

**GREAT ASPIRATIONS
SCHOLARSHIP PROGRAM, INC.**

Audited Financial Statements

**Years Ended
June 30, 2022 and 2021**

Owen, PLC

*Certified Public Accountants
Accounting • Tax • Consulting*

7294 Ellingham Court Office: (804) 241-3258
Glen Allen, Virginia 23059-7172 Fax: (804) 719-9431
E-mail: towen@owenco.com

**GREAT ASPIRATIONS
SCHOLARSHIP PROGRAM, INC.**

Contents

	Page
Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6-21

Owen, PLC

Certified Public Accountants
Accounting • Tax • Business Consulting

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, 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.

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, 2022 and 2021, 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.

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 GReat Aspirations Scholarship Program, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these 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 GReat Aspirations Scholarship Program, Inc.'s ability to continue as a going concern within one year after the date the financials 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 of 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 risks 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements 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.

7294 Ellingham Court
Glen Allen, Virginia 23059-722

E-mail: towen@owenco.com

Phone: (804) 241-3258
Fax: (804) 719-9431

GGreat Aspirations Scholarship Program, Inc.

December 21, 2022

Page Two

- 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 GGreat Aspirations Scholarship Program, Inc.'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 evaluating 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 GGreat Aspirations Scholarship Program, Inc.'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.

A handwritten signature in black ink that reads "Owen, PLLC". The signature is written in a cursive, flowing style.

Glen Allen, Virginia
December 21, 2022

GREAT ASPIRATIONS SCHOLARSHIP PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION

June 30,	2022	2021
ASSETS		
Current assets		
Cash	\$ 452,957	\$ 782,633
Investments in Virginia529 Plans	3,935,455	3,492,719
Accounts receivable	84,162	32,500
Total current assets	4,472,574	4,307,852
Property and equipment		
Office equipment	45,949	52,663
Accumulated depreciation	(27,097)	(28,112)
Property and equipment, net	18,852	24,551
Other assets		
Right of use lease asset	196,409	229,368
Total assets	\$ 4,687,835	\$ 4,561,771
LIABILITIES AND NET ASSETS		
Current liabilities		
Paycheck Protection Program loan	\$ -	\$ 150,000
Current portion of lease liability	32,960	33,956
Accrued payroll	-	16,008
Accounts payable	250	-
Scholarships awarded and not paid	73,000	35,425
Advance donations	-	16,275
Accrued interest	-	440
Total current liabilities	106,210	252,104
Long-term liabilities		
Long-term portion of lease liability	165,292	195,413
Total liabilities	271,502	447,517
Net assets		
Without donor restrictions	4,067,595	4,053,930
With donor restrictions	348,738	60,324
Total net assets	4,416,333	4,114,254
Total liabilities and net assets	\$ 4,687,835	\$ 4,561,771

See accompanying notes.

GREAT ASPIRATIONS SCHOLARSHIP PROGRAM, INC.**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

Years Ended June 30,	2022	2021
Changes in net assets without donor restrictions		
Revenues and gains		
Donations - private donors	\$ 374,271	\$ 320,301
Donations - foundations	577,601	579,185
Commonwealth of Virginia	500,000	500,000
SOAR Virginia®	109,500	50,000
Public school advisor fees	68,500	63,500
Donated (in - kind) services	4,471	21,988
Chancellor's Community College Pathways Program Scholarship	5,000	13,000
Fees earned scholarships	1,900	1,200
Event Income	5,248	6,820
Small donor fund	24,004	19,549
Miscellaneous income	440	694
Forgiveness of Payroll Protection Program loan	150,000	172,684
Investment income and (losses)	(245,617)	336,747
Total revenues and gains without donor restrictions	1,575,318	2,085,668
Net assets released from restrictions		
Net assets released for scholarships	75,383	35,600
10% fee released for administration	29,679	-
Total net assets released from restrictions	105,062	35,600
Total revenues, gains and other support without donor restrictions	1,680,380	2,121,268
Expenses		
Program services		
Advising	857,843	689,823
Scholarships	313,255	496,800
Education Improvement Scholarship Tax Credit Program	67,383	-
Total program services	1,238,481	1,186,623
Supporting services		
Management and general administrative services	272,281	329,272
Fundraising	60,058	944
Total supporting services	332,339	330,216
Total costs and expenses	1,570,820	1,516,839
Transfers to reimburse cash and reflect net assets with donor restrictions	(95,895)	(6,999)
Increase in net assets without donor restrictions	13,665	597,430
Changes in net assets with donor restrictions		
Education Improvement Scholarship Tax Credit Program K-12 Support	296,793	-
Investment income	788	1,211
Net assets released from restrictions	(105,062)	(35,600)
	192,519	(34,389)
Transfers to reimburse cash and reflect net assets with donor restrictions	95,895	6,999
Increase (decrease) in net assets with donor restrictions	288,414	(27,390)
Increase (decrease) in total net assets	302,079	570,040
Net assets, beginning of year	4,114,254	3,544,214
Net assets, end of year	\$ 4,416,333	\$ 4,114,254

See accompanying notes.

GREAT ASPIRATIONS SCHOLARSHIP PROGRAM, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30,	2022						2021					
	Program Services			Supporting Services			Program Services			Supporting Services		
	Advising	Scholarships	EISP	Management and General Administration	Fundraising	Total	Advising	Scholarships	EISP	Management and General Administration	Fundraising	Total
Expenses												
Salaries and wages	\$ 585,336	\$ -	\$ -	\$ 234,286	\$ 53,532	\$ 873,154	\$ 458,576	\$ -	\$ -	\$ 285,960	\$ -	\$ 744,536
Scholarships	-	313,255	67,383	-	-	380,638	-	496,800	-	-	-	496,800
Fundraising expenses	-	-	-	-	2,304	2,304	-	-	-	-	944	944
Consulting administrative services	-	-	-	-	-	-	135	-	-	-	-	135
Occupancy costs	24,720	-	-	8,240	-	32,960	32,731	-	-	10,910	-	43,641
Payroll taxes	46,158	-	-	18,475	4,222	68,855	35,903	-	-	22,389	-	58,292
Office supplies and expenses	30,527	-	-	-	-	30,527	26,382	-	-	-	-	26,382
Training expenses	12,344	-	-	-	-	12,344	11,767	-	-	-	-	11,767
Professional fees	19,843	-	-	6,614	-	26,457	16,491	-	-	5,497	-	21,988
Computer database services	27,312	-	-	-	-	27,312	29,621	-	-	-	-	29,621
Mileage reimbursement	10,125	-	-	-	-	10,125	4,594	-	-	-	-	4,594
Miscellaneous	301	-	-	-	-	301	1,341	-	-	-	-	1,341
Depreciation	7,592	-	-	-	-	7,592	9,557	-	-	-	-	9,557
Loss on property and equipment disposals	1,020	-	-	-	-	1,020	-	-	-	-	-	-
Employee benefits	36,035	-	-	-	-	36,035	24,768	-	-	-	-	24,768
Cellular communications	22,256	-	-	2,473	-	24,729	22,212	-	-	2,468	-	24,680
Postage and delivery	4,015	-	-	-	-	4,015	2,450	-	-	-	-	2,450
Bank service charges	3,002	-	-	-	-	3,002	2,582	-	-	-	-	2,582
Workers' compensation insurance	-	-	-	-	-	-	23	-	-	8	-	31
Liability insurance	4,764	-	-	1,588	-	6,352	4,149	-	-	1,383	-	5,532
Program expense	16,470	-	-	-	-	16,470	1,355	-	-	-	-	1,355
SOAR Virginia ® expenses,excluding payroll	500	-	-	-	-	500	-	-	-	-	-	-
Licenses and permits	1,087	-	-	363	-	1,450	949	-	-	316	-	1,265
Background checks	340	-	-	-	-	340	180	-	-	-	-	180
Interest	727	-	-	242	-	969	1,023	-	-	341	-	1,364
Dues and subscriptions	3,369	-	-	-	-	3,369	3,034	-	-	-	-	3,034
Total expenses	\$ 857,843	\$ 313,255	\$ 67,383	\$ 272,281	\$ 60,058	1,570,820	\$ 689,823	\$ 496,800	\$ -	\$ 329,272	\$ 944	\$ 1,516,839

See accompanying notes.

GREAT ASPIRATIONS SCHOLARSHIP PROGRAM, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30,	2022	2021
Cash flows from operating activities		
Cash received from program activities	\$ 1,880,931	\$ 1,264,241
Cash received temporarily restricted donations	296,793	-
Cash paid to employees, scholarships and vendors	(1,573,406)	(1,467,590)
Investment income received	(244,829)	337,958
Interest paid	(529)	(1,530)
Net cash provided by (used in) operating activities	358,960	133,079
Cash flows from investing activities		
Investment in Virginia529 Plans	(695,223)	(141,209)
Proceeds from Virginia 529 Plans	9,500	270,118
Purchase of office equipment	(2,913)	(9,583)
Net cash provided by (used in) investing activities	(688,636)	119,326
Cash flows from financing activities		
Paycheck Protection Program loan proceeds	-	150,000
Net cash provided by (used in) financing activities	-	150,000
Net increase (decrease) in cash and cash equivalents	(329,676)	402,405
Cash and cash equivalents, beginning of period	782,633	380,228
Cash and cash equivalents, end of period	\$ 452,957	\$ 782,633
Reconciliation of changes in net assets to net cash provided by (used in) operating activities		
Change in net assets	\$ 302,079	\$ 570,040
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Forgiveness of Payroll Protection Program loan	(150,000)	(172,684)
Depreciation	7,592	9,557
Gain from sale of investment in Virginia529 Plans	(2,842)	(27,879)
Increase from change in fair value of investment in Virginia529 Plans	247,671	(310,079)
Loss on property and equipment disposals	1,020	-
Changes in:		
Accounts receivable	(51,662)	(3,750)
Accounts payable	250	-
Scholarships awarded and not paid	37,575	35,425
Advance donations	(16,275)	16,275
Accrued interest	(440)	166
Accrued payroll	(16,008)	16,008
	\$ 358,960	\$ 133,079
Supplemental Information:		
Non-cash transactions:		
In kind donations - operating	\$ 4,471	\$ 21,988
Disposition of office equipment	(9,627)	-
Forgiveness of Payroll Protection Program loan - financing	150,000	172,684
Commitment incurred associated with a lease liability - financing	-	266,758
Right of use asset associated with a lease liability commitment - investing	-	256,838

See accompanying notes.

GREAT ASPIRATIONS SCHOLARSHIP PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 and 2021

NOTE 1 - Organization and Business

Great Aspirations Scholarship Program, Inc. (“GRASP”) is a non-profit, 501(c)(3) tax exempt organization founded in 1983.

The goal of GRASP’s program is to reduce the persistent education gap affecting underserved students and increase the number of students who are prepared for, enroll in and complete postsecondary education. Our advising programs address the problem that students in under-resourced areas are often unaware of the resources available for post-secondary education. Since most financial aid is based on the results from the Free Application for Federal Student Aid (FAFSA), GRASP advisors help students, and their families complete the application. Simply by not completing and submitting the FAFSA, students miss out on thousands of dollars in grants and loans for education after high school such as the Pell Grant, institutional need-based aid, merit-based aid, subsidized loans, and scholarships. The lack of knowledge about available services hinders many students, especially students from under resourced areas or first-generation students, to believe that post-secondary education is possible. The U.S. Department of Education reports that 85% of four-year students qualify for federal financial aid, but 20% don’t apply. GRASP helps fill this gap. Even high-achieving low-income students miss out on post-secondary educational opportunities because they do not know how and where to apply or pay for college, or what to expect once they are accepted. We believe that the cycle of poverty can be broken by allowing students to build fulfilling lives through post-secondary educational pathways. With a GRASP advisor’s encouragement and skilled hands-on help, students establish a path that overcomes financial and motivational constraints.

Every year, there is a new class of high school seniors who need post-secondary education financial aid advising. This process continues to be complex and complicated especially for the majority of students that GRASP assists – those who come from families with extreme financial need and/or will be the first in their family to attend college. 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. GRASP advisors meet individually with students and their parents directly in the school but are also available outside normal school hours through virtual appointments. The advisors provide needed information about the financial aid process providing encouragement and skilled hands-on help to help students establish a path that overcomes financial and motivational constraints. A major part of the program is helping the student complete the FAFSA since most financial aid at post-secondary institutions is based on this application. Simply by not completing and submitting the FAFSA, students will miss out on thousands of dollars in grants and loans. In 2021, Virginia students missed out on over \$76 million in Federal Pell Grants by not completing the FAFSA.

Just by helping students complete the FAFSA, GRASP can increase the number of students enrolling in postsecondary education. The National College Attainment Network reports that, “The connection between FAFSA filing and college enrollment is clear – and strong: Students who apply for federal aid are 64% more likely to enroll in postsecondary education directly after high school than those who don’t apply.” The U.S. Department of Education’s National Center for Education Statistics reported that 92% of seniors who complete the FAFSA enrolled in postsecondary institutions by the November following graduation.

GRASP advisors also provide valuable assistance deciphering and comparing students’ financial aid award letters from different institutions, which are often difficult for students to understand and may include thousands of dollars in loans. In such cases, advisors help students assess post-secondary alternatives so that their choices support their goals while minimizing debt.

GRASP continues to work with students after high school graduation through the Summer Texting 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 result 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 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

NOTE 1 - Organization and Business (Continued)

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.

GRASP has received eight consecutive 4-star ratings from Charity Navigator, has a Platinum Level rating with Candid/GuideStar and has achieved the Standards Basics Enhanced recognition from the Standards for Excellence Institute as acknowledgement of a well-managed, responsibly governed organization.

GRASP is qualified to receive donations through Virginia’s Education Improvement Scholarship Tax Credit Program K-12 (“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 year ending June 30, 2022, GRASP received \$296,793 in EISTCP donations and disbursed \$67,383 to 7 students from low-to-moderate-income households. No EISTCP donations were received during the fiscal year ending June 30, 2021.

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 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 90 Virginia schools that GRASP serves. To take advantage of the investment knowledge of the successful Virginia College Savings PlanSM and to anticipate the commitments to serve the 90 schools, expand services and set aside scholarships, GRASP has created some special purpose Virginia529 inVESTSM 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, 2022 and 2021 was \$3,586,719 and \$3,432,395, 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.

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

	2022	2021
Virginia’s Education Improvement Scholarship Tax Credit Program K-12 (“EISTCP”)	\$ 67,383	\$ -
Post-secondary scholarships	313,255	496,800
	<u>\$ 380,638</u>	<u>\$ 496,800</u>

Also, during the fiscal years ending June 30, 2022 and 2021, GRASP disbursed \$380,638 and \$496,800 in scholarships to approximately 282 and 413 deserving graduating high school seniors or college students, respectively, most of whom are, financially disadvantaged.

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.

Financial Statement Presentation

The accompanying financial statements of GRASP have been prepared in accordance with Accounting Standards Codification (“ASC”) 958-205. This Codification establishes standards and implementation guidance 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, 2022 and 2021, net assets without donor restrictions amounted to \$4,067,595, and \$4,053,930, 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, 2022 and 2021, net assets with donor restrictions amounted to \$348,738 and \$60,324, respectively.

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, 2022 and 2021, 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

Investments in Virginia529 Plans securities with readily determinable fair values and all investments in marketable debt securities are reported at their fair values. The securities among the various plan investments consist of mutual funds that primarily hold municipal bonds and to a lesser degree, equities. 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.

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 for identical assets and liabilities that are directly or indirectly observable for substantially the full term of the asset or liability.
- Level 3 – unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions about the assumptions market participants would use in pricing the asset or liability, including assumptions about risk.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Investments in Virginia529 Plans (Continued)

All valuation techniques are consistently applied.

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 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, 2022, GRASP maintained its cash with two financial institutions as compared with one financial institution a year earlier. At June 30, 2022, the amount of cash maintained by GRASP with its two financial institutions did not exceed federally established limits. The amount of cash maintained by GRASP with its financial institution exceeded federally established limits by \$532,633 as of June 30, 2021.

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 32.55% and 26.36% of total revenue without and with donor restrictions during the years ended June 30, 2022 and 2021, respectively. Additionally, 65.05% and 76.92% of accounts receivable at June 30, 2022 and 2021, respectively, was from SOAR Virginia®.

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, 2022, 2021 and 2020. 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, 2022.

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 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, 2022 and 2021.

Donated (In Kind) Services

The fair value of donated services during the fiscal year ended June 30, 2022 and 2021 consisted of professional fees and occupancy costs with a fair value of \$4,471 and \$21,988, respectively. These amounts are reflected in the statements of activities as donated services revenue and professional fees expense in the amounts of \$4,471 and \$21,988, respectively, for the years ended June 30, 2022 and 2021. 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, 2022 and 2021, respectively.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Borrower Accounting for a Forgivable Loan Received Under the Small Business Administration Paycheck Protection Program (“PPP”) from AICPA Technical Q&A – Section 3200, Long-Term Debt

GRASP received PPP loans during the fiscal years ended June 30, 2021 and 2020. The amount received as a loan during the fiscal year ended June 30, 2020 was \$172,684 and was forgiven in full during the fiscal year ended June 30, 2021 by the lender and the Small Business Administration. The amount received as a loan during the fiscal year ended June 30, 2021 was \$150,000. Notification of full loan forgiveness was received December 24, 2021.

GRASP accounted for its PPP loan as a financial liability in accordance with FASB ASC 470, *Debt*, and accrues interest in accordance with the interest method under FASB ASC 835-30, *Interest – Imputation of Interest*. Under AICPA Technical Questions and Answers – Section 3200, *Long-Term Debt*, an entity would not impute additional interest at a market rate (even though the stated interest rate may be below market) because transactions where interest rates are prescribed by governmental agencies are excluded from the scope of the FASB ASC 835-30 guidance on imputing interest.

For purposes of derecognition of the liability, FASB ASC 470-50-15-4 refers to guidance in FASB ASC 405-20, *Liabilities – Extinguishment of Liabilities*. Under FASB ASC 405-20-40-1, the proceeds from the PPP loan would remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the debtor has been “legally released” or (2) the debtor pays off the loan to the creditor. Once the loan is, in part or wholly, forgiven and legal release is received, a nongovernmental entity would reduce the liability by the amount forgiven and record a gain on extinguishment.

Alternatively, GRASP meets the criteria of presenting the PPP loan that is presently in the initial measurement phase of the definition of a conditional contribution as defined under FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. In the initial measurement phase, the proceeds from the PPP are recorded in the financials of GRASP as an increase in both cash and a refundable advance (*debt as a current liability*) until the conditions are met or explicitly waived by the Small Business Administrator or lender.

Borrower Accounting for a Forgivable Loan Received Under the Small Business Administration Paycheck Protection Program (“PPP”) from AICPA Technical Q&A – Section 3200, Long-Term Debt (Continued)

Since GRASP’s PPP loan is considered conditional due to the obligations required of it to apply for forgiveness, the contribution is not recognized until the conditions (use of the proceeds to maintain its agreed-upon level of employment criteria) are substantially met, or explicitly waived. The Small Business Administration reviews the application of its PPP loan with GRASP and grants the forgiveness of the loan. Specifically, under FASB ASC 958-605, GRASP records the cash inflow as a “refundable advance. Once the conditions of release have been substantially met, or explicitly waived, the contribution is recognized and is anticipated to be recognized in the fiscal year ending June 30, 2022 as other income resulting from PPP forgiveness.

Recent Accounting Pronouncements Adopted

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.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this update supersedes Topic 840, *Leases*. The main difference between previous GAAP in Topic 840 and the current GAAP in Topic 842 is the recognition of lease assets and liabilities on the statements of financial position (balance sheets) by lessees for those leases classified as operating leases under previous GAAP. This uses a right of use model (ROU). Previous GAAP did not require lease assets and lease liabilities to be recognized for most leases – such as operating leases of buildings. Right of use assets are amortized over the life of the lease. Topic 842 permits an accounting policy election for private companies, including not-for-profit organizations to use the risk-free rate to discount the lease liability.

Management adopted this ASU in October 2020 when GRASP acquired its new lease for its office.

This ASU is not applied to leases that are twelve months, or less.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements Adopted (Continued)

In November 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2021-09, Leases – Discount Rate for Leases That Are Not Public Business Entities (Topic 842). The amendments in this Update provide more flexibility for those lessees by allowing them to make the election by class of underlying asset, rather than at the entity-wide level.

The amendments in this Update require that a lessee use the rate implicit in the lease when it is readily determinable, instead of a risk-free rate or incremental borrowing rate.

For entities that have adopted Topic 842 as of November 11, 2021, the amendments in this Update are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Earlier application is permitted. GRASP had already adopted the principles associated with this Update and the Update therefore had no effect on its financial position or activities.

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 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.

In September 2020, the FASB issued ASU 2020-07, Presentation of Financial Statements for Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958). The amendments in this Update apply to not-for-profit entities (“NFPs”) that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, *gifts, donations, grants, gifts-in-kind, donated services*, or other terms). The amendments address presentation and disclosure of contributed nonfinancial assets. *Contribution* and *nonfinancial asset* are both defined terms in the Master Glossary of the Codification and are understood in practice. The term *nonfinancial asset* includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets.

The amendments in this Update require that an NFP:

1. Present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets.
2. Disclose:
 - a. A disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets.
 - b. For each category of contributed nonfinancial assets recognized (as identified in (a)):
 - i. Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, an NFP will disclose a description of the programs or other activities in which those assets were used.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements Adopted (Continued)

- ii. The NFP's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets.
- iii. A description of any donor-imposed restrictions associated with the contributed nonfinancial assets.
- iv. A description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, Fair Value Measurement, at initial recognition.
- v. The principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient NFP is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets.

The amendments will not change the recognition and measurement requirements in Subtopic 958-605 Not-for-Profit Entities—Revenue Recognition for those assets. The amendments in this Update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted.

GRASP has presented its financial statements in accordance with this Update since its inception and such adoption has not impacted its financial position or disclosure policies.

In June 2020, the FASB issued ASU 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) – Effective Dates for Certain Entities.

Revenue from Contracts with Customers (Topic 606)

The amendments in this Update defer, for one year, the required effective date of Revenue Topic 606 for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of Revenue Topic 606. Those entities may elect to adopt the guidance for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Those entities may elect to follow the original effective date of annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

Since GRASP early adopted the provisions of Accounting Standards Codification Topic 606 and, where applicable, its associated Updates, this Update has no impact on GRASP's financial position or disclosure policies.

Leases (Topic 842)

The amendments in this Update defer the effective date for one year for entities in the "all other" category and public NFP entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of Leases. Therefore, under the amendments, Leases Topic 842 is effective for entities within the "all other" category for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Additionally, Leases Topic 842 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, for public NFP entities that have not yet issued financial statements (or made available for issuance) reflecting the adoption of Leases. Early application continues to be permitted, which means that an entity may choose to implement Leases before those deferred effective dates.

Since GRASP early adopted the provisions of Accounting Standards Codification Topic 842 and, where applicable, its associated Updates, this Update has no impact on GRASP's financial position or disclosure policies.

NOTE 3 - Investments - Securities

Investments at June 30, 2022 are carried at fair value and are maintained with Virginia529 Plans, as follows:

	Cost	Fair Value (Level 2)
74th District Fund – mutual funds consisting of municipal bonds	\$ 30,345	\$ 35,750
Virginia Tech Real Estate Fund – mutual funds consisting of municipal bonds	-	-
All Saints Fund – mutual funds consisting of municipal bonds	15,619	17,988
GRASP Master Scholarship – mutual funds consisting of municipal bonds and equities	3,380,598	3,881,717
	<u>\$ 3,426,562</u>	<u>\$ 3,935,455</u>

Investments at June 30, 2021 are carried at fair value and are maintained with Virginia529 Plans, as follows:

	Cost	Fair Value (Level 2)
74th District Fund – mutual funds consisting of municipal bonds	\$ 34,627	\$ 40,225
Virginia Tech Real Estate Fund – mutual funds consisting of municipal bonds	2,080	2,363
All Saints Fund – mutual funds consisting of municipal bonds	15,619	17,736
GRASP Master Scholarship – mutual funds consisting of municipal bonds and equities	2,685,598	3,432,395
	<u>\$ 2,737,924</u>	<u>\$ 3,492,719</u>

Investment income (loss) for the year ended June 30, 2022 consists of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest income	\$ 59	\$ -	\$ 59
Unrealized losses	(245,676)	(2,054)	(247,730)
Realized gains	-	2,842	2,842
	<u>\$ (245,617)</u>	<u>\$ 788</u>	<u>\$ (244,829)</u>

Investment income for the year ended June 30, 2021 consists of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest income	\$ 307	\$ -	\$ 307
Unrealized gains (losses)	311,735	(1,963)	309,772
Realized gains	24,705	3,174	27,879
	<u>\$ 336,747</u>	<u>\$ 1,211</u>	<u>\$ 337,958</u>

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 significant observable inputs that are measurable in inactive markets at fair value at the measurement date (each fiscal year end). The net decrease in investment income of \$244,829 from June 30, 2021 to June 30, 2022 on trading securities consists of unrealized losses 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, 2022.

Gross unrealized losses and gains on trading securities and mutual funds held at June 30, 2022 and 2021 were \$(244,829) and \$337,958, respectively. The gross unrealized and realized gains are principally in holdings of bonds in municipalities.

NOTE 3 - Investments – Securities (Continued)

Management of GRASP monitors its risk weighting in its Master Scholarship investment portfolio. The Master Scholarship portfolio consists of two accounts. One of these accounts maintains a cost balance of approximately 37% growth equities and the other account maintains a cost balance of approximately 63% municipal bonds at June 30, 2022. It is expected that such yields generated from the decrease in risk may protect and generate 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, 2022 and 2021.

NOTE 5 - Grants

Scholarships awarded during the year ended June 30, 2022 were \$380,638, as compared with \$496,800 for the same period a year earlier.

During the years ended June 30, 2022 and 2021, 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 \$1,900 and \$1,200, 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, 2022 and 2021, additional GRASP's revenues supported \$380,638 and \$496,800, 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, 2022 and 2021, the Commonwealth of Virginia awarded \$500,000 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 PlanSM, 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 PlanSM to further its mission to make college more affordable and accessible to all Virginians.

During the fiscal years ended June 30, 2022 and 2021, revenue from the SOAR Virginia[®] program amounted to \$109,500 and \$50,000, respectively. At June 30, 2022, accounts receivable from the SOAR Virginia[®] program amounted to \$25,000.

NOTE 6 - Occupancy Costs

GRASP sublet its administrative offices under a cancellable office sharing arrangement with other tenants that was cancellable at any time. However, the tenants were subject themselves to a noncancellable operating lease which expired in September 2020. GRASP operates primarily in public schools and has a central office leased space for administrative and training purposes.

Occupancy costs, including donated office space, incurred during the fiscal year ended June 30, 2022 and 2021 was \$32,960 and \$43,641, respectively. Occupancy costs include office space and, utilities. See Note 15 for the terms of GRASP's lease.

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 - Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2022 and 2021 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, 2022 and 2021, donations received for this purpose amounted to \$296,792 and \$0. 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 \$348,738 and \$60,324 at June 30, 2022 and 2021, respectively.

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

	2022	2021
74th District Fund – Investments in Virginia529 Plans	\$ 35,750	\$ 40,225
Virginia Tech Real Estate Fund in Virginia529 Plans	-	2,363
All Saints Fund – Investments in Virginia529 Plans	17,988	17,736
EISP allocation – Investments in Virginia529 Plans	295,000	-
	<u>\$ 348,738</u>	<u>\$ 60,324</u>

NOTE 9 - Changes in Net Assets with Donor Restrictions

Changes in net assets with donor restrictions were as follows for the year ended June 30, 2022:

	EISTCP	Post- Secondary and All Other Programs	Total
Net assets with donor restrictions at July 1, 2021	\$ -	\$ 60,324	\$ 60,324
Education Improvement Scholarship Tax Credit Program K-12 Support	296,793	-	296,793
Investment income	-	788	788
Net assets released for scholarships	(67,383)	(8,000)	(75,383)
10% fee released for administration	(29,679)	-	(29,679)
Transfer of remaining amounts to cover commitments made to Education Improvement Scholarship Tax Credit Program and Other Programs	95,269	626	95,895
Net assets with donor restrictions at June 30, 2022	<u>\$ 295,000</u>	<u>\$ 53,738</u>	<u>\$ 348,738</u>

NOTE 9 - Changes in Net Assets with Donor Restrictions (Continued)

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

	EISTCP	Post- Secondary and All Other Programs	Total
Net assets with donor restrictions at July 1, 2020	\$ -	\$ 87,714	\$ 87,714
Education Improvement Scholarship Tax Credit Program K-12 Support	-	-	-
Investment income	-	1,211	1,211
Net assets released for scholarships	-	(35,600)	(35,600)
10% fee released for administration	-	-	-
Transfer of remaining amounts to cover commitments made to Education Improvement Scholarship Tax Credit Program and Other Programs	-	6,999	6,999
Net assets with donor restrictions at June 30, 2021	<u>\$ -</u>	<u>\$ 60,324</u>	<u>\$ 60,324</u>

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 as of June 30:

	2022	2021
Net assets released for scholarships	\$ 75,383	\$ 35,600
10% fee released for administration	29,679	-
Net assets released from restrictions	<u>\$ 105,062</u>	<u>\$ 35,600</u>

Although donations to GRASP's Education Improvement Scholarship Tax Credit Program declined in fiscal year 2020 due to tax law changes, GRASP had committed to funding these scholarships. GRASP paid the difference of \$6,999 from one of its bank accounts from which there were no donor restrictions. GRASP will only issue new EISTCP scholarships when additional EISTCP donations are received.

NOTE 10 - Changes in Net Assets Without Donor Restrictions and With Donor Restrictions

Changes in net assets without donor restrictions and with donor restrictions as of June 30, 2022 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Net assets at July 1, 2021	\$ 4,053,930	\$ 60,324	\$ 4,114,254
Revenues and gains	1,575,318	297,581	1,872,899
Net assets released from restrictions	105,062	(105,062)	-
Expenses	(1,570,820)	-	(1,570,820)
Increase (decrease) in net assets before transfers	109,560	192,519	302,079
Transfers to restore deficit cash and net assets with and without donor restrictions	(95,895)	95,895	-
Increase (decrease) in net assets	13,665	288,414	302,079
Net assets at June 30, 2022	<u>\$ 4,067,595</u>	<u>\$ 348,738</u>	<u>\$ 4,416,333</u>

NOTE 10 - Changes in Net Assets Without Donor Restrictions and With Donor Restrictions (Continued)

Changes in net assets without donor restrictions and with donor restrictions as of June 30, 2021 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Net assets at July 1, 2020	\$ 3,456,500	\$ 87,714	\$ 3,544,214
Revenues and gains	2,085,668	1,211	2,086,879
Net assets released from restrictions	35,600	(35,600)	-
Expenses	(1,516,839)	-	(1,516,839)
Increase (decrease) in net assets before transfers	604,429	(34,389)	570,040
Transfers to restore deficit cash and net assets with and without donor restrictions	(6,999)	6,999	-
Increase (decrease) in net assets	597,430	(27,390)	570,040
Net assets at June 30, 2021	<u>\$ 4,053,930</u>	<u>\$ 60,324</u>	<u>\$ 4,114,254</u>

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:

	2022	2021
Cash and cash equivalents	\$ 452,957	\$ 582,633
Investments in Virginia529 Plans	3,935,455	3,492,719
Accounts receivable	84,162	32,500
Total financial assets available within one year	4,472,574	4,107,852
<i>Less:</i>		
Amounts unavailable for general expenditures		
Within one year due to:		
Paycheck Protection Program loan	-	(150,000)
Scholarships restricted by donors with purpose restrictions	(348,738)	(60,324)
Total financial assets available to management for general expenditures within one year	<u>\$ 4,123,836</u>	<u>\$ 3,897,528</u>

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

NOTE 12 – Paycheck Protection Program (“PPP”) Loan

GRASP received a loan from Wells Fargo SBA Lending in the amount of \$150,000 on March 15, 2021 for which proceeds were deposited on March 16, 2021 under the Paycheck Protection Program (“PPP”) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

GRASP received notification of loan forgiveness of this PPP loan from Wells Fargo and the SBA on December 24, 2021.

NOTE 13 - COVID-19

On March 20, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The pandemic has had tragic consequences around the world, and its full impact remains unknown. In addition to the immeasurable human toll, the COVID-19 aftermath continues to alter business and consumer activity globally. There have been obvious and well-publicized impacts common to most companies, including not-for-profit organizations, such as the closure of public schools, the availability of adequate supply chains, loss of employment within those chains and potential loss of employment and curtailment of supporting counseling of students, support of business and customers in the mid-Atlantic region and the resulting potential of negative financial impact. However, the impact of the foregoing has yet to be determined as it affects business and the resulting economic and financial impact in Central Virginia and in particular, for not-for-profit organizations such as GRASP.

GRASP's future viability is subject to the ability of its management to secure new charitable donations, grants and receive payments on services performed. GRASP believes it will be successful in this endeavor and remains vigilant and confident with protecting its economic interests.

As a result of COVID-19, Congress passed the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act and was signed into law by the President on March 27, 2020. The CARES Act authorized the Small Business Administration ("SBA") to temporarily guarantee loans under a new 7(a) program called the Paycheck Protection Program ("PPP").

Under the PPP, eligible companies and organizations were able to borrow up to \$10 million calculated based on payroll records at a fixed interest rate of 1% for a two-year period if the loan was issued prior to June 5, 2020. The loan could be forgiven. GRASP qualified and received a PPP loan in the amount of \$172,684 on May 3, 2020 that was used to fund its payroll, rent and utilities. GRASP met the criteria for full loan forgiveness under the PPP. GRASP applied for and received a second PPP loan on March 15, 2021 in the amount of \$150,000 and this loan was also forgiven.

NOTE 14 - Lease Liability

Operating Leases

Leases are classified as operating leases if they are not short-term leases (discussed later), or finance leases (that are not present with GRASP and not discussed).

GRASP entered into an operating lease on July 20, 2020 with a landlord to provide an office for which to carry out its mission at 2821 Emerywood Parkway, Henrico County, Virginia. The term of the lease is eighty-four months (seven years) commencing on October 1, 2020 and ending on September 30, 2027. The rent commencement date is October 1, 2020 with a base annual rental of \$34,072.50 that is payable in equal monthly installments of \$2,839.38 at the beginning of each month. Upon execution of the lease, GRASP provided a security deposit in the amount of \$5,678.75 (two-months' rent) to be maintained by the lessor until the conclusion of the lease.

A right of use asset ("ROU") and a lease liability for operating leases is recognized at lease commencement.

The operating lease asset is initially measured at cost. Cost includes the sum of:

- The initial amount of the operating lease liability which measured at the present value of the lease payments that are not paid at the commencement date, discounted using the risk-free rate of a 7-year Treasury bill determined at the commencement date of October 1, 2020 which was 0.46%.
- Initial direct costs.
- Any lease payments made before or at the lease commencement date.
- Less any lease incentives received.

The ROU asset is amortized on a straight-line basis over the life of the lease term from the commencement date to the earlier of (1) the end of the useful life of the ROU asset, or (2) the end of the lease term. Operating ROU assets are included in other assets in the statements of financial position.

Subsequent to commencement, the operating lease liability is measured at the present value of the unpaid lease payments, discounted to the rate established at the commencement date, unless the rate is updated as a result of a remeasurement or modification. The seven-year operating lease liability *will be included* in current liabilities and noncurrent liabilities in the statement of financial position.

NOTE 14 - New Lease Liability (Continued)

For operating leases, the following amounts are recognized in earnings for each period of the lease term:

- A single lease cost that is calculated to be allocated over the remaining lease term on a straight-line basis. The remaining lease cost equals the total lease payments for the lease term, plus the total initial direct costs incurred, less the periodic lease cost previously recognized (which is not applicable with the current capitalized operating lease since the lease commenced concurrent with the adoption year of this ASU). If an operating lease ROU asset has been impaired, for each period from the date of impairment through the end of the lease term, the single lease cost is calculated as the sum of the accretion of the lease liability and the amortization of the ROU asset.
- Any variable lease payments such as the 3% annual increase, in the period in which the obligation is incurred, or achievement of the target that triggers the variable payments become probable.
- Any impairment of the ROU asset.

The cost of the operating lease that is associated with the office lease commencing on October 1, 2020 is \$25,554 in cash flow during the fiscal year ending June 30, 2021, however \$27,973 is expected to be the amortization amount that will be reflected as rent expense for GRASP in 2021 and will be included as a component of occupancy costs in the statements of functional expenses.

Beginning on the first anniversary of the rent commencement date and on each successive anniversary thereof during the term of the lease, including renewal periods, the base annual rent for the office space will increase by 3% per annum based on the annual rent scheduled for the previous twelve months.

The lease currently provides for one three-year renewals. It is not determinable at this time as to whether GRASP will pursue a renewal of its lease that does not expire until September 30, 2027 at its new location.

Lease expense during the fiscal year ended June 30, 2022 included in occupancy costs amounted to \$32,960

Future minimum undiscounted lease payments under the noncancellable operating lease is as follows:

	June 30,
2023	\$ 35,972
2024	37,051
2025	38,163
2026	39,308
2027	40,487
2028	9,620
Total lease payments	200,601
Less interest included	(2,349)
Total lease liability in the statement of financial position	\$ 198,252

Interest expense associated with the reduction of the lease liability during the fiscal year ended June 30, 2022 was \$969 and is included with interest expense in the statements of functional expenses.

Short-Term Leases

A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that is reasonably certain to be exercised. GRASP has elected to adopt an exemption from the recognition and measurement principles of Accounting Standards Codification (“ASC”) 842 (also referred to as Topic 842 codified by the issuance of ASU 2016-02 for short-term leases. No ROU asset or lease liability is recognized in the statements of financial position for this type of lease and the lease payments associated with such a lease are recognized as rent expense on a straight-line basis over the lease term.

Short-term lease costs are included in occupancy costs in the statements of functional expenses.

NOTE 15 - 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, informally, 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 16 - 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 December 21, 2022) that provide additional evidence about conditions that existed at June 30, 2022, 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, 2022 but arose subsequent to that date (nonrecognized subsequent events).

The Commonwealth of Virginia has appropriated \$500,000 for GRASP to support its mission of education services assistance for its fiscal year ending in June 2023.