

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**



**SobelCo**

Certified Public Accountants & Advisors

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

**JUNE 30, 2021 AND 2020**

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Scholarship Fund for Inner-City Children ("Fund"), which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to The Scholarship Fund for Inner-City Children's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Scholarship Fund for Inner-City Children's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Sobel & Co, LLC*

Certified Public Accountants

Livingston, New Jersey  
December 7, 2022

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

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	June 30,	
	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,774,385	\$ 1,162,150
Contributions receivable, net	424,739	708,620
Investments	3,472,537	3,180,111
Other assets	53,090	40,345
	<hr/>	<hr/>
Total Assets	\$ 5,724,751	\$ 5,091,226
	<hr/>	<hr/>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 50,952	\$ 81,758
Deferred revenue	201,850	91,900
Refundable advance	-	87,500
Other long-term liabilities	22,828	26,828
	<hr/>	<hr/>
Total Liabilities	275,630	287,986
	<hr/>	<hr/>
<b>COMMITMENTS AND CONTINGENCIES</b>		
NET ASSETS:		
Without donor restrictions	1,202,733	898,182
With donor restrictions	4,246,388	3,905,058
	<hr/>	<hr/>
Total Net Assets	5,449,121	4,803,240
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 5,724,751	\$ 5,091,226
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**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
<b>REVENUES AND SUPPORT:</b>			
Contributions:			
Unrestricted	\$ 1,779,111	\$ -	\$ 1,779,111
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
Richard A. and Jeanne B. Shiels Scholarship	-	180	180
Jean M. Boyle Memorial Scholarship	-	1,000	1,000
U.S. Space Camp Scholarship	-	20,000	20,000
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
Application fees	52,260	-	52,260
Investment income	19,143	100,875	120,018
Net realized and unrealized gain 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>
<b>EXPENSES:</b>			
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
Jeanne-Marie La Blanc Scholarship	40,000	-	40,000
John F. Taranta, Jr. Memorial Scholarship Fund	160,000	-	160,000
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>1,960,953</u>	<u>-</u>	<u>1,960,953</u>
Program services	345,859	-	345,859
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 ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT:</b>			
Contributions:			
Unrestricted	\$ 2,026,630	\$ -	\$ 2,026,630
Restricted:			
Frazza Family Scholarship Fund	-	253,990	253,990
Children's Scholarship Fund	-	267,065	267,065
Jeanne-Marie La Blanc Scholarship	-	5,000	5,000
John F. Taranta, Jr. Memorial Scholarship Fund	-	25,000	25,000
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	-	12,600	12,600
Richard A. and Jeanne B. Shiels Scholarship	-	205	205
Restricted donations for scholarships	-	151,805	151,805
Award dinner, net of direct expenses	84,750	-	84,750
Basketball fundraising, net of direct expenses	66,167	-	66,167
Application fees	51,060	-	51,060
Investment income	14,159	115,974	130,133
Net realized and unrealized gain (loss) on investments	4,666	(167,662)	(162,996)
Net assets released from restrictions	1,137,884	(1,137,884)	-
Total Support and Revenue	3,385,316	(438,907)	2,946,409
<b>EXPENSES:</b>			
Scholarship awards:			
Fund scholarships	690,841	-	690,841
Jean M. Boyle Memorial Scholarship	3,000	-	3,000
Union Foundation Scholarship Fund	10,000	-	10,000
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	95,000	-	95,000
William Randolph Hearst Foundation Scholarship	19,000	-	19,000
Anne E. Whittington Memorial Scholarship	5,000	-	5,000
Frazza Family Scholarship Fund	300,000	-	300,000
Children's Scholarship Fund	450,443	-	450,443
Jeanne-Marie La Blanc Scholarship	50,000	-	50,000
John F. Taranta, Jr. Memorial Scholarship Fund	142,000	-	142,000
Michael and Julie O'Brien Family Scholarship Fund	18,000	-	18,000
O'Toole Family Scholarship Fund	30,000	-	30,000
St. Catherine of Siena Scholarship	92,000	-	92,000
U.S. Space Camp Scholarship	150	-	150
Restricted gifts - various	98,050	-	98,050
Total Scholarship Awards	2,055,484	-	2,055,484
Program services	356,257	-	356,257
General and administrative	175,139	-	175,139
Fundraising	348,221	-	348,221
Total Expenses	2,935,101	-	2,935,101
CHANGES IN NET ASSETS	450,215	(438,907)	11,308
NET ASSETS, beginning of year	447,967	4,343,965	4,791,932
NET ASSETS, end of year	\$ 898,182	\$ 3,905,058	\$ 4,803,240

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

	Year Ended June 30, 2021				Year Ended June 30, 2020			
	Supporting Services				Supporting Services			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Scholarship awards	\$ 1,960,953	\$ -	\$ -	\$ 1,960,953	\$ 2,055,484	\$ -	\$ -	\$ 2,055,484
Payroll and payroll taxes	220,068	74,435	223,303	517,806	215,090	72,751	218,253	506,094
Employee benefits	63,889	21,610	64,829	150,328	69,250	23,423	70,269	162,942
Travel	-	629	-	629	3,431	-	3,431	6,862
Professional fees	7,844	51,973	7,960	67,777	5,661	55,099	5,743	66,503
Postage and printing	3,255	-	3,255	6,510	4,167	-	4,167	8,334
Telephone	2,788	943	2,828	6,559	2,667	902	2,706	6,275
Insurance	4,158	1,406	4,220	9,784	3,270	1,106	3,317	7,693
Rent	6,618	2,238	6,715	15,571	6,095	2,061	6,184	14,340
Computer	1,471	498	1,492	3,461	2,967	1,003	3,010	6,980
Meetings and meals	2,145	-	2,145	4,290	2,442	1,378	2,442	6,262
Office supplies	-	11,403	865	12,268	-	8,062	-	8,062
Program and other costs	33,153	9,900	67,788	110,841	37,744	3,189	28,699	69,632
Miscellaneous	470	6,666	-	7,136	3,473	6,165	-	9,638
<b>Total Expenses</b>	<b>\$ 2,306,812</b>	<b>\$ 181,701</b>	<b>\$ 385,400</b>	<b>\$ 2,873,913</b>	<b>\$ 2,411,741</b>	<b>\$ 175,139</b>	<b>\$ 348,221</b>	<b>\$ 2,935,101</b>



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

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	<b>Years Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
CASH FLOWS PROVIDED BY:		
<u>OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 645,881	\$ 11,308
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Change in provision for discount on contributions receivable	(11,119)	(12,626)
Net realized and unrealized (gain) loss on investments	(586,356)	162,996
Changes in certain assets and liabilities:		
Contributions receivable	295,000	99,138
Other assets	(12,745)	(33,085)
Accounts payable and accrued expenses	(30,806)	(251,327)
Deferred revenue	109,950	91,900
Refundable advance	(87,500)	87,500
Other long-term liabilities	(4,000)	26,828
Net Cash Provided by Operating Activities	<u>318,305</u>	<u>182,632</u>
<u>INVESTING ACTIVITIES:</u>		
Proceeds from sales of investments	300,000	320,598
Purchases of investments	(6,070)	(176,000)
Net Cash Provided by Investing Activities	<u>293,930</u>	<u>144,598</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	612,235	327,230
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>1,162,150</u>	<u>834,920</u>
End of year	<u>\$ 1,774,385</u>	<u>\$ 1,162,150</u>

# THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN

## NOTES TO FINANCIAL STATEMENTS

### JUNE 30, 2021 AND 2020

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#### NOTE 1 - NATURE OF ACTIVITIES:

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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.

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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##### ***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, 2021 and 2020, management determined an allowance was not necessary.

**THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

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***Investments:***

Investments in equity and debt 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.

# THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN

## NOTES TO FINANCIAL STATEMENTS

### JUNE 30, 2021 AND 2020

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

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##### **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, 2021 and 2020.

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, 2021 and 2020. At June 30, 2021 and 2020, there are no significant income tax uncertainties.

**THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

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***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, 2020, financial statement presentation to conform to the June 30, 2021, 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, 2021, to December 7, 2022, the date that the financial statements were available to be issued.

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

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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 \$1,768,684 and \$1,134,441 at June 30, 2021 and 2020, respectively, and are guaranteed by the Chancery Office and accrue interest at a rate of 2% for both years ended June 30, 2021 and 2020, 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, 2021 AND 2020**

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**NOTE 4 - CONTRIBUTIONS RECEIVABLE:**

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Contributions receivable consist of the following:

	<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>
Gross contributions receivable	\$ 458,590	\$ 753,590
Less: Discount	(33,851)	(44,970)
Contributions receivable, net	<u>\$ 424,739</u>	<u>\$ 708,620</u>
Amounts due in:		
Less than one year	\$ 347,590	\$ 642,590
One to five years	111,000	111,000
	<u>\$ 458,590</u>	<u>\$ 753,590</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, 2021 and 2020. Certain contributions received by the Fund are from members of management and the Board of Trustees.

**NOTE 5 - INVESTMENTS:**

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Investments are summarized as follows:

**FAIR VALUE MEASUREMENTS**  
**AS OF JUNE 30, 2021**

	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3</b>	<b>TOTAL</b>
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>

**FAIR VALUE MEASUREMENTS**  
**AS OF JUNE 30, 2020**

	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3</b>	<b>TOTAL</b>
Cash and cash equivalents	\$ 129,662	\$ -	\$ -	\$ 129,662
Fixed income mutual funds	1,233,028	-	-	1,233,028
Equity mutual funds	1,817,421	-	-	1,817,421
	<u>\$ 3,180,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,180,111</u>

**THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 6 - 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.

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS:**

Restricted net assets consist of the following:

	<b>June 30, 2021</b>		
	<b>Time and Purpose Restricted</b>	<b>Donor Restricted in Perpetuity</b>	<b>Total</b>
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>

**THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS: (Continued)**

	<b>June 30, 2020</b>		
	<b>Time and Purpose Restricted</b>	<b>Donor Restricted in Perpetuity</b>	<b>Total</b>
Scholarship Funds:			
Grassman Trust Endowment Fund	\$ 69,657	\$ 165,000	\$ 234,657
Jean M. Boyle Memorial Scholarship	9,778	28,590	38,368
Union Foundation Scholarship Fund	20,598	95,000	115,598
Cunningham Scholarship	29,101	159,463	188,564
Robert M. Kossick Scholarship	19,159	65,000	84,159
Rohwetter Scholarship	20,047	58,038	78,085
Robert E. Rossel Scholarship	24,218	90,000	114,218
Albert and Bertha Gamper Fund	177,338	812,688	990,026
William Randolph Hearst Foundation Scholarship	54,394	111,164	165,558
Anne E. Whittington Memorial Scholarship	201,842	-	201,842
Children's Scholarship Fund	266	-	266
Jeanne-Marie La Blanc Scholarship	56,881	-	56,881
John F. Taranta, Jr. Memorial Scholarship Fund	627,155	-	627,155
Michael and Julie O'Brien Family Scholarship Fund	178,774	-	178,774
O'Toole Family Scholarship Fund	3,466	-	3,466
St. Catherine of Siena Scholarship Fund	507,756	-	507,756
U.S. Space Camp Scholarship	7,210	-	7,210
Richard A. and Jeanne B. Shiels Scholarship	3,614	-	3,614
Richard J. Morgan Scholarship Fund	11,585	-	11,585
Total scholarship funds	2,022,839	1,584,943	3,607,782
Restricted Gifts - various	297,276	-	297,276
	<u>\$ 2,320,115</u>	<u>\$ 1,584,943</u>	<u>\$ 3,905,058</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, 2021 AND 2020**

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**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS: (Continued)**

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**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.

**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, 2021 AND 2020**

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**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS: (Continued)**

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***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, 2021 AND 2020**

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**NOTE 8 - NET ASSETS RELEASED FROM RESTRICTION:**

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Net assets released from restriction consist of the following:

	<b>Year Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
Scholarship Funds:		
Grassman Trust Endowment Fund	\$ 30,000	\$ -
Jean M. Boyle Memorial Scholarship	3,000	3,000
Union Foundation Scholarship Fund	12,000	10,000
Cunningham Scholarship	29,000	23,800
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	97,000	95,000
William Randolph Hearst Foundation Scholarship	21,000	19,000
Anne E. Whittington Memorial Scholarship	5,000	5,000
Frazza Family Scholarship Fund	251,000	267,000
Children's Scholarship Fund	-	270,443
Jeanne-Marie La Blanc Scholarship	40,000	50,000
John F. Taranta, Jr. Memorial Scholarship Fund	160,000	142,000
Michael and Julie O'Brien Family Scholarship Fund	20,500	18,000
O'Toole Family Scholarship Fund	30,000	15,000
St. Catherine of Siena Scholarship Fund	88,000	92,000
U.S. Space Camp Scholarship	19,053	150
Richard A. and Jeanne B. Shiels Scholarship	1,200	-
Richard J. Morgan Scholarship Fund	11,500	-
Total scholarship funds	846,253	1,038,393
Restricted Gifts - various	196,750	99,491
	<u>\$ 1,043,003</u>	<u>\$ 1,137,884</u>

# THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN

## NOTES TO FINANCIAL STATEMENTS

### JUNE 30, 2021 AND 2020

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#### NOTE 9 - ENDOWMENT FUNDS:

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The Fund's endowment consists of nine 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 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.

**THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 9 - ENDOWMENT FUNDS: (Continued)**

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

	<b>June 30, 2021</b>		
	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
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>

	<b>June 30, 2020</b>		
	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,584,943	\$ 1,584,943
Accumulated investment gains	-	424,290	424,290
June 30, 2020, net endowment assets	<u>\$ -</u>	<u>\$ 2,009,233</u>	<u>\$ 2,009,233</u>

Changes in endowment net assets are as follows:

	<b>For the Year Ended June 30, 2021</b>		
	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Endowment net assets, June 30, 2020	\$ -	\$ 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, 2021	<u>\$ -</u>	<u>\$ 2,270,192</u>	<u>\$ 2,270,192</u>

**THE SCHOLARSHIP FUND FOR INNER-CITY CHILDREN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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**NOTE 9 - ENDOWMENT FUNDS: (Continued)**

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Changes in endowment net assets are as follows:

	<b>For the Year Ended June 30, 2020</b>		
	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Endowment net assets, June 30, 2019	\$ -	\$ 2,241,640	\$ 2,241,640
Investment return, net	-	(53,407)	(53,407)
Withdrawal	-	(179,000)	(179,000)
Endowment net assets, June 30, 2020	<u>\$ -</u>	<u>\$ 2,009,233</u>	<u>\$ 2,009,233</u>

**NOTE 10 - PENSION PLAN:**

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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, 2021 and 2020, totaled approximately \$17,796 and \$19,891, respectively. Participants are immediately vested in their account balance, including the employer's contribution portion and all earnings thereon.

**NOTE 11 - FUNCTIONAL EXPENSES:**

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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. Scholarship awards and fundraising expenses are direct costs. All other expenses are allocated based on employee time spent in each program or department.

**NOTE 12 - CONCENTRATIONS OF RISK:**

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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, 2021 AND 2020**

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**NOTE 12 - CONCENTRATIONS OF RISK: (Continued)**

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The Fund is actively monitoring the recent COVID-19 outbreak and its potential impact on the employees, volunteers, donors, and operations. It is not known at this time how much effect the virus will have on operations and/or financial results. The potential impact of COVID-19 is not foreseeable due to various uncertainties, including the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities.

**NOTE 13 - LIQUIDITY AND AVAILABILITY:**

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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.

	<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 1,774,385	\$ 1,162,150
Contributions receivable, net	424,739	708,620
Investments	3,472,537	3,180,111
	<u>5,671,661</u>	<u>5,050,881</u>
Less:		
Net assets held in perpetuity	(1,584,943)	(1,584,943)
Net assets restricted for time and purpose	(2,661,445)	(2,320,115)
Contributions receivable not due within one year	(111,000)	(111,000)
	<u>(4,357,388)</u>	<u>(4,016,058)</u>
Plus: amounts expected to released from restriction	160,000	160,000
	<u>\$ 1,474,273</u>	<u>\$ 1,194,823</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.