

GREENWICH **SCHOLARSHIP ASSOCIATION**

Financial Statements

Years ended June 30, 2023 and 2022

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Table of Contents

Years ended June 30, 2023 and 2022

	<u>Index</u>
Independent Auditor's Report	
Statements of Financial Position	1
Statements of Activities	2
Statements of Cash Flows	3
Notes to Financial Statements	4 - 9

Independent Auditor's Report

To the Board of Directors of
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, 2023 and 2022, 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, 2023 and 2022, 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.

Solution + Company, LLC

October 31, 2023

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Statements of Financial Position

June 30, 2023 and 2022

<i>Assets</i>	<u>2023</u>	<u>2022</u>
Assets:		
Cash and equivalents	\$ 704,798	761,717
Investments	4,510,004	2,782,510
Pass-through and renewable scholarships receivable	<u>16,500</u>	<u>-</u>
	<u>\$ 5,231,302</u>	<u>3,544,227</u>
<i>Liabilities and Net Assets</i>		
Liabilities:		
Scholarships payable	\$ 454,994	490,950
Deferred and prefunded scholarships payable	<u>226,698</u>	<u>73,378</u>
Total liabilities	<u>681,692</u>	<u>564,328</u>
Net assets:		
Without donor restrictions	1,219,364	1,561,449
With donor restrictions	<u>3,330,246</u>	<u>1,418,450</u>
Total net assets	<u>4,549,610</u>	<u>2,979,899</u>
	<u>\$ 5,231,302</u>	<u>3,544,227</u>

See accompanying notes to financial statements.

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Statements of Activities

Years ended June 30, 2023 and 2022

	2023			2022		
	<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:						
Contributions to principal	-	1,135,826	1,135,826	-	263,758	263,758
Contributions-foundations and other	\$ 115,156	256,195	371,351	865,711	-	865,711
Net investment return	144,995	198,519	343,514	(192,806)	(246,930)	(439,736)
Pass-through and renewable scholarship income	-	286,218	286,218	209,858	-	209,858
Deferred scholarships cancelled	-	35,038	35,038	24,516	-	24,516
Net assets released from restrictions	-	-	-	41,911	(41,911)	-
Total revenues	260,151	1,911,796	2,171,947	949,190	(25,083)	924,107
Program expenses:						
Pass-through and renewable scholarships	557,004	-	557,004	496,450	-	496,450
Total program expenses	557,004	-	557,004	496,450	-	496,450
Management and general expenses:						
Administrative expenses	45,232	-	45,232	18,418	-	18,418
Total management and general expenses	45,232	-	45,232	18,418	-	18,418
Total expenses	602,236	-	602,236	514,868	-	514,868
Change in net assets	(342,085)	1,911,796	1,569,711	434,322	(25,083)	409,239
Net assets – beginning of year	1,561,449	1,418,450	2,979,899	1,127,127	1,443,533	2,570,660
Net assets – end of year	\$ 1,219,364	3,330,246	4,549,610	1,561,449	1,418,450	2,979,899

See accompanying notes to financial statements.

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Statements of Cash Flows

Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,569,711	409,239
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized and realized losses (gains), net	(285,053)	495,548
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Pass-through and renewable scholarships receivable	(16,500)	-
Endowment donations receivable	-	(316,747)
Increase (decrease) in:		
Scholarships payable	(35,956)	(17,677)
Deferred scholarships payable	153,320	10,218
Accounts payable	-	(3,430)
	<u>1,385,522</u>	<u>577,151</u>
Net cash provided by operating activities	1,385,522	577,151
Cash flows from investing activities:		
Redemption (purchase) of investments	<u>(1,442,441)</u>	<u>(495,548)</u>
Net increase (decrease) in cash and equivalents	(56,919)	81,603
Cash and equivalents – beginning of year	<u>761,717</u>	<u>680,114</u>
Cash and equivalents – end of year	<u><u>\$ 704,798</u></u>	<u><u>761,717</u></u>

See accompanying notes to financial statements.

GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Notes to Financial Statements

June 30, 2023 and 2022

(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, 2023, 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 2020.

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 expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

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GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Notes to Financial Statements

(2) **Investments**

Investments consist of the following:

	2023		2022	
	Cost	Market Value	Cost	Market Value
Cash and Equivalents	\$ 135,864	132,734	92,695	92,988
Exchange-traded and Closed-end Funds	4,131,411	4,320,728	2,657,477	2,571,340
Corporate Fixed Income	50,088	48,581	110,309	110,232
Government Securities	8,256	7,961	7,177	8,219
	\$ 4,325,619	4,510,004	2,867,658	2,782,509

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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GREENWICH SCHOLARSHIP ASSOCIATION, INC.

Notes to Financial Statements

(3) Endowment Funds

Endowment net asset composition as of June 30, 2023 is as follows:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	3,330,246	\$ 3,330,246
Board designated	1,219,364	-	1,219,364
	\$ 1,219,364	3,330,246	\$ 4,549,610

Changes in endowment net assets as of June 30, 2023 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets-beginning of year	\$ 1,561,449	1,418,450	\$ 2,979,899
Net investment income (loss)	144,995	198,519	343,514
Contributions and gift income	216,156	1,713,277	1,929,433
Allocations and other	(101,000)	-	-
Program and general expenses	(602,236)	-	(602,236)
Endowment net assets-end of year	\$ 1,219,364	3,330,246	\$ 4,650,610

Reported as:

Investments	\$ 2,782,510
Cash	1,767,100
Total	4,549,610
Without donor restrictions	1,219,364
With donor restrictions	3,330,246
Total	\$ 4,549,610

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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Notes to Financial Statements

(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, 2023 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, 2023 was approximately \$6,763,400.

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

The Organization has approximately \$705,000 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 \$705,000. 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 \$600,000. 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.

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Notes to Financial Statements

(7) **Adoption of 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 periods beginning after December 15, 2021. The Organization does not have any long-term leases that are impacted by this statement.

(8) **Date through Which Subsequent Events Have Been Evaluated**

Subsequent events have been evaluated through October 31, 2023, which is the date the financial statements were available to be issued.