair value of $27,702 and $26,565, respectively. These amounts are reflected in the statements of activities as donated services revenue and professional fees expense in the amounts of $27,702 and $26,565, respectively, for the years ended June 30, 2018 and 2017. These professional fees consist of accounting and tax services. Occupancy costs include office space, high-speed Internet access, utilities, shared office equipment and office supplies.

Functional Expenses

The statement of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of GRASP are reported as expenses of those functional areas.

GRASP allocates its expenses on a functional basis among its various program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their expenditure classification. Other expenses that are common to several functions are allocated by services offered.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Advertising

Advertising costs are expensed as incurred, unless such costs are for future periods. Advertising costs in the amount of $0 were incurred during the fiscal years ended June 30, 2018 and 2017, respectively.

NOTE 2 - Summary of Significant Accounting Policies *(Continued)*

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), which is a comprehensive new revenue recognition that will supersede existing revenue recognition guidance. The core principle of the guidance is that the entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in an exchange for those goods or services. The FASB issued ASU 2015-14 that deferred the effective date for GRASP until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each reporting period presented or with the cumulative effect being recognized at the date of initial application. GRASP has adopted the early application of ASU 2015-14.

Accounting Pronouncements Adopted

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities (Topic 958)*. This ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include:

- Requiring the presentation of only two classes of net assets now titled "net assets without donor restrictions" and "net assets with donor restrictions",
- Modifying the presentation of underwater endowment funds and related disclosures,
- Requiring the use of the placed in service approach to recognize the expirations on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise,
- Requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs,
- Requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources,
- Presenting investment return net of external and direct internal investment expenses, and
- Modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

In addition, ASU 2016-14 removes the requirement that not-for profit entities that chose to prepare the statement of cash flows using the direct method must also present a reconciliation (the indirect method). GRASP has chosen to early-adopt this ASU as of and for the year ended June 30, 2017. Also, GRASP will continue to present its statement of cash flows using the direct method that includes the presentation of the reconciliation of changes in net assets to net cash provided by or used in operating activities.

NOTE 3 - Investments - Securities

Investments at June 30, 2018 are carried at fair market value and are maintained with Virginia529 Plans, as follows:

	Cost	Market
74th District Fund – mutual funds consisting of municipal bonds	$ 40,944	$ 44,628
Virginia Tech Real Estate Fund – mutual funds consisting of municipal bonds	91,001	97,041
All Saints Fund – mutual funds consisting of municipal bonds	26,527	28,265
GRASP Master Scholarship – mutual funds consisting of municipal bonds and equities	2,871,059	3,110,728
VCU Fund – mutual funds consisting of municipal bonds	48,660	52,921
	$ 3,078,191	$ 3,333,583

NOTE 3 - Investments – Securities *(Continued)*

Investments at June 30, 2017 are carried at fair market value and are maintained with Virginia529 Plans, as follows:

	Cost	Market
74th District Fund – mutual funds consisting of municipal bonds	$ 47,437	$ 50,716
Virginia Tech Real Estate Fund – mutual funds consisting of municipal bonds	159,951	167,302
All Saints Fund – mutual funds consisting of municipal bonds	31,320	32,732
GRASP Master Scholarship – mutual funds consisting of municipal bonds	2,571,059	2,737,821
VCU Fund – mutual funds consisting of municipal bonds	61,271	65,362
	$ 2,871,038	$ 3,053,933

Investment income for the year ended June 30, 2018 consists of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest income	$ 166	$ -	$ 166
Unrealized gains	72,907	4,792	77,699
Realized gains	-	-	-
	$ 73,073	$ 4,792	$ 77,865

Investment income for the year ended June 30, 2017 consists of the following:

	Unrestricted	Temporarily Restricted	Total
Interest income	$ 234	$ -	$ 234
Unrealized gains	90,267	2,649	92,916
Realized gains	4,420	2,616	7,036
	$ 94,921	$ 5,265	$ 100,186

GRASP's portfolios in its Virginia529 investment accounts noted above consist of mutual funds and municipal investment securities in the form of municipal bonds. Such securities are considered as trading securities and are also considered Level 2 inputs that are measurable in inactive markets at fair value at the measurement date (each fiscal year end). The net increase in investment income of $77,865 from June 30, 2017 to June 30, 2018 on trading securities consists of unrealized and realized gains and is included in the statement of activities and changes in net assets and is a result of favorable market conditions existing for the Program's holdings at June 30, 2018.

Gross unrealized and realized gains and losses on trading securities and mutual funds held at June 30, 2018 and 2017 were $77,865 and $100,186, respectively. The gross unrealized and realized gains are principally in holdings of bonds in municipalities.

During the fiscal year June 30, 2017, management of GRASP decided to increase its risk weighting in its Master Scholarship investment portfolio. The Master Scholarship portfolio consists of two accounts. One of these accounts increased its risk by balancing its portfolio with 60% growth equities and 40% municipal bonds. It is expected that such yields generated from the increase in risk may generated additional sources to fund scholarships or operations as needed. There can be no guarantee that favorable results will be achieved. However, management will closely monitor the performance of its investments and is expected to react as conditions warrant.

NOTE 4 - Pledges Receivables

Unconditional promises to give may be recognized as revenue in the period when made as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no unconditional promises as of June 30, 2018 and 2017.

NOTE 5 - Grants

Scholarships awarded during the year ended June 30, 2018 were $805,033, as compared with $816,230 for the same period a year earlier.

During the years ended June 30, 2018 and 2017, GRASP served as an intermediary for individuals, private companies and community service organizations and received a fee for managing the scholarship process in the amount of $1,300 and $2,409, respectively. GRASP, as intermediary, managed scholarships that were then remitted to colleges and universities on behalf of selected students. During the years ended June 30, 2018 and 2017, additional GRASP's revenues supported $805,033 and $816,230, respectively, for scholarships and tuition assistance. The remainder of generated revenues was invested primarily in the salaries of advisors and related payroll expenses and Virginia529 Plans.

During the fiscal years ended June 30, 2018 and 2017, the Commonwealth of Virginia awarded $400,000 and $400,000 each year, respectively, in grants to be used for in-school advisor services and assembly of financial aid sources by GRASP.

During its fiscal year ending June 30, 2011, GRASP entered into an agreement with the Virginia College Savings Plan℠, an independent agency of the Commonwealth of Virginia, to promote and administer SOAR Virginia® at participating Virginia high schools.

SOAR Virginia® is an early commitment scholarship program created to inspire and assist high school students to reach their post-secondary education goals. To participate, eligible students pledge to meet program requirements. In return, participating students receive a range of assistance and accumulate scholarship support of up to $2,000 to apply toward their post-secondary education expenses.

SOAR Virginia® is a unique program created by the Virginia College Savings Plan℠ to further its mission to make college more affordable and accessible to all Virginians.

During the fiscal years ended June 30, 2018 and 2017, revenue from the SOAR Virginia® program amounted to $56,000 and $58,750, respectively.

NOTE 6 - Occupancy Costs

GRASP subleases its administrative offices under a cancellable office sharing arrangement with other tenants that is cancellable at any time. However, the tenants are subject themselves to a noncancellable operating lease which expires in September 2018. GRASP operates primarily in public schools and has a central office leased space for administrative and training purposes.

Anticipated future minimum lease payments under cancellable operating leases that coincides with the noncancellable lease of its tenant at June 30, 2018 are as follows:

	June 30,
2019	$ 13,878
	$ 13,878

Occupancy costs, including donated office space, incurred during the fiscal year ended June 30, 2018 and 2017 was $53,666 and $53,752, respectively. Occupancy costs include office space, high-speed Internet access, utilities, shared office equipment and $900 annually for office supplies. GRASP benefits from an in-kind donation for a portion of the office space for fiscal year ended June 30, 2018 and 2017 of $2,115 and $6,253 respectively.

NOTE 7 - Affiliations

GRASP is not considered part of another organization and it is not a member of an affiliated group for tax reporting purposes

NOTE 8 - Contingencies

GRASP is not currently a party to any litigation or claims arising in the normal course of business. The Board of Directors, after consultation with legal counsel, believes that the liabilities, if any, arising from any litigation and claims will not be material to GRASP's financial position.

NOTE 9 - Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2018 and 2017 are related to donations made for donor stipulated restrictions on certain scholarships. These are donations made by individuals, businesses and foundations to fund scholarships for primarily low income or disabled students to attend educational institutions. During the fiscal years ended June 30, 2018 and 2017, donations received for this purpose amounted to $412,168 and $520,440. Those restrictions are considered to expire and are released from their donor restriction when payments are made. Net assets with donor restrictions are available for scholarships in the amount of $557,675 and $757,042 at June 30, 2018 and 2017, respectively.

Net assets with restrictions set aside for donor restricted purposes were as follows at June 30:

	2018	2017
Education Improvement Scholarship Program K-12 Support – Cash	$ 334,820	$ 440,930
	334,820	440,930
74th District Fund – Investments in Virginia529 Plans	44,628	50,716
Virginia Tech Real Estate Fund in Virginia529 Plans	97,041	167,302
All Saints Fund – Investments in Virginia529 Plans	28,265	32,732
VCU Fund – Investments in Virginia529 Plans	52,921	65,362
	222,855	316,112
	$ 557,675	$ 757,042

Changes in net assets with donor restrictions were as follows for the year ended June 30, 2018:

	EISTCP	Post Secondary and All Other Programs	Total
Net assets with donor restrictions at July 1, 2017	$ 440,930	$ 316,112	$ 757,042
Education Improvement Scholarship Tax Credit Program K-12 Support	412,168	-	412,168
Investment income	-	4,792	4,792
Net assets released for scholarships	(477,683)	(98,049)	(575,732)
10% fee released for administration	(41,286)	-	(41,286)
Brokerage transactions expense	691	-	691
Other	-	-	-
Net assets with donor restrictions at June 30, 2018	$ 334,820	$ 222,855	$ 557,675

Changes in net assets with donor restrictions were as follows for the year ended June 30, 2017:

	EISTCP	Post Secondary and All Other Programs	Total
Net assets with donor restrictions at July 1, 2016	$ 490,984	$ 392,368	$ 883,352
Education Improvement Scholarship Tax Credit Program K-12 Support	520,440	-	520,440
Investment income	-	5,265	5,265
Net assets released for scholarships	(519,511)	(81,746)	(601,257)
10% fee released for administration	(52,061)	-	(52,061)
Brokerage transactions expense	171	-	171
Other	907	225	1,132
Net assets with donor restrictions at June 30, 2017	$ 440,930	$ 316,112	$ 757,042

NOTE 10 - Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions are as follows at June 30:

	2018	2017
Net assets released for scholarships	$ 575,733	$ 601,257
10% fee released for administration	41,286	52,061
Brokerage transactions expense	(691)	(171)
Other	-	(1,132)
Net assets released from restrictions	$ 616,328	$ 652,015

NOTE 11 - Liquidity and Availability of Resources

GRASP's financial assets available within one year of the balance sheet date for expenditures are as follows at June 30:

	2018	2017
Cash and cash equivalents	$ 505,435	$ 726,135
Investments in Virginia529 Plans	3,333,583	3,053,934
Accounts and grants receivable	30,750	31,892
Total financial assets available within one year	3,869,768	3,811,961
Less:		
Amounts unavailable for general expenditures		
Within one year due to:		
Scholarships restricted by donors with purpose restrictions	0	0
Total financial assets available to management for general expenditures within one year	$ 3,869,768	$ 3,811,961

GRASP maintains a policy of structuring its financial assets to be available as its expenditures, liabilities and other obligations come due.

NOTE 12 - Subsequent Events and Future Prospects

Management has evaluated the Program's financial statements for events and transactions (through the date of issuance of its financial statements on October 3, 2018) that provide additional evidence about conditions that existed at June 30, 2018, including the estimates inherent in the process of preparing financial statements (recognized subsequent events), as well as events and transactions that provide evidence about conditions that did not exist at June 30, 2018 but arose subsequent to that date (nonrecognized subsequent events).

The Commonwealth of Virginia has appropriated $400,000 for GRASP to support its mission of education services assistance for its fiscal year ending in June 2019.