

The logo for Solakian & Company, LLC features a vertical line on the left and a horizontal line intersecting it. The text "Solakian & Company, LLC" is positioned to the right of the vertical line, and "Certified Public Accountants" is positioned below the horizontal line.

Solakian & Company, LLC

Certified Public Accountants

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GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Financial Statements

Years ended June 30, 2017 and 2016

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

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Years ended June 30, 2017 and 2016

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Independent Auditor's Report

To the Board of Directors
Greenwich Scholarship Association, Inc.

We have audited the accompanying financial statements of *Greenwich Scholarship Association, Inc.* (a non-profit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *Greenwich Scholarship Association, Inc.* as of June 30, 2017 and 2016, 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.



Solakian & Company, LLC

December 18, 2017

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Statements of Financial Position

June 30, 2017 and 2016

<i>Assets</i>	<u>2017</u>	<u>2016</u>
Assets:		
Cash and equivalents	\$ 459,393	434,674
Investments	1,201,695	1,153,651
Specified scholarships and transfers receivable	<u>49,100</u>	<u>59,701</u>
	<u>\$ 1,710,188</u>	<u>1,648,026</u>
 <i>Liabilities and Net Assets</i> 		
Liabilities:		
Scholarships payable	\$ 508,474	564,431
Deferred scholarships payable	34,642	54,875
Accounts payable	<u>76</u>	<u>846</u>
Total liabilities	<u>543,192</u>	<u>620,152</u>
 Net assets:		
Unrestricted	248,143	164,072
Temporarily restricted	767,669	725,137
Permanently restricted	<u>151,184</u>	<u>138,665</u>
Total net assets	<u>1,166,996</u>	<u>1,027,874</u>
	<u>\$ 1,710,188</u>	<u>1,648,026</u>

See accompanying notes to financial statements.

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Statements of Activities

Years ended June 30, 2017 and 2016

	2017				2016			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues:								
Specified scholarship income	\$ -	240,280	-	240,280	-	231,700	-	231,700
Contributions-foundations	207,589	-	-	207,589	220,474	-	-	220,474
Net investment return	25,065	74,160	17,519	116,744	(2,910)	(9,081)	(5,876)	(17,867)
Deferred scholarships cancelled	45,018	-	-	45,018	28,887	-	-	28,887
Renewable scholarship income	31,550	-	-	31,550	36,500	-	-	36,500
Contributions to principal	-	9,620	-	9,620	-	11,574	-	11,574
Other contributions	-	-	-	-	100	-	-	100
Net assets released from restrictions	286,528	(281,528)	(5,000)	-	285,333	(275,333)	(10,000)	-
Total revenues	<u>595,750</u>	<u>42,532</u>	<u>12,519</u>	<u>650,801</u>	<u>568,384</u>	<u>(41,140)</u>	<u>(15,876)</u>	<u>511,368</u>
Program expenses:								
Specific scholarships	240,280	-	-	240,280	231,700	-	-	231,700
General scholarships	179,575	-	-	179,575	268,032	-	-	268,032
Endowment scholarships	43,750	-	-	43,750	48,500	-	-	48,500
Renewable scholarships	36,000	-	-	36,000	35,000	-	-	35,000
Total program expenses	<u>499,605</u>	<u>-</u>	<u>-</u>	<u>499,605</u>	<u>583,232</u>	<u>-</u>	<u>-</u>	<u>583,232</u>
Management and general expenses:								
Administrative expenses	12,074	-	-	12,074	10,132	-	-	10,132
Total management and general expenses	<u>12,074</u>	<u>-</u>	<u>-</u>	<u>12,074</u>	<u>10,132</u>	<u>-</u>	<u>-</u>	<u>10,132</u>
Total expenses	<u>511,679</u>	<u>-</u>	<u>-</u>	<u>511,679</u>	<u>593,364</u>	<u>-</u>	<u>-</u>	<u>593,364</u>
Change in net assets	84,071	42,532	12,519	139,122	(24,980)	(41,140)	(15,876)	(81,996)
Net assets – beginning of year	<u>164,072</u>	<u>725,137</u>	<u>138,665</u>	<u>1,027,874</u>	<u>189,052</u>	<u>766,277</u>	<u>154,541</u>	<u>1,109,870</u>
Net assets – end of year	<u>\$ 248,143</u>	<u>767,669</u>	<u>151,184</u>	<u>1,166,996</u>	<u>164,072</u>	<u>725,137</u>	<u>138,665</u>	<u>1,027,874</u>

See accompanying notes to financial statements.

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Statements of Cash Flows

Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 139,122	(81,996)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized and realized losses (gains), net	(89,520)	86,924
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Specified scholarships and transfers receivable	10,601	(58,601)
Increase (decrease) in:		
Scholarships payable	(55,957)	41,304
Deferred scholarships payable	(20,233)	10,183
Accounts payable	<u>(770)</u>	<u>(873)</u>
Net cash provided by (used in) operating activities	(16,757)	(3,059)
Cash flows from investing activities:		
Purchase of investments	<u>41,476</u>	<u>(69,057)</u>
Net increase (decrease) in cash and equivalents	24,719	(72,116)
Cash and equivalents – beginning of year	<u>434,674</u>	<u>506,790</u>
Cash and equivalents – end of year	<u><u>\$ 459,393</u></u>	<u><u>434,674</u></u>

See accompanying notes to financial statements.

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2017 and 2016

(1) **Summary of Significant Accounting Policies**

Nature of Organization

Greenwich Scholarship Association, Inc. (“GSA” or “Organization”) is a tax-exempt organization that coordinates financial assistance provided to high school seniors in Greenwich, CT generally for the student’s first year of higher education. Contributions are received from various sponsors such as corporations, foundations and individuals.

GSA awards its scholarships to any high school senior in a Greenwich public, private or parochial school who demonstrates financial need as determined by an independent service.

Basis of Presentation

The Organization follows accounting for not-for-profit organizations as outlined in professional standards. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Services

The value of contributed services generally does not fulfill the requirements for recognition in the financial statements. In addition, certain professionals volunteer their time and perform a variety of tasks that assist the Organization, but management has determined that it is not practicable to recognize this time as contributed services.

(Continued)

Notes to Financial Statements

(1) **Summary of Significant Accounting Policies (continued)**

Cash Equivalents and Concentration of Risk

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash equivalents.

Investments

Long-term investments are stated at fair market values. Dividend and interest income is recorded when earned. All unrealized and realized gains and losses on long-term investments are recorded as changes in unrestricted net assets in the statement of activities.

Income Taxes

The Organization is exempt from federal and state income taxes pursuant to the provisions of Section 501(c) (3) of the Internal Revenue Code and has been classified as other than a private foundation. Accordingly, no provision for income taxes is recorded in the financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if it has taken an uncertain position that more-likely-than-not would not be sustained upon examination by the applicable taxing authorities. Management has analyzed the tax positions, and has concluded that as of June 30, 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2014.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Notes to Financial Statements

(2) **Investments**

Investments consist of the following:

	2017		2016	
	Cost	Market Value	Cost	Market Value
Cash and Equivalents	\$ 85,505	86,644	113,912	116,749
TRAK Advisory Service	775,031	823,313	762,885	709,757
Corporate Fixed Income	194,765	198,613	216,885	218,419
Government Securities	90,379	93,125	103,325	108,726
	\$ 1,145,680	1,201,695	1,197,007	1,153,651

The Organization adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, which, among other things, defines fair value, establishes a hierarchal framework for measuring fair value and expands disclosure about fair value measurements. This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability, as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly with fair value being determined through the use of models or other valuation methodologies.

Level 3 Inputs are unobservable inputs for the asset or liability and are used to the extent that observable inputs do not exist. Level 3 inputs require significant management judgment and estimation. Factors considered include the purchase cost, prices of recent private placements of the same issuer, liquidity of the investment, changes in financial condition of the issuer, and valuations of similar companies.

TRAK Advisory Service is a mutual fund asset allocation program that offers a wide selection of asset allocations and mutual fund investment options, as well as optional features such as systematic rebalancing of accounts. The Organization retains investment discretion over its accounts.

The Organization values its investments in readily marketable securities using Level 1 Inputs.

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GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Notes to Financial Statements

(3) Endowment Funds

Endowment net asset composition as of June 30, 2017 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	767,669	151,184	\$ 918,853
Board designated	248,143	-	-	248,143
	<u>\$ 248,143</u>	<u>767,669</u>	<u>151,184</u>	<u>\$ 1,166,996</u>

Changes in endowment net assets as of June 30, 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets-beginning of year	\$ 164,072	725,137	138,665	\$ 1,027,874
Net investment income	26,209	77,545	18,019	121,773
Contributions and gift income	284,157	249,900	-	534,057
Allocations and other	286,528	(281,528)	(5,000)	-
Investment fees	(1,144)	(3,385)	(500)	(5,029)
Program and general expenses	(511,679)	-	-	(511,679)
Endowment net assets-end of year	<u>\$ 248,143</u>	<u>767,669</u>	<u>151,184</u>	<u>\$ 1,166,996</u>

Reported as:

Investments	<u>\$ 1,166,996</u>
Total	<u>1,166,996</u>
Unrestricted	248,143
Temporarily restricted	767,669
Permanently restricted	151,184
Total	<u>\$ 1,166,996</u>

The FASB issued staff position ASC 958-205 *Endowments of Not-For-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for all Endowment Funds*. This staff position provides accounting standards on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). ASC 958-205 also provides for other disclosures concerning an organization’s endowment funds and whether or not the organization is subject to UPMIFA.

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GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Notes to Financial Statements

(3) **Endowment Funds (continued)**

The State of Connecticut adopted its version of UPMIFA, which became effective October 1, 2007. Prior to the issuance of ASC 958-205, accumulated gains and income on donor restricted endowment assets were classified as unrestricted net assets. Currently, accumulated gains and income on donor-restricted endowment assets of perpetual duration are classified as temporarily restricted net assets until appropriated for expenditure.

(4) **Restricted Net Assets**

Temporarily restricted net assets as of June 30, 2017 consist of monies to be used in connection with the awarding of certain specified scholarships. The balance in temporarily restricted net assets as of June 30, 2017 was approximately \$767,700.

Permanently restricted net assets as of June 30, 2017 consist of monies to be used in connection with the awarding of certain specified scholarships. The balance in permanently restricted net assets as of June 30, 2017 was approximately \$151,200.

(5) **Relationship with Fairfield County Community Foundation**

Prior to recognition as a tax-exempt entity, GSA operated as a component unit of the Greenwich Foundation for Community Gifts (Foundation), a qualified 501(c)(3) organization. The Foundation merged into the newly formed Fairfield County Community Foundation, Inc. (FCCF), also a qualified 501(c)(3) organization.

FCCF's funds include a number of designated funds which GSA receives annual distributions based upon FCCF's spending policy. These funds are designated mainly for scholarship purposes. GSA does not control the funds at FCCF nor may GSA access principal. Because FCCF retains variance powers, these funds do not qualify for reporting as promises to give or net assets of GSA. The balance of these investments as of June 30, 2017 was approximately \$5,990,300.

(6) **Subsequent Events**

Subsequent events have been evaluated through December 18, 2017, which is the date the financial statements were available to be issued.

(7) **Implementation of Future FASB Pronouncements**

The FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), in August 2016. Several changes to nonprofit financial reporting include:

(Continued)

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Notes to Financial Statements

(7) **Implementation of Future FASB Pronouncements (continued)**

- Improvements to the presentation and disclosures for net assets classes from the previous three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) to two classes (without donor restrictions and with donor restrictions).
- Allowing free choice between the direct and indirect methods in presenting cash flows.
- Providing better information about functional expenses and disclosures about how expenses are allocated to management and general.
- Augmenting disclosures on underwater endowment funds.
- Unifying the reporting of investment returns.
- Enhancements to information provided about the liquidity and availability of financial resources.

The new standard aims to improve reporting the liquidity and availability of resources. Qualitative information will be required to be disclosed on how the organization manages its liquid available resources and its liquidity risk to meet cash needs for general expenditures within one year of the year-end date.

The goal of this new ASU is to provide more useful information to the users of nonprofit financial statements to understand how the organization manages its liquidity. The ASU is effective for periods beginning after December 15, 2017.