

**GREAT ASPIRATIONS  
SCHOLARSHIP PROGRAM, INC.**

**Audited Financial Statements**

**Years Ended  
June 30, 2024 and 2023**

***Owen, PLC***

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*Certified Public Accountants  
Accounting • Tax • Consulting*

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# **GREAT ASPIRATIONS SCHOLARSHIP PROGRAM, INC.**

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# Owen, PLC

Certified Public Accountants  
Accounting • Tax • Business Consulting

## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the accompanying financial statements of GGreat Aspirations Scholarship Program, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 GGreat Aspirations Scholarship Program, Inc. as of June 30, 2024 and 2023, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 GGreat 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 GGreat Aspirations Scholarship Program, Inc.'s ability to continue as a going concern within one year after the date the financial statements 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.

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GGreat Aspirations Scholarship Program, Inc.

January 22, 2025

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- 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

January 22, 2025

**GREAT ASPIRATIONS SCHOLARSHIP PROGRAM, INC.**

**STATEMENTS OF FINANCIAL POSITION**

<b>June 30,</b>	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 2,252,742	\$ 579,604
Investments in Virginia529 Plans	5,658,087	4,216,850
Accounts receivable	12,400	9,900
<b>Total current assets</b>	<b>7,923,229</b>	<b>4,806,354</b>
<b>Property and equipment</b>		
Office equipment	55,505	50,050
Accumulated depreciation	(39,501)	(31,586)
<b>Property and equipment, net</b>	<b>16,004</b>	<b>18,464</b>
<b>Other assets</b>		
Right of use lease asset	120,676	163,200
<b>Total assets</b>	<b>\$ 8,059,909</b>	<b>\$ 4,988,018</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Current portion of lease liability	\$ 38,070	\$ 36,961
Accrued payroll	10,000	10,765
Accounts payable	5,449	5,566
Scholarships awarded and not paid	316,400	56,500
Refundable advances from conditional donations	779,000	-
Refundable advance from conditional grant contract	1,653,441	-
<b>Total current liabilities</b>	<b>2,802,360</b>	<b>109,792</b>
<b>Long-term liabilities</b>		
Long-term portion of lease liability	90,049	127,529
<b>Total liabilities</b>	<b>2,892,409</b>	<b>237,321</b>
<b>Net assets</b>		
Without donor restrictions	4,728,718	4,540,994
With donor restrictions	438,782	209,703
<b>Total net assets</b>	<b>5,167,500</b>	<b>4,750,697</b>
<b>Total liabilities and net assets</b>	<b>\$ 8,059,909</b>	<b>\$ 4,988,018</b>

See accompanying notes.

**GREAT ASPIRATIONS SCHOLARSHIP PROGRAM, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

Years Ended June 30,	2024	2023
<b>Changes in net assets without donor restrictions</b>		
<b>Revenues and gains</b>		
Donations - private donors	\$ 440,398	\$ 438,180
Donations - foundations and corporations	462,352	419,733
Commonwealth of Virginia	500,000	500,000
Virginia529 School Fees	256,000	220,000
SOAR Virginia®	102,000	90,500
Public school advisor fees	71,550	74,500
Donated (in - kind) services	1,863	4,738
Fees earned scholarships	4,200	4,000
Event Income	1,857	3,094
Small donor fund	12,264	14,635
Miscellaneous income	33,350	4,776
Refunded scholarships	28,071	-
Rebuild VA	-	85,255
Investment income and (losses)	251,762	190,293
<b>Total revenues and gains without donor restrictions</b>	<b>2,165,667</b>	<b>2,049,704</b>
Net assets released from restrictions		
Net assets released for scholarships	316,401	291,840
Fees released for Pathways Scholarship Program administration	37,339	-
10% fee released for EISP administration	26,350	26,850
<b>Total net assets released from restrictions</b>	<b>380,090</b>	<b>318,690</b>
<b>Total revenues, gains and other support without donor restrictions</b>	<b>2,545,757</b>	<b>2,368,394</b>
<b>Expenses</b>		
Program services		
Advising	1,127,776	987,435
Scholarships	452,770	348,434
Education Improvement Scholarship Tax Credit Program	247,401	282,340
Total program services	1,827,947	1,618,209
Supporting services		
Management and general administrative services	329,500	299,847
Fundraising	76,727	66,769
Total supporting services	406,227	366,616
<b>Total costs and expenses</b>	<b>2,234,174</b>	<b>1,984,825</b>
<b>Transfers to establish net assets with donor restrictions</b>	<b>(123,859)</b>	<b>89,830</b>
<b>Increase in net assets without donor restrictions</b>	<b>187,724</b>	<b>473,399</b>
<b>Changes in net assets with donor restrictions</b>		
Education Improvement Scholarship Tax Credit Program K-12 Support	263,500	268,500
Pathways scholarships donations earned	99,339	-
Investment income	122,471	985
Net assets released from restrictions	(380,090)	(318,690)
	105,220	(49,205)
<b>Transfers to establish net assets with donor restrictions</b>	<b>123,859</b>	<b>(89,830)</b>
<b>Increase (decrease) in net assets with donor restrictions</b>	<b>229,079</b>	<b>(139,035)</b>
<b>Increase (decrease) in total net assets</b>	<b>416,803</b>	<b>334,364</b>
<b>Net assets, beginning of year</b>	<b>4,750,697</b>	<b>4,416,333</b>
<b>Net assets, end of year</b>	<b>\$ 5,167,500</b>	<b>\$ 4,750,697</b>

See accompanying notes.

**GREAT ASPIRATIONS SCHOLARSHIP PROGRAM, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

Years Ended June 30,	2024						2023					
	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
<b>Expenses</b>												
Salaries and wages	\$ 714,701	\$ -	\$ -	\$ 285,509	\$ 63,843	\$ 1,064,053	\$ 647,198	\$ -	\$ -	\$ 258,542	\$ 57,810	\$ 963,550
Scholarships	-	452,770	247,401	-	-	700,171	-	348,434	282,340	-	-	630,774
Fundraising expenses	-	-	-	-	7,849	7,849	-	-	-	-	4,400	4,400
Occupancy costs	31,372	-	-	10,457	-	41,829	28,066	-	-	9,355	-	37,421
Payroll taxes	51,768	-	-	20,831	5,035	77,634	50,085	-	-	20,039	4,559	74,683
Office supplies and expenses	13,854	-	-	-	-	13,854	18,105	-	-	-	-	18,105
Training expenses	49,109	-	-	-	-	49,109	36,761	-	-	-	-	36,761
Professional fees	23,494	-	-	7,831	-	31,325	22,513	-	-	7,505	-	30,018
Computer database services	39,850	-	-	-	-	39,850	45,376	-	-	-	-	45,376
Mileage reimbursement	43,271	-	-	-	-	43,271	32,641	-	-	-	-	32,641
Miscellaneous	1,504	-	-	-	-	1,504	1,370	-	-	-	-	1,370
Depreciation	7,914	-	-	-	-	7,914	6,923	-	-	-	-	6,923
Loss on property and equipment disposals	-	-	-	-	-	-	31	-	-	-	-	31
Employee benefits	69,583	-	-	-	-	69,583	40,437	-	-	-	-	40,437
Cellular communications	23,985	-	-	2,665	-	26,650	21,328	-	-	2,370	-	23,698
Postage and delivery	4,119	-	-	-	-	4,119	4,313	-	-	-	-	4,313
Bank service charges	3,499	-	-	-	-	3,499	3,024	-	-	-	-	3,024
Liability insurance	4,725	-	-	1,575	-	6,300	4,305	-	-	1,435	-	5,740
Program expense	41,191	-	-	-	-	41,191	17,856	-	-	-	-	17,856
SOAR Virginia ® expenses,excluding payroll	-	-	-	-	-	-	53	-	-	-	-	53
Licenses and permits	864	-	-	288	-	1,152	1,110	-	-	370	-	1,480
Background checks	321	-	-	-	-	321	220	-	-	-	-	220
Interest	1,031	-	-	344	-	1,375	691	-	-	231	-	922
Dues and subscriptions	1,621	-	-	-	-	1,621	5,029	-	-	-	-	5,029
<b>Total expenses</b>	<b>\$ 1,127,776</b>	<b>\$ 452,770</b>	<b>\$ 247,401</b>	<b>\$ 329,500</b>	<b>\$ 76,727</b>	<b>2,234,174</b>	<b>\$ 987,435</b>	<b>\$ 348,434</b>	<b>\$ 282,340</b>	<b>\$ 299,847</b>	<b>\$ 66,769</b>	<b>\$ 1,984,825</b>

See accompanying notes.

# GREAT ASPIRATIONS SCHOLARSHIP PROGRAM, INC.

## STATEMENTS OF CASH FLOWS

Years Ended June 30,	2024	2023
<b>Cash flows from operating activities</b>		
Cash received from program activities	\$ 4,227,650	\$ 1,721,157
Cash received temporarily restricted donations	362,839	268,500
Cash paid to employees, scholarships and vendors	(2,223,904)	(1,956,130)
Investment income received	374,233	191,278
Interest paid	(1,375)	(922)
<b>Net cash provided by (used in) operating activities</b>	<b>2,739,443</b>	<b>223,883</b>
<b>Cash flows from investing activities</b>		
Investment in Virginia529 Plans	(1,060,850)	(99,617)
Proceeds from Virginia 529 Plans	-	9,500
Purchase of office equipment	(5,455)	(7,119)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,066,305)</b>	<b>(97,236)</b>
Net increase (decrease) in cash and cash equivalents	1,673,138	126,647
Cash and cash equivalents, beginning of period	579,604	452,957
<b>Cash and cash equivalents, end of period</b>	<b>\$ 2,252,742</b>	<b>\$ 579,604</b>
<b>Reconciliation of changes in net assets to net cash provided by (used in) operating activities</b>		
Change in net assets	\$ 416,803	\$ 334,364
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,914	6,923
Gain from sale of investment in Virginia529 Plans	-	(1,350)
Increase from change in fair value of investment in Virginia529 Plans	(374,233)	(189,928)
Loss on property and equipment disposals	-	31
Changes in:		
Accounts receivable	(2,500)	74,262
Accounts payable	(117)	5,316
Scholarships awarded and not paid	259,900	(16,500)
Refundable advance from conditional donations	779,000	-
Refundable advances from conditional grant contracts	1,653,441	-
Accrued payroll	(765)	10,765
	<b>\$ 2,739,443</b>	<b>\$ 223,883</b>
<b>Supplemental Information:</b>		
Non-cash transactions:		
In kind donations - operating	\$ 1,863	\$ 4,738
Disposition of office equipment	-	(3,018)

See accompanying notes.

## ***GREAT ASPIRATIONS SCHOLARSHIP PROGRAM, INC.***

### ***NOTES TO FINANCIAL STATEMENTS***

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***JUNE 30, 2024 and 2023***

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#### **NOTE 1 - Organization and Business**

GRASP, Inc. (“GRASP”) (“the Organization”) 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 postsecondary 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. By not completing and submitting the FAFSA, students miss out on thousands of dollars 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 postsecondary 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 postsecondary 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 postsecondary 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 postsecondary 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 assistance 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 postsecondary 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.

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 postsecondary 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 outcome is higher among students from low-income backgrounds and those who would be first in their family to attend college.

GRASP operates a Summer Texting program to give students a lifeline for help with roadblocks that arise between high school graduation and college matriculation. The College Success Advisor mentors students as they matriculate to a postsecondary 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 postsecondary retention is achieved through

**NOTE 1 - Organization and Business (Continued)**

social media and email programs and problem-solving services. The College Success Advisor leverages existing college support systems and provides specific financial aid counseling.

In 2024, GRASP launched the Pathways Scholarship Program, a new 4-year pilot initiative designed to help Richmond’s youth overcome the barriers that too often prevent them from reaching their full potential. Many young people in Richmond face significant but surmountable challenges as they transition from high school to postsecondary education. To address these barriers, the Pathways program will offer opportunities to explore postsecondary options, educate youth regarding setting and achieving long-term goals, and support youth to apply for financial aid and community college. In addition, participants will receive a scholarship and a monthly stipend to cover basic living needs for up to three years while attending community college. This program is a critical resource for keeping Richmond Public School students at risk of dropping out engaged and supported. Initial funding from the City of Richmond ensures that the program will be sustainable throughout its four-year pilot phase.

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, 2024, GRASP received \$263,500 in EISTCP donations and disbursed \$247,401 to 39 students from low-to-moderate-income households. During the fiscal year ending June 30, 2023, GRASP received \$268,500 in EISTCP donations and disbursed \$282,340 to 32 students from low-to-moderate-income households.

To support its in-school advising, Summer Texting, 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 115 Virginia schools that GRASP serves. To take advantage of the investment knowledge of the successful Virginia College Savings Plan<sup>SM</sup> and to anticipate the commitments to serve the 115 schools, expand services and set aside scholarships, GRASP has created some special purpose Virginia529 inVEST<sup>SM</sup> 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, 2024 and 2023 was \$4,508,472 and \$4,171,627, 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:

	2024	2023
Virginia’s Education Improvement Scholarship Tax Credit Program K-12 (“EISTCP”)	\$ 247,401	\$ 282,340
Pathways scholarships	62,000	-
Postsecondary scholarships	390,770	348,434
	<u>\$ 700,171</u>	<u>\$ 630,774</u>

Also, during the fiscal years ending June 30, 2024 and 2023, GRASP disbursed \$390,770 and \$339,434 in scholarships to approximately 291 and 266 deserving graduating high school seniors or college students, respectively, most of whom are, financially disadvantaged. Additionally, during the fiscal years ending June 30, 2024 and 2023, GRASP disbursed \$247,401

## **NOTE 1 - Organization and Business (Continued)**

and \$282,340 in scholarships to 37 and 32 students, respectively, in grades K-12. In fiscal year 2024, GRASP distributed \$62,000 in the Pathways scholarships to 31 students.

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 for (1) students and families of low to modest financial means and (2) provide scholastic assistance in developing postsecondary academic and vocational plans for students with one or more disabilities as defined under the federal IDEA legislation.

NAP requires that more than 50% of GRASP tax credit-derived revenues be 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 be 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.

### ***Financial Statement Presentation***

The accompanying financial statements of GRASP have been prepared in accordance with ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities (Topic 958)* also known as Accounting Standards Codification (“ASC”) 958. 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. Net assets without restrictions may be designated for specific purposes by the actions of GRASP’s Board. As of June 30, 2024 and 2023, net assets without donor restrictions amounted to \$4,728,717 and \$4,540,994, 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, 2024 and 2023, net assets with donor restrictions amounted to \$438,782 and \$209,703, 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, 2024 and 2023, GRASP did not have any net assets with donor restrictions that met this criteria.

This Codification also requires the following:

- 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.
- disclosure of quantitative and qualitative information regarding liquidity and availability of resources.

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

### **Net Assets With Donor Restrictions (Continued)**

- 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.

### ***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 the 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.

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 UPMIFA. GRASP does not currently maintain any endowment funds.

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

### ***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 is 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.

### ***Leases***

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. The FASB also subsequently issued several ASUs, which amend and clarify Topic 842. 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.

ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Management adopted this Topic in October 2020 and utilized all of the available practical expedients when GRASP acquired its new lease for its office.

This Topic is not applied to leases that are twelve months, or less. The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less.

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.

### ***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 accounts 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.

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

### ***Credit Risk (Continued)***

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.

On June 30, 2024 and 2023, GRASP maintained its cash with two financial institutions. On June 30, 2024 and 2023, the amount of cash maintained by GRASP with one of its two financial institutions exceeded federally established limits in the amount of \$1,777,442 and \$143,909, respectively. The amount of cash maintained by GRASP with its other financial institution did not exceed federally established limits as of June 30, 2024 and 2023.

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 32.08% and 34.95% of total revenue without and with donor restrictions during the years ended June 30, 2024 and 2023, respectively. On June 30, 2024 and 2023, there were no accounts receivable with Virginia agencies. There was one account receivable with a not-for-profit and another from an individual on June 30, 2023.

### ***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 ending June 30, 2024, 2023 and 2022. 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, 2024.

### ***Contributions (Donations) and Grant Contract Revenue***

Unconditional promises to give are recognized as revenue in the period the promise was made. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Conditional grants, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Funds received but not yet earned are shown as refundable advances on grant contracts. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, GRASP will record such disallowance at the time the final assessment is made. Contributions from government municipalities and corporations or their foundations of \$1,653,441 and \$779,000, respectively, as of June 30, 2024, have not been recognized in the accompanying statement of activities because certain barriers have not been met.

Grant or contract funds received for which no corresponding expenditure has yet been made are accounted for refundable advances. Expenditures made in advance of funds received are recorded as grants receivable.

In accordance with ASU 2018-08, Not-for-profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, grants and contracts awarded by federal and other grantors, which are generally considered nonreciprocal transactions restricted for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the agreements are met.

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

### ***Contributions (Donations) and Grant Contract Revenue (Continued)***

Contributions are conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. Conditional promises-to-give are not recognized until they become unconditional. They become unconditional when the barriers on which they depend upon are met. The conditional contributions are related to funding for the establishment of new programs or continuation of current programs within GRASP's overall mission, subject to the terms of each agreement. At June 30, 2024, GRASP had \$1,653,441 and \$779,000 in conditional municipal and corporation grant donations, respectively, in the form of measurable performance related or other barriers and right of return that are not reflected in the accompanying statements of activities.

Contributions are generally recognized when received, which may be when cash is received, unconditional promises to give are received, or ownership of other assets is transferred to GRASP.

All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor or grantor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Grant contract revenue which is earned under cost reimbursable contracts is recorded when related expenses are incurred under the provisions of the applicable contracts. The contract balance for program advances is \$1,653,441 on June 30, 2024 is included in refundable advances from grant contracts. Additional refundable advances from corporations and foundations at June 30, 2024 is \$779,000.

There were no conditional promises to give for the years ended June 30, 2024 and 2023.

### ***Donated (In Kind) Services***

The fair value of donated services during the fiscal year ended June 30, 2024 and 2023 consisted of professional fees with a fair value of \$1,862 and \$4,738, respectively. These amounts are reflected in the statements of activities as donated services revenue and professional fees expense in the amounts of \$1,862 and \$4,738, respectively, for the years ended June 30, 2024 and 2023. These professional fees consist of accounting and tax services.

### ***Functional Expenses***

The statement of functional expenses presents 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.

### ***Refundable Advances from Grant Contracts***

Funds received in advance of program services or activities to be performed or delivered in future periods are deferred to the applicable period upon the completion of the related exchange transaction.

### ***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 of \$2,730 were incurred during the fiscal year ended June 30, 2024 and were included in fundraising expenses in the statement of functional expenses. There were no advertising costs incurred during the fiscal year ended June 30, 2023.

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

**Recent Accounting Pronouncements Adopted**

In June 2018, the FASB released ASU 2018-08, Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made. The update provides clarifying guidance on accounting for the grants and contracts of nonprofit organizations as they relate to the new revenue standard ASU 2014-09 Revenue from Contracts with Customers, and aims to minimize diversity in the classification of grants and contracts that exists under current guidance. To help organizations better understand the impact of the standard, the guidance includes illustrative examples and a flowchart to provide a framework to evaluate and properly classify revenue streams. Adoption of this Standard did not have any impact on GRASP.

**NOTE 3 - Investments - Securities**

Investments at June 30, 2024 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	\$ 19,102	\$ 25,370
All Saints Fund – mutual funds consisting of municipal bonds	11,712	14,198
Pathways Program – included with GRASP Master Scholarship – mutual funds consisting of municipal bonds and equities	1,000,000	1,110,045
GRASP Master Scholarship – mutual funds consisting of municipal bonds and equities	3,580,598	4,508,474
	<u>\$ 4,611,412</u>	<u>\$ 5,658,087</u>

Investments at June 30, 2023 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	\$ 26,102	\$ 31,434
All Saints Fund – mutual funds consisting of municipal bonds	11,712	13,789
Pathways Program – included with GRASP Master Scholarship – mutual funds consisting of municipal bonds and equities	-	-
GRASP Master Scholarship – mutual funds consisting of municipal bonds and equities	3,480,598	4,171,627
	<u>\$ 3,518,412</u>	<u>\$ 4,216,850</u>

Investment income (loss) for the year ended June 30, 2024 consists of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest income	\$ 14,917	\$ 11,080	\$ 25,997
Unrealized gains (losses)	236,845	111,391	348,236
Realized gains	-	-	-
	<u>\$ 251,762</u>	<u>\$ 122,471</u>	<u>\$ 374,233</u>

Investment income (loss) for the year ended June 30, 2023 consists of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest income	\$ 382	\$ -	\$ 382
Unrealized gains (losses)	189,910	(365)	189,545
Realized gains	-	1,350	1,350
	<u>\$ 190,292</u>	<u>\$ 985</u>	<u>\$ 191,277</u>

### **NOTE 3 - Investments – Securities (Continued)**

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 increase in investment income of \$374,233 from June 30, 2023 to June 30, 2024 on trading securities consists of unrealized 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, 2024.

Net investment income on trading securities and mutual funds held at June 30, 2024 and 2023 were \$374,233 and \$191,277, respectively. The gross unrealized and realized gains are principally in holdings of bonds in municipalities.

Management of GRASP monitors its risk-weighting in its Master Scholarship investment portfolio. The Master Scholarship portfolio consists of three and two accounts at June 30, 2024 and 2023, respectively. The accounts maintain a cost balance of approximately 30% and 35% growth equities and approximately 70% and 65% in municipal bonds at June 30, 2024 and 2023, respectively. 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, 2024 and 2023.

### **NOTE 5 - Grants**

Scholarships awarded during the year ended June 30, 2024 were \$700,171, as compared with \$630,774 for the same period a year earlier.

During the years ended June 30, 2024 and 2023, 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 \$4,200 and \$4,000, 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, 2024 and 2023, additional GRASP's revenues supported \$700,171 and \$630,774, 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, 2024 and 2023, 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 Plan<sup>SM</sup>, an independent agency of the Commonwealth of Virginia, to promote and administer SOAR Virginia<sup>®</sup> at participating Virginia high schools.

SOAR Virginia<sup>®</sup> is an early commitment scholarship program created to inspire and assist high school students to reach their postsecondary 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 postsecondary education expenses.

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

During the fiscal years ended June 30, 2024 and 2023, revenue from the SOAR Virginia<sup>®</sup> program amounted to \$102,000 and \$90,500, respectively. At June 30, 2024 and 2023, there were no accounts receivable from the SOAR Virginia<sup>®</sup> program.

### **NOTE 6 - Affiliations**

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

## NOTE 7 - Occupancy Costs

GRASP operates primarily in public schools and has a central office-leased space for administrative and training purposes.

Occupancy costs incurred during the fiscal year ended June 30, 2024 and 2023 was \$41,829 and \$37,421, respectively. Occupancy costs include office space and utilities. See Note 12 for the terms of GRASP's lease.

## NOTE 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2024 and 2023 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, 2024 and 2023, donations received for this purpose amounted to \$362,839 and \$268,500. Those restrictions are considered to expire and are released from their donor restriction when payments are made. Net assets with donor restricted net assets are available for scholarships in the amount of \$438,782 and \$209,703 as of June 30, 2024 and 2023, respectively.

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

	2024	2023
Education Improvement Scholarship Tax Credit Program K-12 – Cash	\$ 193,300	\$ 164,480
Pathways Scholarships – Cash	749,310	-
74th District Fund – Investments in Virginia529 Plans	25,370	31,434
All Saints Fund – Investments in Virginia529 Plans	14,198	13,789
Pathways Scholarships – Investments in Virginia529 Plans	1,110,045	-
Pathways Scholarships – Refundable advances	(1,653,441)	-
	<u>\$ 438,782</u>	<u>\$ 209,703</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, 2024:

	Pathways	EISTCP	Postsecondary and All Other Programs	Total
Net assets with donor restrictions at July 1, 2023	\$ -	\$ 164,480	\$ 45,223	\$ 209,703
Education Improvement Scholarship Tax Credit Program K-12 Support	-	263,500	-	263,500
Pathways Scholarship donations earned	99,339	-	-	99,339
Investment income	121,126	-	1,345	122,471
Net assets released for scholarships	(62,000)	(247,401)	(7,000)	(316,401)
Fees released for administration	(37,339)	(26,350)	-	(63,689)
Net transfers to new EISP account	-	39,071	-	39,071
Adjustments to reconcile with net assets with donor restrictions	84,788	-	-	84,788
Net assets with donor restrictions at June 30, 2024	<u>\$ 121,126</u>	<u>\$ 193,300</u>	<u>\$ 39,568</u>	<u>\$ 438,782</u>

Changes in net assets with donor restrictions were as follows for the year ended June 30, 2023:

	EISTCP	Postsecondary and All Other Programs	Total
Net assets with donor restrictions at July 1, 2022	\$ 295,000	\$ 53,738	\$ 348,738
Education Improvement Scholarship Tax Credit Program K-12 Support	268,500	-	268,500
Pathways Scholarship donations	-	-	-
Investment income	-	985	985
Net assets released for scholarships	(282,340)	(9,500)	(291,840)
10% fee released for administration	(26,850)	-	(26,850)
Transfer of remaining amounts to cover commitments made to Education Improvement Scholarship Tax Credit Program and Other Programs	(89,830)	-	(89,830)
Net assets with donor restrictions at June 30, 2023	<u>\$ 164,480</u>	<u>\$ 45,223</u>	<u>\$ 209,703</u>

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

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:

	2024	2023
Net assets released for scholarships	\$ 316,401	\$ 291,840
Administrative fees (10% for EISP)	63,689	26,850
Net assets released from restrictions	<u>\$ 380,090</u>	<u>\$ 318,690</u>

**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, 2024 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Net assets at July 1, 2023	\$ 4,540,994	\$ 209,703	\$ 4,750,697
Revenues and gains	2,165,667	485,310	2,650,977
Net assets released from restrictions	380,090	(380,090)	-
Expenses	(2,234,174)	-	(2,234,174)
Increase (decrease) in net assets before transfers	311,583	105,220	416,803
Transfers and adjustments	(123,859)	123,859	-
Increase (decrease) in net assets	187,724	229,079	416,803
Net assets at June 30, 2024	<u>\$ 4,728,718</u>	<u>\$ 438,782</u>	<u>\$ 5,167,500</u>

Changes in net assets without donor restrictions and with donor restrictions as of June 30, 2023 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Net assets at July 1, 2022	\$ 4,067,595	\$ 348,738	\$ 4,416,333
Revenues and gains	2,049,704	269,485	2,319,189
Net assets released from restrictions	318,690	(318,690)	-
Expenses	(1,984,825)	-	(1,984,825)
Increase (decrease) in net assets before transfers	383,569	(49,205)	334,364
Transfers to restore deficit cash and net assets with and without donor restrictions	89,830	(89,830)	-
Increase (decrease) in net assets	473,399	(139,035)	334,364
Net assets at June 30, 2023	<u>\$ 4,540,994</u>	<u>\$ 209,703</u>	<u>\$ 4,750,697</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:

	2024	2023
Cash and cash equivalents	\$ 2,252,742	\$ 579,604
Investments in Virginia529 Plans	5,658,087	4,216,850
Accounts receivable	12,400	9,900
Total financial assets available within one year	7,923,229	4,806,354
Less:		
Amounts unavailable for general expenditures		
Within one year due to:		
Scholarships restricted by donors with purpose restrictions	(1,653,441)	(222,910)
Total financial assets available to management for general expenditures within one year	<u>\$ 6,269,788</u>	<u>\$ 4,583,444</u>

## NOTE 11 - Liquidity and Availability of Resources (Continued)

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

## NOTE 12 - Lease Liability

### Operating Leases

Leases are classified as operating leases if they are not short-term leases (discussed later), or finance leases. Finance leases 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.

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.

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, 2024 and 2023 included in occupancy costs amounted to \$41,829 and \$37,421, respectively.

**NOTE 12 - Lease Liability (Continued)**

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

	<u>June 30,</u>
2025	\$ 38,070
2026	39,212
2027	40,388
2028	<u>11,504</u>
Total lease payments	129,174
Less interest included	(1,055)
Total lease liability in the statement of financial position	<u>\$ 128,119</u>

Interest expense associated with the reduction of the lease liability during the fiscal year ended June 30, 2024 was \$1,375 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 13 – Pathways Scholarship Program**

As noted in Note 1, GRASP was awarded \$1,752,780 that was received on July 5, 2023 by the City of Richmond, Virginia (the “City”) pursuant to a contract signed on April 11, 2023. This grant is to be used in the new Pathways Scholarship Program. The grant revenue is expected to be recognized as barriers to revenue recognition are achieved. Generally, barriers are achieved, and revenue is recognized as the purposes or conditions of the grant are met. Until such time, the proceeds will be presented in the statement of financial position as refundable advances from grant contracts.

The Pathways Scholarship Program (the “Program”) is a new 4-year pilot initiative designed to help Richmond’s youth overcome the barriers that too often prevent them from reaching their full potential. To address these barriers, the Program will offer opportunities to explore with and support identified Richmond Public School students’ postsecondary educational opportunities. This includes educating the City’s youth regarding setting and achieving long-term goals and supporting its youth to apply for financial aid and community college. In addition, participants will receive a scholarship and a monthly stipend to cover basic living needs for up to three years while attending community college. This Program is a critical resource for keeping Richmond Public School students at risk of dropping out engaged and supported. Initial funding from the City of Richmond ensures that the program will be sustainable throughout its four-year pilot phase.

GRASP is obligated to return to the City any unused funds if certain requirements in the grant agreement are not met. GRASP may utilize no more than 10% of the total grant funds of \$1,752,780 on administrative costs associated with the implementation and oversight of the Pathways Program. The grant contract will expire upon GRASP’s expenditure of grant funds.

Usage of the City of Richmond, Virginia’s refundable advance is as follows during the fiscal year ending June 30, 2024:

Refundable advance from grant contract	\$ 1,752,780
Scholarships awarded	(62,000)
Administrative costs, including wages, associated with the grant contract	<u>(37,339)</u>
	<u>\$ 1,653,441</u>

Additionally, in partnership with the City’s Pathway Scholarship Program, three corporations have made conditional donations to GRASP during the fiscal year ending June 30, 2024 in the amount of \$779,000 that are reflected as refundable advances in the statements of financial position to be used in supporting GRASP to carry out this mission. These amounts along with interest earned in the amount of \$9,550 supports Board designated cash of \$778,550 as of June 30, 2024.

**NOTE 14 - Board Designated Net Assets (Without Donor Restrictions)**

Net assets without donor restrictions represent expendable funds that are available for support of GRASP's operations. Net assets without donor restrictions include amounts that the Board designated for the Pathways Scholarship Program. Interest earned is considered unrestricted and available for current operations.

**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 January 22, 2025 that provide additional evidence about conditions that existed at June 30, 2024, 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, 2024 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 2025.