

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022



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**THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
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YEARS ENDED JUNE 30, 2023 AND 2022**

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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 statements of financial position as of June 30, 2023, 2022, and the related statements of activities and changes in net assets, 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 The Scholarship Fund for Inner-City Children as of June 30, 2023, , 2022, and the results of its operations and its cash flow 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 (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 Fund 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.

Responsibility 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 Fund 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.

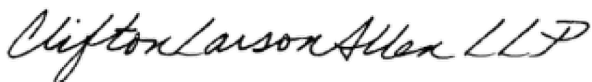
Auditors' Responsibilities for the Audit of the Financial Statements

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 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 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

Livingston, New Jersey
February 19, 2024

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,450,817	\$ 1,828,485
Contributions Receivable - Net	17,340	353,675
Investments	3,727,374	3,844,171
Total Assets	\$ 5,195,531	\$ 6,026,331
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 84,616	\$ 70,366
Other Long-Term Liabilities	14,828	18,828
Total Liabilities	99,444	89,194
NET ASSETS		
Without Donor Restrictions:		
Operations	(14,788)	1,195,096
Board-Designated	1,081,731	773,826
Total Net Assets Without Donor Restrictions	1,066,943	1,968,922
With Donor Restrictions:		
Restricted in Perpetuity - Endowments	1,585,043	1,585,043
Restricted for Purpose or Time	2,444,101	2,383,172
Total Net Assets With Donor Restrictions	4,029,144	3,968,215
Total Net Assets	5,096,087	5,937,137
Total Liabilities and Net Assets	\$ 5,195,531	\$ 6,026,331

See accompanying Notes to Financial Statements.

**THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions:			
Unrestricted	\$ 1,263,907	\$ -	\$ 1,263,907
Restricted:			
Frazza Family Scholarship Fund	-	405,760	405,760
Michael and Julie O'Brien Scholarship Fund	-	24,000	24,000
O'Toole Family Scholarship Fund	-	15,000	15,000
St. Catherine of Siena Scholarship Fund	-	8,029	8,029
Richard A. and Jeanne B. Shiels Scholarship	-	60	60
Jean M. Boyle Memorial Scholarship	-	500	500
RCAN restricted donations	-	154,616	154,616
Cardinal Tobin Scholarship Fund	-	100,000	100,000
Restricted Donations for Scholarships	-	411,265	411,265
Award Dinner - Net of Direct Expenses	348,157	-	348,157
Basketball Fundraising - Net of Direct Expenses	88,615	-	88,615
Donated Space	14,340	-	14,340
Application Fees	42,420	-	42,420
Investment Income	245,963	119,255	365,218
Net Realized and Unrealized Loss on Investments	(2,036)	76,427	74,391
Net Assets Released from Restrictions	1,253,983	(1,253,983)	-
Total Support and Revenue	<u>3,255,349</u>	<u>60,929</u>	<u>3,316,278</u>
EXPENSES			
Scholarship Awards:			
Fund scholarships	1,455,404	-	1,455,404
Grassman Trust Endowment Fund	20,000	-	20,000
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 Fund	96,000	-	96,000
William Randolph Hearst Foundation Scholarship	20,000	-	20,000
Frazza Family Scholarship Fund	372,500	-	372,500
Jeanne-Marie La Blanc Scholarship	39,000	-	39,000
John F. Taranta, Jr. Memorial Scholarship Fund	160,000	-	160,000
Michael and Julie O'Brien Family Scholarship Fund	25,000	-	25,000
O'Toole Family Scholarship Fund	30,000	-	30,000
St. Catherine of Siena Scholarship Fund	63,000	-	63,000
U.S. Space Camp Scholarship	12,274	-	12,274
Richard A. and Jeanne B. Shiels Scholarship	600	-	600
Richard J. Morgan Scholarship Fund	150,000	-	150,000
Restricted Gifts - Various	198,609	-	198,609
Total Scholarship Awards	<u>2,709,387</u>	<u>-</u>	<u>2,709,387</u>
Program Services	536,259	-	536,259
General and Administrative	244,961	-	244,961
Fundraising	666,721	-	666,721
Total Expenses	<u>4,157,328</u>	<u>-</u>	<u>4,157,328</u>
CHANGES IN NET ASSETS	(901,979)	60,929	(841,050)
Net Assets - Beginning of Year	<u>1,968,922</u>	<u>3,968,215</u>	<u>5,937,137</u>
NET ASSETS - END OF YEAR	<u>\$ 1,066,943</u>	<u>\$ 4,029,144</u>	<u>\$ 5,096,087</u>

See accompanying Notes to Financial Statements.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
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
Jeanne Marie LaBlanc Scholarship	40,000	-	40,000
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
RCAN Tuition Assistance	148,300	-	148,300
Restricted Gifts - Various	182,210	-	182,210
Total Scholarship Awards	<u>2,441,485</u>	<u>-</u>	<u>2,441,485</u>
Program Services	425,404	-	425,404
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>

See accompanying Notes to Financial Statements.

**THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Scholarship Awards	\$ 2,709,387	\$ -	\$ -	\$ 2,709,387
Salaries and Wages	278,887	112,281	259,697	650,865
Payroll taxes and benefits	73,031	30,008	68,478	171,517
Travel	-	984	-	984
Professional Fees	25,775	36,025	10,250	72,050
Postage and Printing	3,919	7,617	-	11,536
Telephone	3,585	3,400	-	6,985
Insurance	11,028	2,205	8,822	22,055
Rent	5,736	2,868	5,736	14,340
Computer	1,209	1,209	-	2,418
Meetings and Meals	6,459	-	-	6,459
Office Supplies	4,796	6,731	-	11,527
Program and Special Event Costs	113,999	17,769	18,915	150,683
Miscellaneous	7,835	23,864	-	31,699
Bad debt expense	-	-	294,823	294,823
	-	-	294,823	294,823
Total Expenses	\$ 3,245,646	\$ 244,961	\$ 666,721	\$ 4,157,328

See accompanying Notes to Financial Statements.

**THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Scholarship Awards	\$ 2,441,485	\$ -	\$ -	\$ 2,441,485
Payroll and Payroll Taxes	252,844	82,900	244,553	580,297
Employee Benefits	96,472	31,630	93,310	221,412
Travel	-	1,653	-	1,653
Professional Fees	13,321	30,368	12,884	56,573
Postage and Printing	3,770	-	3,770	7,540
Telephone	3,286	1,077	3,179	7,542
Insurance	5,105	1,674	4,937	11,716
Rent	6,248	2,049	6,043	14,340
Computer	2,092	686	2,024	4,802
Meetings and Meals	4,005	-	4,005	8,010
Office Supplies	-	11,025	-	11,025
Program and Special Event Costs	37,087	4,088	120,365	161,540
Miscellaneous	1,174	1,624	-	2,798
	<u>\$ 2,866,889</u>	<u>\$ 168,774</u>	<u>\$ 495,070</u>	<u>\$ 3,530,733</u>

See accompanying Notes to Financial Statements.

**THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (841,050)	\$ 488,016
Adjustments to Reconcile Changes in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Change in Provision for Discount on Contributions Receivable	(24,255)	(9,596)
Net Realized and Unrealized (Gain) Loss by Investments	(74,391)	137,374
Changes in Certain Assets and Liabilities:		
Contributions Receivable	360,590	80,660
Other Assets	-	53,090
Accounts Payable and Accrued Expenses	14,250	19,414
Deferred Revenue	-	(201,850)
Other Long-Term Liabilities	(4,000)	(4,000)
Net Cash (Used) Provided by Operating Activities	(568,856)	563,108
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	293,106	301,000
Purchases of Investments	(101,918)	(810,008)
Net Cash Provided (Used) by Investing Activities	191,188	(509,008)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(377,668)	54,100
Cash and Cash Equivalents - Beginning of Year	1,828,485	1,774,385
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,450,817	\$ 1,828,485

See accompanying Notes to Financial Statements.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 NATURE OF ACTIVITIES

The Scholarship Fund for Inner-City Children (Fund) is a nonprofit 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.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023 and 2022, management determined an allowance was not necessary.

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 – 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 – 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 – Unobservable inputs that are used when little or no market is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2023 and 2022.

In-kind Contributions (Continued)

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.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Scholarship Fund for Inner-City Children is a nonprofit 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, 2023 and 2022. At June 30, 2023 and 2022, there are no significant income tax uncertainties.

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.

Subsequent Events

The Fund has evaluated its subsequent events and transactions occurring after June 30, 2023, to February 19, 2024, the date that the financial statements were available to be issued.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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 \$1,445,755 and \$1,821,745 at June 30, 2023 and 2022, respectively, and are guaranteed by the Chancery Office and accrue interest at a rate of 2% for years ended June 30, 2023 and 2022, respectively 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.

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following:

	2023	2022
Gross Contributions Receivable	\$ 17,340	\$ 377,930
Less: Discount	-	(24,255)
Contributions Receivable, Net	\$ 17,340	\$ 353,675
Amounts Due in:		
Less than one Year	\$ 17,340	\$ 74,930
One to Five Years	-	303,000
Total	\$ -	\$ 377,930

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. Certain contributions received by the Fund are from members of management and the board of trustees. There were no pledges receivable outstanding at June 30, 2023.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 INVESTMENTS

Investments are summarized as follows:

	2023	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
ASSETS				
Fixed Income Mutual Funds	\$ 1,082,509	\$ 1,082,509	\$ -	\$ -
Equity Mutual Funds	2,644,865	2,644,865	-	-
Total	<u>\$ 3,727,374</u>	<u>\$ 3,727,374</u>	<u>\$ -</u>	<u>\$ -</u>
	2022	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
ASSETS				
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	-	-
Total	<u>\$ 3,844,171</u>	<u>\$ 3,844,171</u>	<u>\$ -</u>	<u>\$ -</u>

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Restricted net assets consist of the following:

	2023		
	Time and Purpose Restricted	Donor Restricted in Perpetuity	Total
Scholarship Funds:			
Grassman Trust Endowment Fund	\$ 102,901	\$ 165,000	\$ 267,901
Jean M. Boyle Memorial Scholarship	11,542	28,690	40,232
Union Foundation Scholarship Fund	17,702	95,000	112,702
Cunningham Scholarship	3,587	159,463	163,050
Robert M. Kossick Scholarship	20,187	65,000	85,187
Rohwetter Scholarship	18,045	58,038	76,083
Robert E. Rossel Scholarship	21,698	90,000	111,698
Albert and Bertha Gamper Fund	174,975	812,688	987,663
William Randolph Hearst Foundation Scholarship	42,519	111,164	153,683
Anne E. Whittington Memorial Scholarship	254,480	-	254,480
Frazza Family Scholarship Fund	82,049	-	82,049
Children's Scholarship Fund	436	-	436
Jeanne-Marie La Blanc Scholarship	41,554	-	41,554
John F. Taranta, Jr. Memorial Scholarship Fund	296,478	-	296,478
Michael and Julie O'Brien Family Scholarship Fund	165,306	-	165,306
O'Toole Family Scholarship Fund	32,257	-	32,257
St. Catherine of Siena Scholarship Fund		-	-
U.S. Space Camp Scholarship	25,044	-	25,044
Richard A. and Jeanne B. Shiels Scholarship	166	-	166
Richard J. Morgan Scholarship Fund	289	-	289
RCAN Tuition Assistance	163,713	-	163,713
Cardinal Tobin Scholarship Fund	127,875	-	127,875
Total Scholarship Funds	<u>1,602,802</u>	<u>1,585,043</u>	<u>3,187,845</u>
Restricted Gifts - Various	841,299	-	841,299
Total	<u>\$ 2,444,101</u>	<u>\$ 1,585,043</u>	<u>\$ 4,029,144</u>

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	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	<u>1,925,233</u>	<u>1,585,043</u>	<u>3,510,276</u>
Restricted Gifts - Various	457,939	-	457,939
Total	<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, 2023 AND 2022

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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.

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.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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.

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.

Cardinal Tobin Scholarship - Established to provide 10 students of Catholic faith to attend Catholic School within the Archdiocese of Newark.

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 NET ASSETS RELEASED FROM RESTRICTION

Net assets released from restriction consist of the following:

	2023	2022
Scholarship Funds:		
Grassman Trust Endowment Fund	\$ 20,000	\$ 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 Fund	96,000	94,000
William Randolph Hearst Foundation Scholarship	20,000	18,000
Anne E. Whittington Memorial Scholarship	-	2,500
Frazza Family Scholarship Fund	372,500	295,000
Jeanne-Marie La Blanc Scholarship	39,000	40,000
John F. Taranta, Jr. Memorial Scholarship Fund	160,000	158,000
Michael and Julie O'Brien Family Scholarship Fund	25,000	23,000
O'Toole Family Scholarship Fund	30,000	30,000
St. Catherine of Siena Scholarship Fund	63,000	89,700
U.S. Space Camp Scholarship	12,274	9,174
Richard A. and Jeanne B. Shiels Scholarship	600	1,200
RCAN Tuition Assistance	150,000	148,500
Total Scholarship Funds	1,055,374	990,074
Restricted Gifts - Various	198,609	166,933
Total	\$ 1,253,983	\$ 1,157,007

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, 2023 AND 2022

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

Donor-Restricted Endowment (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, 2023 AND 2022

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

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

<u>June 30, 2023</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
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	-	369,388	369,388
Board-Designated Funds	1,081,731	-	1,081,731
Net Endowment Assets	<u>\$ 1,081,731</u>	<u>\$ 1,954,431</u>	<u>\$ 3,036,162</u>
<u>June 30, 2022</u>			
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
Net Endowment Assets	<u>\$ 773,826</u>	<u>\$ 2,047,297</u>	<u>\$ 2,821,123</u>

Changes in endowment net assets are as follows:

<u>June 30, 2023</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment Net Assets June 30, 2022	\$ 773,826	\$ 2,047,297	\$ 2,821,123
Investment Return, Net	263,600	69,634	333,234
Contributions	144,305	500	144,805
Withdrawal	(100,000)	(163,000)	(263,000)
Endowment Net Assets June 30, 2023	<u>\$ 1,081,731</u>	<u>\$ 1,954,431</u>	<u>\$ 3,036,162</u>

THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 ENDOWMENTS FUNDS (CONTINUED)

Changes in endowment net assets are as follows:

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>

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, 2023 and 2022, totaled \$20,180 and \$17,712, 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, 2023 AND 2022

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.

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 1,450,817	\$ 1,828,485
Contributions Receivable, Net	17,340	353,675
Investments	<u>3,727,374</u>	<u>3,844,171</u>
Total	5,195,531	6,026,331
Less:		
Board-Designated Net Assets	(1,081,731)	(773,826)
Net Assets Held in Perpetuity	(1,585,043)	(1,585,043)
Net Assets Restricted for Time and Purpose	(2,444,101)	(2,383,172)
Contributions Receivable Not Due Within One Year	<u>-</u>	<u>(303,000)</u>
Total	(5,110,875)	(5,045,041)
Plus: Amounts Expected to Released from Restriction	160,000	160,000
Total	<u>\$ 244,656</u>	<u>\$ 1,141,290</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.

**THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 13 CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets received during the years ended June 30 consisted of the following:

	2023	2022
Donated Space	\$ 14,340	\$ 14,340

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

Contributed Nonfinancial Asset	Valuation Techniques and Inputs
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, 2023 and 2022 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.