

The logo for Solakian & Company, LLC features a vertical line on the left and a horizontal line intersecting it, forming a cross-like shape. The text "Solakian & Company, LLC" is positioned to the right of the vertical line.

**Solakian & Company, LLC**

Certified Public Accountants

**Michael Solakian, CPA**

829 Bayshore Boulevard

Tampa, FL 33606 USA

[www.solakiancpa.com](http://www.solakiancpa.com)

**GREENWICH SCHOLARSHIP ASSOCIATION, INC.**

**Financial Statements**

**Years ended June 30, 2020 and 2019**

**GREENWICH SCHOLARSHIP ASSOCIATION, INC.**

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**Years ended June 30, 2020 and 2019**

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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, 2020 and 2019, 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, 2020 and 2019, 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 15, 2020

**GREENWICH SCHOLARSHIP ASSOCIATION, INC.**

**Statements of Financial Position**

**June 30, 2020 and 2019**

<i>Assets</i>	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
Cash and equivalents	\$ 136,898	497,963
Endowment donations receivable	22,000	500,110
Investments	1,867,191	1,345,830
Pass-through scholarships and transfers receivable	<u>3,000</u>	<u>22,450</u>
	<u>\$ 2,029,089</u>	<u>2,366,353</u>
<i>Liabilities and Net Assets</i>		
<b>Liabilities:</b>		
Scholarships payable	\$ 24,000	518,865
Deferred scholarships payable	42,210	32,726
Prefunded scholarships payable	24,853	-
Accounts payable	<u>364</u>	<u>2,534</u>
<b>Total liabilities</b>	<u>91,427</u>	<u>554,125</u>
<b>Net assets:</b>		
Without donor restrictions	843,971	253,124
With donor restrictions	<u>1,093,691</u>	<u>1,559,104</u>
<b>Total net assets</b>	<u>1,937,662</u>	<u>1,812,228</u>
	<u>\$ 2,029,089</u>	<u>2,366,353</u>

See accompanying notes to financial statements.

**GREENWICH SCHOLARSHIP ASSOCIATION, INC.**

**Statements of Activities**

**Years ended June 30, 2020 and 2019**

	2020			2019		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Revenues:</b>						
Contributions to principal	\$ -	84,525	84,525	-	530,020	530,020
Pass-through scholarship income	260,521	-	260,521	-	227,106	227,106
Contributions-foundations	216,341	-	216,341	200,153	-	200,153
Net investment return	5,811	39,738	45,549	9,270	40,173	49,443
Deferred scholarships cancelled	16,026	-	16,026	10,250	-	10,250
Renewable scholarship income	22,000	-	22,000	5,000	-	5,000
Net assets released from restrictions	589,676	(589,676)	-	276,094	(276,094)	-
<b>Total revenues</b>	<b>1,110,375</b>	<b>(465,413)</b>	<b>644,962</b>	<b>500,767</b>	<b>521,205</b>	<b>1,021,972</b>
<b>Program expenses:</b>						
Pass-through scholarships	437,953	-	437,953	426,625	-	426,625
Endowment scholarships	45,500	-	45,500	48,450	-	48,450
Renewable scholarships	22,000	-	22,000	26,000	-	26,000
<b>Total program expenses</b>	<b>505,453</b>	<b>-</b>	<b>505,453</b>	<b>501,075</b>	<b>-</b>	<b>501,075</b>
<b>Management and general expenses:</b>						
Administrative expenses	14,075	-	14,075	11,793	-	11,793
<b>Total management and general expenses</b>	<b>14,075</b>	<b>-</b>	<b>14,075</b>	<b>11,793</b>	<b>-</b>	<b>11,793</b>
<b>Total expenses</b>	<b>519,528</b>	<b>-</b>	<b>519,528</b>	<b>512,868</b>	<b>-</b>	<b>512,868</b>
<b>Change in net assets</b>	<b>590,847</b>	<b>(465,413)</b>	<b>125,434</b>	<b>(12,101)</b>	<b>521,205</b>	<b>509,104</b>
<b>Net assets – beginning of year</b>	<b>253,124</b>	<b>1,559,104</b>	<b>1,812,228</b>	<b>265,225</b>	<b>1,037,899</b>	<b>1,303,124</b>
<b>Net assets – end of year</b>	<b>\$ 843,971</b>	<b>1,093,691</b>	<b>1,937,662</b>	<b>253,124</b>	<b>1,559,104</b>	<b>1,812,228</b>

See accompanying notes to financial statements.

**GREENWICH SCHOLARSHIP ASSOCIATION, INC.**

**Statements of Cash Flows**

**Years ended June 30, 2020 and 2019**

	<u><b>2020</b></u>	<u><b>2019</b></u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 125,434	509,104
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized and realized losses (gains), net	(13,972)	(168,057)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Specified scholarships and transfers receivable	19,450	(15,350)
Endowment donations receivable	478,110	(500,110)
Increase (decrease) in:		
Scholarships payable	(494,865)	(265)
Deferred scholarships payable	9,484	25,930
Prefunded scholarships payable	24,853	-
Accounts payable	(2,170)	(1,896)
<b>Net cash provided by (used in) operating activities</b>	<u>146,324</u>	<u>(150,644)</u>
<b>Cash flows from investing activities:</b>		
Redemption (purchase) of investments	<u>(507,389)</u>	<u>93,914</u>
<b>Net decrease in cash and equivalents</b>	(361,065)	(56,730)
<b>Cash and equivalents – beginning of year</b>	<u>497,963</u>	<u>554,693</u>
<b>Cash and equivalents – end of year</b>	<u>\$ 136,898</u>	<u>497,963</u>

See accompanying notes to financial statements.

# GREENWICH SCHOLARSHIP ASSOCIATION, INC.

## Notes to Financial Statements

June 30, 2020 and 2019

### (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)

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, 2020, 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 2017.

***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.

***Subsequent Events***

Subsequent events have been evaluated through December 15, 2020, which is the date the financial statements were available to be issued.

(Continued)



**GREENWICH SCHOLARSHIP ASSOCIATION, INC.**

**Notes to Financial Statements**

(2) **Investments**

Investments consist of the following:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Cash and Equivalents	\$ 80,367	80,367	83,209	83,209
Exchange-traded and Closed-end Funds	1,546,356	1,512,037	920,832	978,134
Corporate Fixed Income	161,720	170,461	177,390	182,532
Government Securities	<u>98,599</u>	<u>104,326</u>	<u>98,821</u>	<u>101,955</u>
	<u>\$ 1,887,042</u>	<u>1,867,191</u>	<u>1,280,252</u>	<u>1,345,830</u>

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.

An exchange-traded fund (“ETF”) is an investment fund traded on stock exchanges, just like stocks. An ETF holds assets such as stocks, commodities, or bonds as well as generally operates with an arbitrage mechanism designed to keep it trading close to its net asset value, although deviations can occasionally take place. Most ETFs track an index, such as a stock index or bond index. A closed-end fund (“CEF”) is a combined investment model based on issuing a specified quantity of shares that are not redeemable from the fund. Unlike open-end funds, new shares in a closed-end fund are not created by managers to satisfy demand from traders

The Organization retains investment discretion over its accounts, and 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, 2020 is as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	1,093,691	\$ 1,093,691
Board designated	<u>843,971</u>	<u>-</u>	<u>843,971</u>
	<u>\$ 843,971</u>	<u>1,093,691</u>	<u>\$ 1,937,662</u>

Changes in endowment net assets as of June 30, 2020 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets-beginning of year	\$ 253,124	1,559,104	\$ 1,812,228
Net investment income	5,811	39,738	45,549
Contributions and gift income	519,380	84,525	603,905
Allocations and other	585,934	(585,934)	-
Investment fees	(750)	(3,742)	(4,492)
Program and general expenses	<u>(519,528)</u>	<u>-</u>	<u>(519,528)</u>
Endowment net assets-end of year	<u>\$ 843,971</u>	<u>1,093,691</u>	<u>\$ 1,937,662</u>

Reported as:

Investments	\$ <u>1,937,662</u>
Total	<u>1,937,662</u>
Without donor restrictions	843,971
With donor restrictions	<u>1,093,691</u>
Total	<u>\$ 1,937,662</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, 2020 consist of approximately \$1,093,700 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, 2020 was approximately \$5,973,200.

### (6) **Liquidity and Availability of Resources**

The Organization has approximately \$140,000 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 \$137,000 and scholarships receivable of \$3,000. 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 90 days of operating expenses, which are, on average, approximately \$135,000. 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)

Notes to Financial Statements

(7) **Future Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires entities to recognize all leased assets as assets on the statement of financial position with a corresponding liability. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. ASU 2016-02 is effective for nonpublic entities for the reporting period beginning after December 15, 2021. The Organization has not yet evaluated the impact of this statement.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The provisions of ASU 2018-08 are effective for years beginning after December 15, 2019. The Organization has not yet evaluated the impact of this statement.

(8) **Subsequent Events relating to COVID-19**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future operations, and management is actively monitoring the global situation.

The Organization's operations are dependent on private and public donations from individuals, foundations, and corporations. Additionally, access to grants and contracts from federal, state, and local governments may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. As such, the Organization's financial condition and liquidity may be negatively impacted in fiscal year 2021.