GREENWICH SCHOLARSHIP ASSOCIATION

Financial Statements

Years ended June 30, 2022 and 2021

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

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Years ended June 30, 2022 and 2021

Solakian & Company, LLC
Certified Public Accountants

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Independent Auditor's Report

To the Board of Directors
Greenwich Scholarship Association, Inc.

Opinion

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, 2022 and 2021, and the related statements of activities, 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 ***Greenwich Scholarship Association, Inc.*** as of June 30, 2022 and 2021, and the results of its operations 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 audit 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 ***Greenwich Scholarship Association, 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 the 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 ***Greenwich Scholarship Association, Inc.'s*** ability to continue as a going concern within one year after the date that 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 from 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 risk 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement 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.

- 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 ***Greenwich Scholarship Association, 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 evaluate 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 ***Greenwich Scholarship Association, 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.

Solakian & Company, LLC

September 30, 2022

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Statements of Financial Position

June 30, 2022 and 2021

Assets	**2022**	**2021**
Assets:		
Cash and equivalents	$ 761,717	680,114
Investments	2,782,510	2,465,763
	$ 3,544,227	3,145,877
Liabilities and Net Assets		
Liabilities:		
Scholarships payable	$ 490,950	508,627
Deferred and prefunded scholarships payable	73,378	63,160
Accounts payable	-	3,430
Total liabilities	564,328	575,217
Net assets:		
Without donor restrictions	1,561,449	1,127,127
With donor restrictions	1,418,450	1,443,533
Total net assets	2,979,899	2,570,660
	$ 3,544,227	3,145,877

See accompanying notes to financial statements.

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Statements of Activities

Years ended June 30, 2022 and 2021

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues:						
Contributions-foundations and other	$ 865,711	-	865,711	265,098	-	265,098
Contributions to principal	-	263,758	263,758	-	195,563	195,563
Pass-through scholarship income	209,858	-	209,858	238,125	-	238,125
Deferred scholarships cancelled	24,516	-	24,516	-	-	-
Net investment return	(192,806)	(246,930)	(439,736)	244,345	218,129	462,474
Net assets released from restrictions	41,911	(41,911)	-	63,850	(63,850)	-
Total revenues	949,190	(25,083)	924,107	811,418	349,842	1,161,260
Program expenses:						
Pass-through scholarships	496,450	-	496,450	506,104	-	506,104
Total program expenses	496,450	-	496,450	506,104	-	506,104
Management and general expenses:						
Administrative expenses	18,418	-	18,418	22,158	-	22,158
Total management and general expenses	18,418	-	18,418	22,158	-	22,158
Total expenses	514,868	-	514,868	528,262	-	528,262
Change in net assets	434,322	(25,083)	409,239	283,156	349,842	632,998
Net assets – beginning of year	1,127,127	1,443,533	2,570,660	843,971	1,093,691	1,937,662
Net assets – end of year	$ 1,561,449	1,418,450	2,979,899	1,127,127	1,443,533	2,570,660

See accompanying notes to financial statements.

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Statements of Cash Flows

Years ended June 30, 2022 and 2021

		2022	2021
Cash flows from operating activities:			
Change in net assets	$	409,239	632,998
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Unrealized and realized losses (gains), net		495,548	(419,366)
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Specified scholarships and transfers receivable		-	3,000
Endowment donations receivable		(316,747)	(598,572)
Increase (decrease) in:			
Scholarships payable		(17,677)	484,627
Deferred scholarships payable		10,218	20,950
Prefunded scholarships payable		-	(24,853)
Accounts payable		(3,430)	3,066
Net cash provided by operating activities		577,151	101,850
Cash flows from investing activities:			
Redemption (purchase) of investments		(495,548)	441,366
Net increase in cash and equivalents		81,603	543,216
Cash and equivalents – beginning of year		680,114	136,898
Cash and equivalents – end of year	$	761,717	680,114

See accompanying notes to financial statements.

(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.

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(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, 2022, 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 2019.

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.

Functional Expense Allocation

The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among program and management and general as applicable.

The financial statements report certain categories of expenses such as scholarships and administrative expnses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

(Continued)

(2) **Investments**

Investments consist of the following:

	2022		2021	
	Cost	Market Value	Cost	Market Value
Cash and Equivalents	$ 92,695	92,988	121,693	121,693
Exchange-traded and Closed-end Funds	2,657,477	2,571,340	1,809,024	2,188,254
Corporate Fixed Income	110,309	110,232	110,683	117,691
Government Securities	7,177	8,219	36,205	38,125
	$ 2,867,658	2,782,509	2,077,605	2,465,763

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.

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(3) **Endowment Funds**

Endowment net asset composition as of June 30, 2022 is as follows:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$ -	1,418,450	$ 1,418,450
Board designated	1,561,449	-	1,561,449
	$ 1,561,449	1,418,450	$ 2,979,899

Changes in endowment net assets as of June 30, 2022 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets-beginning of year	$ 1,127,127	1,443,533	$ 2,570,660
Net investment income (loss)	(192,806)	(246,930)	(439,736)
Contributions and gift income	1,100,085	263,758	1,363,843
Allocations and other	41,911	(41,911)	-
Program and general expenses	(514,868)	-	(514,868)
Endowment net assets-end of year	$ 1,561,449	1,418,450	$ 2,979,899

Reported as:	
Investments	$ 2,465,763
Cash	514,136
Total	2,979,899
Without donor restrictions	1,561,449
With donor restrictions	1,418,450
Total	$ 2,979,899

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

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*. ASC 958-205 provides accounting standards on the net asset classification of donor-restricted endowment funds for organizations 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.

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, 2022 consist of approximately $1,418,500 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.

GSA receives annual distributions from a number of designated funds 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, 2022 was approximately $6,540,600.

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

The Organization has approximately $762,000 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 $762,000. 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 $515,000. 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)

(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) Date through Which Subsequent Events Have Been Evaluated

Subsequent events have been evaluated through September 30, 2022, which is the date the financial statements were available to be issued.