

**THE SCHOLARSHIP FUND FOR
INNER-CITY CHILDREN**

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021



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THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN

JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Scholarship Fund for Inner-City Children
Newark, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Scholarship Fund for Inner-City Children, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 The Scholarship Fund for Inner-City Children as of June 30, 2022, and the results of its operations and its cash flow for the year 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 (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of The Scholarship for Inner-City Children 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.

Other Matter

The financial statements as of June 30, 2021, were audited by Sobel & Co., LLC, whose partners and staff joined CliftonLarsonAllen LLP as of February 1, 2023, and has subsequently ceased operations. Sobel & Co., LLC's report dated December 7, 2022, expressed an unmodified opinion on those financial statements.

Responsibilities of Management 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 misstatements, 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 The Scholarship for Inner-City Children's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 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 GAAS, 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 The Scholarship Fund for Inner-City Children'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 The Scholarship Fund for Inner-City Children'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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Livingston, New Jersey
May 24, 2023

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 1,828,485	\$ 1,774,385
Contributions receivable, net	353,675	424,739
Investments	3,844,171	3,472,537
Other assets	-	53,090
	<hr/>	<hr/>
Total Assets	\$ 6,026,331	\$ 5,724,751
	<hr/>	<hr/>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 70,366	\$ 50,952
Deferred revenue	-	201,850
Other long-term liabilities	18,828	22,828
	<hr/>	<hr/>
Total Liabilities	89,194	275,630
	<hr/>	<hr/>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions:		
Operations	1,195,096	1,202,733
Board-designated	773,826	-
	<hr/>	<hr/>
Total Net Assets Without Donor Restrictions	1,968,922	1,202,733
With donor restrictions:		
Restricted in perpetuity - endowments	1,585,043	1,585,943
Restricted for purpose or time	2,383,172	2,660,445
	<hr/>	<hr/>
Total Net Assets With Donor Restrictions	3,968,215	4,246,388
	<hr/>	<hr/>
Total Net Assets	5,937,137	5,449,121
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 6,026,331	\$ 5,724,751
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The accompanying notes are an integral part of these financial statements.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Contributions:			
Unrestricted	\$ 1,977,910	\$ -	\$ 1,977,910
Restricted:			
Frazza Family Scholarship Fund	-	323,242	323,242
Jeanne-Marie La Blanc Scholarship	-	39,858	39,858
Michael and Julie O'Brien Scholarship Fund	-	20,000	20,000
O'Toole Family Scholarship Fund	-	15,000	15,000
St. Catherine of Siena Scholarship Fund	-	9,596	9,596
Richard A. and Jeanne B. Shiels Scholarship	-	60	60
Jean M. Boyle Memorial Scholarship	-	100	100
U.S. Space Camp Scholarship	-	14,000	14,000
RCAN restricted donations	-	150,000	150,000
Cardinal Tobin Scholarship Fund	-	25,000	25,000
Restricted donations for scholarships	-	295,499	295,499
Award dinner, net of direct expenses	973,923	-	973,923
Basketball fundraising, net of direct expenses	82,697	-	82,697
Donated space	14,340	-	14,340
Application fees	59,250	-	59,250
Investment income	31,795	123,853	155,648
Net realized and unrealized loss on investments	-	(137,374)	(137,374)
Net assets released from restrictions	1,157,007	(1,157,007)	-
Total Support and Revenue	<u>4,296,922</u>	<u>(278,173)</u>	<u>4,018,749</u>
EXPENSES:			
Scholarship awards:			
Fund scholarships	1,262,448	-	1,262,448
Grassman Trust Endowment Fund	14,000	-	14,000
Jean M. Boyle Memorial Scholarship	3,000	-	3,000
Union Foundation Scholarship Fund	12,000	-	12,000
Cunningham Scholarship	24,000	-	24,000
Robert M. Kossick Scholarship	8,000	-	8,000
Rohwetter Scholarship	8,000	-	8,000
Robert E. Rossel Scholarship	12,000	-	12,000
Albert and Bertha Gamper Scholarship	94,000	-	94,000
William Randolph Hearst Foundation Scholarship	18,000	-	18,000
Anne E. Whittington Memorial Scholarship	5,000	-	5,000
Frazza Family Scholarship Fund	295,000	-	295,000
John F. Taranta, Jr. Memorial Scholarship Fund	158,000	-	158,000
Michael and Julie O'Brien Family Scholarship Fund	23,000	-	23,000
O'Toole Family Scholarship Fund	30,000	-	30,000
St. Catherine of Siena Scholarship	89,700	-	89,700
U.S. Space Camp Scholarship	13,627	-	13,627
Richard A. and Jeanne B. Shiels Scholarship	1,200	-	1,200
Restricted gifts - various	182,210	-	182,210
Total Scholarship Awards	<u>2,253,185</u>	<u>-</u>	<u>2,253,185</u>
Program services	613,704	-	613,704
General and administrative	168,774	-	168,774
Fundraising	495,070	-	495,070
Total Expenses	<u>3,530,733</u>	<u>-</u>	<u>3,530,733</u>
CHANGES IN NET ASSETS	766,189	(278,173)	488,016
NET ASSETS, beginning of year	<u>1,202,733</u>	<u>4,246,388</u>	<u>5,449,121</u>
NET ASSETS, end of year	<u>\$ 1,968,922</u>	<u>\$ 3,968,215</u>	<u>\$ 5,937,137</u>

The accompanying notes are an integral part of these financial statements.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Contributions:			
Unrestricted	\$ 1,764,771	\$ -	\$ 1,764,771
Restricted:			
Frazza Family Scholarship Fund	-	250,000	250,000
O'Toole Family Scholarship Fund	-	45,000	45,000
St. Catherine of Siena Scholarship Fund	-	11,119	11,119
U.S. Space Camp Scholarship	-	20,000	20,000
Richard A. and Jeanne B. Shiels Scholarship	-	180	180
Jean M. Boyle Memorial Scholarship	-	1,000	1,000
RCAN restricted donations	-	150,000	150,000
Restricted donations for scholarships	-	220,200	220,200
Award dinner, net of direct expenses	183,727	-	183,727
Basketball fundraising, net of direct expenses	100,823	-	100,823
Donated space	14,340	-	14,340
Application fees	52,260	-	52,260
Investment income	19,143	100,875	120,018
Net realized and unrealized gain (loss) on investments	397	585,959	586,356
Net assets released from restrictions	1,043,003	(1,043,003)	-
Total Support and Revenue	<u>3,178,464</u>	<u>341,330</u>	<u>3,519,794</u>
EXPENSES:			
Scholarship awards:			
Fund scholarships	917,500	-	917,500
Grassman Trust Endowment Fund	30,000	-	30,000
Jean M. Boyle Memorial Scholarship	3,000	-	3,000
Union Foundation Scholarship Fund	12,000	-	12,000
Cunningham Scholarship	29,000	-	29,000
Robert M. Kossick Scholarship	8,000	-	8,000
Rohwetter Scholarship	8,000	-	8,000
Robert E. Rossel Scholarship	12,000	-	12,000
Albert and Bertha Gamper Scholarship	97,000	-	97,000
William Randolph Hearst Foundation Scholarship	21,000	-	21,000
Anne E. Whittington Memorial Scholarship	5,000	-	5,000
Frazza Family Scholarship Fund	251,000	-	251,000
Michael and Julie O'Brien Family Scholarship Fund	20,500	-	20,500
O'Toole Family Scholarship Fund	30,000	-	30,000
St. Catherine of Siena Scholarship	88,000	-	88,000
U.S. Space Camp Scholarship	19,053	-	19,053
Richard A. and Jeanne B. Shiels Scholarship	1,200	-	1,200
Richard J. Morgan Scholarship Fund	11,500	-	11,500
Restricted gifts - various	197,200	-	197,200
Total Scholarship Awards	<u>1,760,953</u>	<u>-</u>	<u>1,760,953</u>
Program services	545,859	-	545,859
General and administrative	181,701	-	181,701
Fundraising	385,400	-	385,400
Total Expenses	<u>2,873,913</u>	<u>-</u>	<u>2,873,913</u>
CHANGES IN NET ASSETS	304,551	341,330	645,881
NET ASSETS, beginning of year	<u>898,182</u>	<u>3,905,058</u>	<u>4,803,240</u>
NET ASSETS, end of year	<u>\$ 1,202,733</u>	<u>\$ 4,246,388</u>	<u>\$ 5,449,121</u>

The accompanying notes are an integral part of these financial statements.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended June 30, 2022				Year Ended June 30, 2021			
	Supporting Services				Supporting Services			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Scholarship awards	\$ 2,441,485	\$ -	\$ -	\$ 2,441,485	\$ 1,960,953	\$ -	\$ -	\$ 1,960,953
Payroll and payroll taxes	252,844	82,900	244,553	580,297	220,068	74,435	223,303	517,806
Employee benefits	96,472	31,630	93,310	221,412	63,889	21,610	64,829	150,328
Travel	-	1,653	-	1,653	-	629	-	629
Professional fees	13,321	30,368	12,884	56,573	7,844	51,973	7,960	67,777
Postage and printing	3,770	-	3,770	7,540	3,255	-	3,255	6,510
Telephone	3,286	1,077	3,179	7,542	2,788	943	2,828	6,559
Insurance	5,105	1,674	4,937	11,716	4,158	1,406	4,220	9,784
Rent	6,248	2,049	6,043	14,340	6,618	2,238	6,715	15,571
Computer	2,092	686	2,024	4,802	1,471	498	1,492	3,461
Meetings and meals	4,005	-	4,005	8,010	2,145	-	2,145	4,290
Office supplies	-	11,025	-	11,025	-	11,403	865	12,268
Program and special event costs	37,087	4,088	120,365	161,540	33,153	9,900	67,788	110,841
Miscellaneous	1,174	1,624	-	2,798	470	6,666	-	7,136
Total Expenses	\$ 2,866,889	\$ 168,774	\$ 495,070	\$ 3,530,733	\$ 2,306,812	\$ 181,701	\$ 385,400	\$ 2,873,913

The accompanying notes are an integral part of these financial statements.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2022	2021
CASH FLOWS PROVIDED BY:		
<u>OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 488,016	\$ 645,881
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Change in provision for discount on contributions receivable	(9,596)	(11,119)
Net realized and unrealized loss (gain) on investments	137,374	(586,356)
Refundable advance - Paycheck Protection Program Loan	-	(87,500)
Changes in certain assets and liabilities:		
Contributions receivable	80,660	295,000
Other assets	53,090	(12,745)
Accounts payable and accrued expenses	19,414	(30,806)
Deferred revenue	(201,850)	109,950
Other long-term liabilities	(4,000)	(4,000)
Net Cash Provided by Operating Activities	<u>563,108</u>	<u>318,305</u>
<u>INVESTING ACTIVITIES:</u>		
Proceeds from sales of investments	301,000	300,000
Purchases of investments	(810,008)	(6,070)
Net Cash (Used for) Provided by Investing Activities	<u>(509,008)</u>	<u>293,930</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	54,100	612,235
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>1,774,385</u>	<u>1,162,150</u>
End of year	<u><u>\$ 1,828,485</u></u>	<u><u>\$ 1,774,385</u></u>

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 1 - NATURE OF ACTIVITIES:

The Scholarship Fund for Inner-City Children (“Fund”) is a not-for-profit corporation organized under the laws of the state of New Jersey. The principal purpose of the Fund is to solicit donations and provide Catholic and other private-school scholarships for needy elementary and high school students within the geographical boundaries of the Roman Catholic Archdiocese of Newark and to support private education with donor-restricted gifts to individual school programs and for faculty development purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation:

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Fund and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Fund and/or the passage of time, and other net assets subject to donor-imposed stipulations that they be maintained permanently by the Fund. Generally, the donors of these assets permit the Fund to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Cash and Cash Equivalents:

Cash and cash equivalents are defined as cash balances held in bank accounts, including deposits in the Archdiocese of Newark Investment Management Program (“IMP”), and short-term investments held by the Fund for operating use with original maturities of three months or less from the date of purchase, except for those cash equivalents which are included in the Fund’s investment portfolio, which are held for long-term investment purposes.

Contributions Receivable:

The Fund recognizes contributions into revenue when received, including those received in the form of unconditional promises to give (“pledges”). Contributions receivable are reported in the statements of financial position net of any necessary allowance of uncollectible amounts and unamortized discounts related to multiyear pledges. The Fund utilizes the reserve method of accounting for uncollectible pledges. The reserve is based on historical experience and management’s evaluation of outstanding contributions receivable at the end of each year. At June 30, 2022 and 2021, management determined an allowance was not necessary.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Investments:

Investments in equity securities are reported at fair value based on quoted market values as of the reporting date with gains and losses (if any) presented in the statements of activities and changes in net assets. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are determined based on average cost method and are recorded in the statements of activities and changes in net assets in the period in which the securities are sold. Dividends and interest are recognized as earned. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Fair Value Measurements:

Fair value measurements are defined as the amount 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. There are three defined hierarchical levels based on the quality of inputs used that directly relate to the amount of subjectivity associated with the determination of fair value.

The fair value hierarchy defines the three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices, such as: quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3: Valuations based on unobservable inputs that are used when little or no market is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

The fair value of investments are as follows:

Fixed Income Mutual Funds – Valued at quoted market prices of valuations provided by commercial pricing services or the mean of bid and ask prices provided by investment brokers.

Equity Securities Mutual Funds – Shares in companies traded on national securities exchanges are valued at the closing price reported in the active market in which the individual securities are traded.

Deferred Revenue:

The Fund records amounts received from funding sources in advance of performing the required services as deferred revenue. Contract balances were as follows:

	Accounts Receivable	Deferred Revenue
July 1, 2021	\$ -	\$ 201,850
June 30, 2022	\$ -	\$ -

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Contributions:

Contributions, including unconditional pledges, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor or explicitly waived. Pledges are recognized when the conditions on which they depend are substantially met. Contributions are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Revenue from government grants is considered a conditional contribution and is not recognized until the conditions related to this revenue are substantially met or explicitly waived.

In-kind Contributions:

Amounts are reported in the financial statements for voluntary donations of property and services when those properties and services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and which would typically be purchased if not provided by donation. Annually, the Chancery Office of the Roman Catholic Archdiocese of Newark provides office space to the Fund for the conduct of its program activities and supporting service functions. Support arising from contributed space of \$14,340 has been recognized in the accompanying financial statements as part of contribution revenues and fundraising, general, and administrative expenses for each of the years ended June 30, 2022 and 2021.

The Fund also regularly receives services from volunteers who are not acting in a professional capacity. Such volunteer services do not meet the criteria for financial statement recognition and are not recognized in the financial statements.

Scholarships:

Scholarships are recognized as expenses in the fiscal year in which the Fund approves them for payment. Scholarships committed but unpaid as of June 30 of each year are expensed and recognized as part of accounts payable and accrued expenses in the statements of financial position.

Income Taxes:

The Scholarship Fund for Inner-City Children is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, the Fund is not liable for federal and state income taxes.

The Fund follows accounting standards that provide clarification on accounting for uncertainty in income taxes recognized in the Fund's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Fund's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during the years ended June 30, 2022 and 2021. At June 30, 2022 and 2021, there are no significant income tax uncertainties.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Use of Estimates:

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's best estimates and judgment. Actual results could differ from those estimates.

Reclassifications:

Certain amounts have been reclassified from the June 30, 2021 financial statement presentation to conform to the June 30, 2022 financial statement presentation. The changes in net assets remain unchanged.

Subsequent Events:

The Fund has evaluated its subsequent events and transactions occurring after June 30, 2022, to May 24, 2023, the date that the financial statements were available to be issued.

NOTE 3 - TRANSACTIONS WITH THE ROMAN CATHOLIC ARCHDIOCESE OF NEWARK:

The Chancery Office of the Roman Catholic Archdiocese of Newark ("Chancery Office") has the responsibility for maintaining separate financial records and managing certain activities of the Fund. This responsibility includes financial accountability for contributions, program expenses, fundraising/development costs, general and administrative costs of the Fund, and participation in the Archdiocese of Newark Investment Management Program ("IMP"). The Board of Trustees and management of the Fund are responsible for the administration of the Fund's activities.

The IMP is administered by the Chancery Office. This program enables entities and affiliates of the Roman Catholic Archdiocese of Newark to join in employing a flexible and unified investment strategy. The Fund's deposits in this program totaled \$1,821,745 and \$1,768,684 at June 30, 2022 and 2021, respectively, and are guaranteed by the Chancery Office and accrue interest at a rate of 2% for both years ended June 30, 2022 and 2021, on a quarterly basis. The Fund's deposits in the IMP are reflected in cash and cash equivalents in the accompanying statements of financial position.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 - CONTRIBUTIONS RECEIVABLE:

Contributions receivable consist of the following:

	June 30,	
	2022	2021
Gross contributions receivable	\$ 377,930	\$ 458,590
Less: Discount	(24,255)	(33,851)
Contributions receivable, net	<u>\$ 353,675</u>	<u>\$ 424,739</u>
Amounts due in:		
Less than one year	\$ 74,930	\$ 74,250
One to five years	303,000	384,340
	<u>\$ 377,930</u>	<u>\$ 458,590</u>

A discount for contributions to be received over periods longer than one year from the date of contribution is provided using an appropriate discount rate assigned in the year the respective pledge originates. The discount rates used for all contributions ranged from approximately 2.6% to 2.9% at June 30, 2022 and 2021. Certain contributions received by the Fund are from members of management and the Board of Trustees.

NOTE 5 - INVESTMENTS:

Investments are summarized as follows:

FAIR VALUE MEASUREMENTS
AS OF JUNE 30, 2022

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Cash and cash equivalents	\$ 913,406	\$ -	\$ -	\$ 913,406
Fixed income mutual funds	1,134,340	-	-	1,134,340
Equity mutual funds	1,796,425	-	-	1,796,425
	<u>\$ 3,844,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,844,171</u>

FAIR VALUE MEASUREMENTS
AS OF JUNE 30, 2021

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Cash and cash equivalents	\$ 125,704	\$ -	\$ -	\$ 125,704
Fixed income mutual funds	1,219,977	-	-	1,219,977
Equity mutual funds	2,126,856	-	-	2,126,856
	<u>\$ 3,472,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,472,537</u>

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS:

Restricted net assets consist of the following:

	June 30, 2022		
	Time and Purpose Restricted	Donor Restricted in Perpetuity	Total
Scholarship Funds:			
Grassman Trust Endowment Fund	\$ 74,253	\$ 165,000	\$ 239,253
Jean M. Boyle Memorial Scholarship	11,931	28,690	40,621
Union Foundation Scholarship Fund	22,857	95,000	117,857
Cunningham Scholarship	17,649	159,463	177,112
Robert M. Kossick Scholarship	22,934	65,000	87,934
Rohwetter Scholarship	21,508	58,038	79,546
Robert E. Rossel Scholarship	26,798	90,000	116,798
Albert and Bertha Gamper Fund	211,253	812,688	1,023,941
William Randolph Hearst Foundation Scholarship	53,071	111,164	164,235
Anne E. Whittington Memorial Scholarship	240,447	-	240,447
Frazza Family Scholarship Fund	12,479	-	12,479
Children's Scholarship Fund	266	-	266
Jeanne-Marie La Blanc Scholarship	29,391	-	29,391
John F. Taranta, Jr. Memorial Scholarship Fund	436,457	-	436,457
Michael and Julie O'Brien Family Scholarship Fund	162,307	-	162,307
O'Toole Family Scholarship Fund	19,473	-	19,473
St. Catherine of Siena Scholarship Fund	352,830	-	352,830
U.S. Space Camp Scholarship	13,810	-	13,810
Richard A. and Jeanne B. Shiels Scholarship	1,545	-	1,545
RCAN Tuition Assistance	168,952	-	168,952
Cardinal Tobin Scholarship Fund	25,022	-	25,022
Total scholarship funds	1,925,233	1,585,043	3,510,276
Restricted Gifts - various	457,939	-	457,939
	<u>\$ 2,383,172</u>	<u>\$ 1,585,043</u>	<u>\$ 3,968,215</u>

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS: (Continued)

	June 30, 2021		
	Time and Purpose Restricted	Donor Restricted in Perpetuity	Total
Scholarship Funds:			
Grassman Trust Endowment Fund	\$ 91,805	\$ 165,000	\$ 256,805
Jean M. Boyle Memorial Scholarship	15,317	29,590	44,907
Union Foundation Scholarship Fund	35,642	95,000	130,642
Cunningham Scholarship	44,253	159,463	203,716
Robert M. Kossick Scholarship	32,190	65,000	97,190
Rohwetter Scholarship	30,364	58,038	88,402
Robert E. Rossel Scholarship	40,451	90,000	130,451
Albert and Bertha Gamper Fund	321,014	812,688	1,133,702
William Randolph Hearst Foundation Scholarship	73,213	111,164	184,377
Anne E. Whittington Memorial Scholarship	246,931	-	246,931
Children's Scholarship Fund	266	-	266
Jeanne-Marie La Blanc Scholarship	29,622	-	29,622
John F. Taranta, Jr. Memorial Scholarship Fund	596,215	-	596,215
Michael and Julie O'Brien Family Scholarship Fund	161,796	-	161,796
O'Toole Family Scholarship Fund	18,880	-	18,880
St. Catherine of Siena Scholarship Fund	432,052	-	432,052
U.S. Space Camp Scholarship	8,426	-	8,426
Richard A. and Jeanne B. Shiels Scholarship	2,651	-	2,651
Richard J. Morgan Scholarship Fund	276	-	276
RCAN Tuition Assistance	150,649	-	150,649
Total scholarship funds	2,332,013	1,585,943	3,917,956
Restricted Gifts - various	328,432	-	328,432
	<u>\$ 2,660,445</u>	<u>\$ 1,585,943</u>	<u>\$ 4,246,388</u>

Donor-imposed endowed net assets are described as follows:

Grassman Trust Endowment Fund - An endowment established by the E.J. Grassman Trust that provides funds for special projects within the Catholic schools of Union County.

Jean M. Boyle Memorial Scholarship - This fund was established in memory of Jean M. Boyle by her children, awarded to a student who attends St. Genevieve School in Elizabeth.

Union Foundation Scholarship Fund - This fund was established in 1990 as an endowment fund, with the income to be used to provide partial scholarships for children attending Catholic schools within Union County.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS: (Continued)

Cunningham Scholarship - An endowment established by James and Lorraine Cunningham to fund scholarships. This fund was established in 1994.

Robert M. Kossick Scholarship - An endowed four-year high school scholarship for a student athlete presented in memory of Robert M. Kossick, a loyal trustee of the Scholarship Fund for Inner-City Children. The endowment was established by Sherry O'Hearn.

Rohwetter Scholarship - A trust established by the late Dorris Rohwetter that endows a scholarship. This fund was established in 1998.

Robert E. Rossel Scholarship - An endowment established by Robert and Mary Bowlin, in honor of Robert E. Rossel, to provide high school scholarships to needy students.

Albert and Bertha Gamper Fund - This fund was established in 2002 in honor of Albert and Bertha Gamper, to provide financial assistance to children coming from Catholic grammar schools and desiring entrance into Catholic high schools, with greater focus placed on the growing Latino population.

William Randolph Hearst Foundation Scholarship - An endowed fund that provides scholarships for needy children who attend Catholic schools in Essex, Hudson, Bergen, and Union Counties. This fund was established in 2001.

Anne E. Whittington Memorial Scholarship - This fund was established in 1990 to provide college scholarships that are given to African American high school graduates. The scholarships are based on academic performance.

Frazza Family Scholarship Fund - This program will distribute over 100 scholarships each year to elementary school students beginning in the 2008-2009 school year and will follow the students through the eighth grade.

Children's Scholarship Fund - This fund, established by The Scholarship Fund for Inner-City Children, provides scholarship funds to needy children from Newark, Jersey City, and Elizabeth. Under the program, children receive up to 75% of their private school tuition up to \$2,500 per year for four years. Recipients are selected by lottery. This fund was established in 2000 and began winding down in 2021.

Jeanne-Marie La Blanc Scholarship - This endowment was established by Robert and Betty La Blanc, in memory of their daughter, Jeanne-Marie. It provides scholarships to inner-city high school students within the Roman Catholic Archdiocese of Newark. This fund was established in 1998.

John F. Taranta, Jr. Memorial Scholarship Fund - Established by Br. Ralph Darmento, F.S.C., this scholarship provides four years of tuition assistance to high school students attending Immaculate Conception in Montclair, Marist High School in Bayonne, Benedictine Academy in Elizabeth, and St. Mary of the Assumption High School in Elizabeth.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS: (Continued)

Michael and Julie O'Brien Family Scholarship Fund - Established in 2010, this scholarship provides tuition assistance to students who reside in Jersey City.

O'Toole Family Scholarship Fund - This fund was established by Paula and Terence O'Toole to provide four years of tuition assistance to high school students.

St. Catherine of Siena Scholarship Fund - This fund was established in 2007 to provide 10 incoming high school freshmen with four-year scholarships.

U.S. Space Camp Scholarship - A fund established by Mark K. Walchak to send talented high school students to Space Camp in Huntsville, Alabama, and Sea Camp in Big Pine Key, Florida. This fund was established in 1995.

Richard A. and Jeanne B. Shiels Scholarship - This fund was established in 2001 to provide financial aid to students attending St. Genevieve's School in Elizabeth, New Jersey.

Richard J. Morgan Scholarship Fund - The fund was established in 2010 to provide 25 students with a \$1,250 scholarship per year for an eight-year period to attend a Catholic elementary school in the Roman Catholic Archdiocese of Newark.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTION:

Net assets released from restriction consist of the following:

	Year Ended June 30,	
	2022	2021
Scholarship Funds:		
Grassman Trust Endowment Fund	\$ 14,000	\$ 30,000
Jean M. Boyle Memorial Scholarship	3,000	3,000
Union Foundation Scholarship Fund	12,000	12,000
Cunningham Scholarship	24,000	29,000
Robert M. Kossick Scholarship	8,000	8,000
Rohwetter Scholarship	8,000	8,000
Robert E. Rossel Scholarship	12,000	12,000
Albert and Bertha Gamper Fund	94,000	97,000
William Randolph Hearst Foundation Scholarship	18,000	21,000
Anne E. Whittington Memorial Scholarship	2,500	5,000
Frazza Family Scholarship Fund	295,000	251,000
Jeanne-Marie La Blanc Scholarship	40,000	40,000
John F. Taranta, Jr. Memorial Scholarship Fund	158,000	160,000
Michael and Julie O'Brien Family Scholarship Fund	23,000	20,500
O'Toole Family Scholarship Fund	30,000	30,000
St. Catherine of Siena Scholarship Fund	89,700	88,000
U.S. Space Camp Scholarship	9,174	19,053
Richard A. and Jeanne B. Shiels Scholarship	1,200	1,200
RCAN Tuition Assistance	148,500	11,500
Total scholarship funds	990,074	846,253
Restricted Gifts - various	166,933	196,750
	<u>\$ 1,157,007</u>	<u>\$ 1,043,003</u>

NOTE 8 - ENDOWMENT FUNDS:

Donor-restricted Endowment:

The Fund's endowment consists of twenty individual funds established by donors to provide scholarship awards. The Fund's endowment includes only donor-restricted endowment funds.

The Fund follows accounting standards that provide clarification on accounting for donor-restricted endowment funds. The guidance prescribes that the portion of donor-restricted endowment funds that are classified as net assets with donor restrictions should not be reduced by losses on the investment of the fund or the Fund's appropriations from the fund.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 8 - ENDOWMENT FUNDS: (Continued)

The Fund has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the respective donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Fund classifies as net assets restricted in perpetuity within net assets with donor restrictions: (a) the original value of gifts donated to its permanent endowment; (b) the original value of subsequent gifts to its permanent endowment; and (c) accumulations of income to its permanent endowment made in accordance with the direction of the applicable donor gift instrument. Therefore, endowment net assets restricted in perpetuity represent the original corpus of gifts given to the Fund for which the gift instruments stipulate that the principal be invested in perpetuity and only income be used for donor intended purposes, if any.

Net appreciation earned on the corpus of endowment net assets restricted in perpetuity, under the UPMIFA, is spendable. Accordingly, the Fund classifies the appreciation as time- and purpose-restricted within net assets with donor restrictions, pending appropriation for expenditure by the Fund’s Board of Trustees.

The Fund considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the Fund
- (2) The purposes of the Fund and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Fund
- (7) The investment policies of the Fund

The Fund’s individual endowment funds are managed separately for investment purposes. The investment portfolio is managed to achieve a prudent long-term total return. The Fund relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Fund targets a diversified asset allocation that places a greater emphasis on fixed-income investments to achieve its long-term return objectives within prudent risk constraints.

Board-designated Funds:

The Board of Trustees has designated a portion of its investments accounts as an endowment fund. It is the intent of the Board of Trustees to maintain the funds and utilized the total return (income plus capital change) to further the mission of the Organization. In recognition of the prudence required of fiduciaries, diversification of quality investment securities will be sought where possible, knowing that fluctuating rates of return are a characteristic of the investment market and performance cycles cannot be accurately predicted. The fund may be held in equity or fixed income funds and will be further diversified into asset classes by their market capitalization.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 - ENDOWMENT FUNDS: (Continued)

Endowment net asset composition by type of fund are as follows:

	June 30, 2022		
	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,585,043	\$ 1,585,043
Accumulated investment gains	-	462,254	462,254
Board-designated funds	773,826	-	773,826
June 30, 2022, net endowment assets	<u>\$ 773,826</u>	<u>\$ 2,047,297</u>	<u>\$ 2,821,123</u>

	June 30, 2021		
	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,585,943	\$ 1,585,943
Accumulated investment gains	-	684,249	684,249
June 30, 2021, net endowment assets	<u>\$ -</u>	<u>\$ 2,270,192</u>	<u>\$ 2,270,192</u>

Changes in endowment net assets are as follows:

	For the Year Ended June 30, 2022		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, June 30, 2021	\$ -	\$ 2,270,192	\$ 2,270,192
Investment return, net	(13,417)	(29,995)	(43,412)
Contributions	787,243	100	787,343
Withdrawal	-	(193,000)	(193,000)
Endowment net assets, June 30, 2022	<u>\$ 773,826</u>	<u>\$ 2,047,297</u>	<u>\$ 2,821,123</u>

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 - ENDOWMENT FUNDS: (Continued)

Changes in endowment net assets are as follows:

	For the Year Ended June 30, 2021		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, June 30, 2019	\$ -	\$ 2,009,233	\$ 2,009,233
Investment return, net	-	479,959	479,959
Contributions	-	1,000	1,000
Withdrawal	-	(220,000)	(220,000)
Endowment net assets, June 30, 2020	<u>\$ -</u>	<u>\$ 2,270,192</u>	<u>\$ 2,270,192</u>

NOTE 9 - PENSION PLAN:

The Fund provides its employees with the option to enroll in a defined contribution plan. Plan contributions by participants are made on a tax-deferred basis under an agreement for salary reduction in accordance with Section 403(b) of the Internal Revenue Code. The Fund will match employee contributions up to \$1,000 in a calendar year. Total pension expense under the 403(b) plan for the years ended June 30, 2022 and 2021, totaled \$17,712 and \$17,796, respectively. Participants are immediately vested in their account balance, including the employer's contribution portion and all earnings thereon.

NOTE 10 - FUNCTIONAL EXPENSES:

The financial statements contain certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Payroll, payroll taxes, and employee benefits are based on time and effort. Professional fees a combination of direct cost and time and effort allocations. Insurance, telephone, rent, and computer expenses are based on time and effort. Scholarship awards and all other expenses are direct costs.

NOTE 11 - CONCENTRATIONS OF RISK:

Cash, cash equivalents, and investments are exposed to interest rate, market, and credit risks. To minimize risk, the Fund's cash accounts are deposited within the IMP administered and guaranteed by the Chancery Office. The Fund's investment portfolio is diversified with several investment managers in a variety of asset classes. The Fund regularly evaluates its depository arrangements and investments, including performance thereof.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 12 - LIQUIDITY AND AVAILABILITY:

The following represents the Fund's financial assets reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for general expenditure in the following year.

	June 30,	
	2022	2021
Cash and cash equivalents	\$ 1,828,485	\$ 1,774,385
Contributions receivable, net	353,675	424,739
Investments	3,844,171	3,472,537
	<u>6,026,331</u>	<u>5,671,661</u>
Less:		
Board-designated net assets	(773,826)	-
Net assets held in perpetuity	(1,585,043)	(1,585,943)
Net assets restricted for time and purpose	(2,383,172)	(2,660,445)
Contributions receivable not due within one year	(303,000)	(384,340)
	<u>(5,045,041)</u>	<u>(4,630,728)</u>
Plus: amounts expected to released from restriction	160,000	160,000
	<u>\$ 1,141,290</u>	<u>\$ 1,200,933</u>

The Fund is primarily supported by contributions (both with and without donor restrictions). Because donor restrictions require resources to be used in a particular manner or in a future period, the Fund maintains sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditures within one year. As part of the Fund's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Fund invests its financial assets within the Archdiocese of Newark's Investment Management Program, which has immediate liquidity availability. The Fund also invests in mutual funds, which have a liquidity window of between 30 days and 90 days depending upon the number of shares being requested to be liquidated. At least annually, the Fund performs review of projected obligations to determine the appropriate level of liquidity and resulting rebalancing of assets.

NOTE 13 - PAYCHECK PROTECTION PROGRAM LOAN:

The Fund obtained a Paycheck Protection Program ("PPP") loan under the CARES Act in May 2020 for \$87,500. The Fund recorded the PPP funds received as a conditional government grant and recognized the revenue when the conditions set forth by the U.S. Small Business Administration ("SBA") were satisfied. The Fund received forgiveness in April 2021, which is recorded under unrestricted contributions in the statements of activities and changes in net assets for the year ended June 30, 2021. The SBA reserves the right to audit loan forgiveness for six years from the date forgiveness was awarded.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 14 - CONTRIBUTED NONFINANCIAL ASSETS:

Contributed nonfinancial assets received during the years ended June 30, 2022 and 2021 consisted of the following:

	Year Ended June 30,	
	2022	2021
Donated space	<u>\$ 14,340</u>	<u>\$ 14,340</u>

Valuation techniques and inputs utilized in valuing these contributed nonfinancial assets are as follows:

<u>Contributed Nonfinancial Asset</u>	<u>Valuation Techniques and Inputs</u>
Donated space	Estimated based on estimates of office space in the area

All gifts-in-kind received by the Organization for the years ended June 30, 2022 and 2021 were without donor restrictions and were available to be used by the Organization as determined by management.

The administrative effort needed to coordinate the logistics of such programs must be considered when attempting to understand the functioning of the Organization.