

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.

Solakian & Company, LLC

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GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Financial Statements

Years ended June 30, 2021 and 2020

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

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Years ended June 30, 2021 and 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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.



November 15, 2021

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Statements of Financial Position

June 30, 2021 and 2020

<i>Assets</i>	<u>2021</u>	<u>2020</u>
Assets:		
Cash and equivalents	\$ 680,114	136,898
Investments	2,465,763	1,867,191
Endowment donations receivable	-	22,000
Pass-through scholarships and transfers receivable	-	3,000
	<u>\$ 3,145,877</u>	<u>2,029,089</u>
<i>Liabilities and Net Assets</i>		
Liabilities:		
Scholarships payable	\$ 508,627	24,000
Deferred scholarships payable	63,160	42,210
Accounts payable	3,430	364
Prefunded scholarships payable	-	24,853
Total liabilities	<u>575,217</u>	<u>91,427</u>
Net assets:		
Without donor restrictions	1,127,127	843,971
With donor restrictions	1,443,533	1,093,691
Total net assets	<u>2,570,660</u>	<u>1,937,662</u>
	<u>\$ 3,145,877</u>	<u>2,029,089</u>

See accompanying notes to financial statements.

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Statements of Activities

Years ended June 30, 2021 and 2020

	2021			2020		
	<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>
Revenues:						
Net investment return	\$ 412,239	50,235	462,474	5,811	39,738	45,549
Contributions-foundations and other	265,098	-	265,098	216,341	-	216,341
Pass-through scholarship income	238,125	-	238,125	260,521	-	260,521
Contributions to principal	-	195,563	195,563	-	84,525	84,525
Deferred scholarships cancelled	-	-	-	16,026	-	16,026
Renewable scholarship income	-	-	-	22,000	-	22,000
Net assets released from restrictions	(104,044)	104,044	-	589,676	(589,676)	-
Total revenues	<u>811,418</u>	<u>349,842</u>	<u>1,161,260</u>	<u>1,110,375</u>	<u>(465,413)</u>	<u>644,962</u>
Program expenses:						
Pass-through scholarships	506,104	-	506,104	437,953	-	437,953
Endowment scholarships	-	-	-	45,500	-	45,500
Renewable scholarships	-	-	-	22,000	-	22,000
Total program expenses	<u>506,104</u>	<u>-</u>	<u>506,104</u>	<u>505,453</u>	<u>-</u>	<u>505,453</u>
Management and general expenses:						
Administrative expenses	22,158	-	22,158	14,075	-	14,075
Total management and general expenses	<u>22,158</u>	<u>-</u>	<u>22,158</u>	<u>14,075</u>	<u>-</u>	<u>14,075</u>
Total expenses	<u>528,262</u>	<u>-</u>	<u>528,262</u>	<u>519,528</u>	<u>-</u>	<u>519,528</u>
Change in net assets	283,156	349,842	632,998	590,847	(465,413)	125,434
Net assets – beginning of year	<u>843,971</u>	<u>1,093,691</u>	<u>1,937,662</u>	<u>253,124</u>	<u>1,559,104</u>	<u>1,812,228</u>
Net assets – end of year	<u>\$ <u>1,127,127</u></u>	<u><u>1,443,533</u></u>	<u><u>2,570,660</u></u>	<u><u>843,971</u></u>	<u><u>1,093,691</u></u>	<u><u>1,937,662</u></u>

See accompanying notes to financial statements.

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Statements of Cash Flows

Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 632,998	125,434
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized and realized losses (gains), net	(373,757)	(13,972)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Specified scholarships and transfers receivable	3,000	19,450
Endowment donations receivable	(598,572)	478,110
Increase (decrease) in:		
Scholarships payable	484,627	(494,865)
Deferred scholarships payable	20,950	9,484
Prefunded scholarships payable	(24,853)	24,853
Accounts payable	3,066	(2,170)
	<u>147,459</u>	<u>146,324</u>
Net cash provided by operating activities	147,459	146,324
Cash flows from investing activities:		
Redemption (purchase) of investments	<u>395,757</u>	<u>(507,389)</u>
Net increase (decrease) in cash and equivalents	543,216	(361,065)
Cash and equivalents – beginning of year	<u>136,898</u>	<u>497,963</u>
Cash and equivalents – end of year	<u><u>\$ 680,114</u></u>	<u><u>136,898</u></u>

See accompanying notes to financial statements.

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2021 and 2020

(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, 2021, 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 2018.

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 November 15, 2021, 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>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Cash and Equivalents	\$ 121,693	121,693	80,367	80,367
Exchange-traded and Closed-end Funds	1,809,024	2,188,254	1,546,356	1,512,037
Corporate Fixed Income	110,683	117,691	161,720	170,461
Government Securities	<u>36,205</u>	<u>38,125</u>	<u>98,599</u>	<u>104,326</u>
	<u>\$ 2,077,605</u>	<u>2,465,763</u>	<u>1,887,042</u>	<u>1,867,191</u>

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.

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 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.

(Continued)

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Notes to Financial Statements

(3) Endowment Funds

Endowment net asset composition as of June 30, 2021 is as follows:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	1,443,533	\$ 1,443,533
Board designated	1,127,127	-	1,127,127
	\$ 1,127,127	1,443,533	\$ 2,570,660

Changes in endowment net assets as of June 30, 2021 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets-beginning of year	\$ 843,971	1,093,691	\$ 1,937,662
Net investment income	244,345	218,129	462,474
Contributions and gift income	503,223	195,563	698,786
Allocations and other	63,850	(63,850)	-
Program and general expenses	(528,262)	-	(528,262)
Endowment net assets-end of year	\$ 1,127,127	1,443,533	\$ 2,570,660

Reported as:

Investments	\$ 2,465,763
Cash	104,897
Total	2,570,660
Without donor restrictions	1,127,127
With donor restrictions	1,443,533
Total	\$ 2,570,660

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.

(Continued)

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, 2021 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 \$7,390,800.

(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) **Adoption and Future Accounting Pronouncements**

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. generally accepted accounting principles. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective July 1, 2020 using the full retrospective method. The adoption of this ASU did not have a significant impact on the Organization's financial statements, and no changes were required to previously reported revenues.

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 adopted the standard effective July 1, 2020 and it did not have a significant impact on the financial statements, and no changes were required to previously reported revenues.

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 periods beginning after December 15, 2021. The Organization has not yet evaluated the impact of this statement.

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

In March 2020, the World Health Organization 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.

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, its financial condition and liquidity may be negatively impacted in fiscal year 2022.