



Solakian & Company, LLC

Certified Public Accountants

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GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Financial Statements

Years ended June 30, 2018 and 2017

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

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Years ended June 30, 2018 and 2017

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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, 2018 and 2017, 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

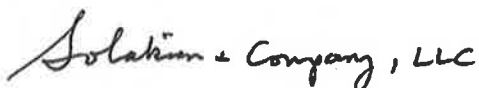
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2018 and 2017, 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.



December 18, 2018

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Statements of Financial Position

June 30, 2018 and 2017

<i>Assets</i>	<u>2018</u>	<u>2017</u>
Assets:		
Cash and equivalents	\$ 554,693	459,393
Investments	1,271,687	1,201,695
Specified scholarships and transfers receivable	<u>7,100</u>	<u>49,100</u>
	<u><u>\$ 1,833,480</u></u>	<u><u>1,710,188</u></u>
 <i>Liabilities and Net Assets</i> 		
Liabilities:		
Scholarships payable	\$ 519,130	508,474
Deferred scholarships payable	6,796	34,642
Accounts payable	4,430	76
Total liabilities	<u><u>530,356</u></u>	<u><u>543,192</u></u>
 Net assets:		
Without donor restrictions	265,225	248,143
With donor restrictions	<u>1,037,899</u>	<u>918,853</u>
Total net assets	<u><u>1,303,124</u></u>	<u><u>1,166,996</u></u>
	<u><u>\$ 1,833,480</u></u>	<u><u>1,710,188</u></u>

See accompanying notes to financial statements.

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Statements of Activities

Years ended June 30, 2018 and 2017

	2018		2017	
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions
Revenues:		Total		Total
Specified scholarship income	\$ -	237,190	-	240,280
Contributions-foundations	207,466	207,466	207,589	207,589
Net investment return	13,358	69,990	25,065	116,744
Deferred scholarships cancelled	35,892	35,892	45,018	45,018
Renewable scholarship income	10,000	10,000	31,550	31,550
Contributions to principal	-	107,485	-	9,620
Other contributions	77	77.00	-	-
Net assets released from restrictions	282,261	(282,261)	286,528	(286,528)
Total revenues	549,054	668,100	595,750	650,801
Program expenses:				
Specific scholarships	299,090	299,090	240,280	240,280
General scholarships	145,125	145,125	179,575	179,575
Endowment scholarships	49,800	49,800	43,750	43,750
Renewable scholarships	25,000	25,000	36,000	36,000
Total program expenses	519,015	519,015	499,605	499,605
Management and general expenses:				
Administrative expenses	12,957	12,957	12,074	12,074
Total management and general expenses	12,957	12,957	12,074	12,074
Total expenses	531,972	531,972	511,679	511,679
Change in net assets	17,082	136,128	84,071	139,122
Net assets – beginning of year	248,143	918,853	164,072	863,802
Net assets – end of year	\$ 265,225	1,037,899	248,143	1,166,996

See accompanying notes to financial statements.

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Statements of Cash Flows

Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 136,128	139,122
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized and realized losses (gains), net	(65,442)	(89,520)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Specified scholarships and transfers receivable	42,000	10,601
Increase (decrease) in:		
Scholarships payable	10,656	(55,957)
Deferred scholarships payable	(27,846)	(20,233)
Accounts payable	4,354	(770)
	<u>99,850</u>	<u>(16,757)</u>
Net cash provided by (used in) operating activities	99,850	(16,757)
Cash flows from investing activities:		
Redemption (purchase) of investments	<u>(4,550)</u>	<u>41,476</u>
Net increase in cash and equivalents	95,300	24,719
Cash and equivalents – beginning of year	<u>459,393</u>	<u>434,674</u>
Cash and equivalents – end of year	<u><u>\$ 554,693</u></u>	<u><u>459,393</u></u>

See accompanying notes to financial statements.

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2018 and 2017

(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.

Financial Statement Presentation

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

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

Contributions

Contributions are defined as voluntary, nonreciprocal transfers. Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Unrestricted contributions, and contributions that are restricted by the donor, for which the restriction expires in the year in which the contributions are recognized, are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, the restricted net assets are reclassified to net assets without donor restrictions.

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)

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

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, 2018, 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 2015.

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.

(Continued)

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Notes to Financial Statements

(2) **Investments**

Investments consist of the following:

	2018		2017	
	Cost	Market Value	Cost	Market Value
Cash and Equivalents	\$ 127,967	127,967	85,505	86,644
TRAK Advisory Service	801,269	887,978	775,031	823,313
Corporate Fixed Income	178,557	176,747	194,765	198,613
Government Securities	77,730	78,995	90,379	93,125
	\$ 1,185,523	1,271,687	1,145,680	1,201,695

The Organization adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, which, among other things, defines fair value, establishes a hierarchical 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.

(Continued)

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Notes to Financial Statements

(2) Endowment Funds

Endowment net asset composition as of June 30, 2018 is as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	1,037,899	\$ 1,037,899
Board designated	265,225	-	265,225
	<u>\$ 265,225</u>	<u>1,037,899</u>	<u>\$ 1,303,124</u>

Changes in endowment net assets as of June 30, 2018 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets-beginning of year	\$ 248,143	918,853	\$ 1,166,996
Net investment income	14,200	60,630	74,830
Contributions and gift income	253,435	344,675	598,110
Allocations and other	282,261	(282,261)	-
Investment fees	(842)	(3,998)	(4,840)
Program and general expenses	(531,972)	-	(531,972)
Endowment net assets-end of year	<u>\$ 265,225</u>	<u>1,037,899</u>	<u>\$ 1,303,124</u>

Reported as:

Investments	\$ <u>1,303,124</u>
Total	<u>1,303,124</u>
Unrestricted	265,225
Temporarily restricted	880,811
Permanently restricted	<u>157,088</u>
Total	<u>\$ 1,303,124</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

Net assets with donor restrictions as of June 30, 2018 consist of approximately \$1,037,900 to be used in connection with the awarding of certain specified scholarships.

(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, 2018 was approximately \$6,365,100.

(6) Subsequent Events

Subsequent events have been evaluated through December 18, 2018, which is the date the financial statements were available to be issued.

(7) Liquidity and Availability of Resources

The Organization has approximately \$562,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and equivalents of \$555,000 and scholarships receivable of \$7,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Organization has a goal to maintain financial assets, which consist of cash and equivalents and pledges and other receivables, on hand to meet annual operating expenses, which are, on average, approximately \$530,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments.

(Continued)

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Notes to Financial Statements

(8) Implementation of Future FASB Pronouncements

The FASB issued Accounting Standards Codification 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), effective for periods beginning after December 15, 2017. Several changes to nonprofit financial reporting include:

- 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.

Early application of the above changes is permitted, and the Organization has decided to implement them for the year ended June 30, 2018.