

Financial Statements Together with
Report of Independent Certified Public
Accountants

The Children's Scholarship Fund

For the year ended August 31, 2022
with summarized comparative financial information
for the year ended August 31, 2021

Contents

| | Page |
|--|------|
| Report of Independent Certified Public Accountants | 3 |
| Financial Statements | |
| Statement of financial position | 5 |
| Statement of activities | 6 |
| Statement of functional expenses | 7 |
| Statement of cash flows | 8 |
| Notes to the financial statements | 9 |

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
The Children's Scholarship Fund

Opinion

We have audited the accompanying financial statements of The Children's Scholarship Fund (the "Fund"), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of August 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always

detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US 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 Fund'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 Fund'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.

Report on 2021 summarized comparative information

We have previously audited the Fund's 2021 financial statements (not presented herein), and we expressed unmodified audit opinion on those audited financial statements in our report dated December 9, 2021. In our opinion, the accompanying summarized comparative information as of and for the year ended August 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grant Thornton LLP

New York, New York
December 1, 2022

The Children's Scholarship Fund
STATEMENT OF FINANCIAL POSITION

As of August 31, 2022
with summarized comparative information as of August 31, 2021

| | 2022 | 2021 |
|--|---------------|---------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 21,425,941 | \$ 24,830,075 |
| Investments (Note C) | 10,361,483 | 6,586,114 |
| Contributions receivable, net (Note D) | 1,763,214 | 37,918 |
| Prepaid expenses and other assets | 2,509,223 | 53,971 |
| Deposits | 23,346 | 39,129 |
| Property and equipment, net (Note E) | 52,795 | 54,993 |
| Total assets | \$ 36,136,002 | \$ 31,602,200 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ 11,531 | \$ 52,354 |
| Due to State of New Hampshire (Education Freedom Accounts) | 2,764,783 | - |
| Refundable advances | 637,434 | 328,293 |
| Accrued expenses and other liabilities | 143,610 | 86,944 |
| Total liabilities | 3,557,358 | 467,591 |
| Commitments | | |
| Net assets | | |
| Without donor restrictions | 8,572,395 | 5,558,531 |
| With donor restrictions (Note F) | 24,006,249 | 25,576,078 |
| | 32,578,644 | 31,134,609 |
| Total liabilities and net assets | \$ 36,136,002 | \$ 31,602,200 |

The accompanying notes are an integral part of this financial statement.

The Children's Scholarship Fund

STATEMENT OF ACTIVITIES

For the year ended August 31, 2022
with summarized financial information for the year end August 31, 2021

| | 2022 | | | 2021 Total |
|--|----------------------------|-------------------------|-------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | |
| Operating revenues and support | | | | |
| Contributions | \$ 4,572,464 | \$ 19,213,141 | \$ 23,785,605 | \$ 29,351,769 |
| Fundraising events (net of costs of direct benefits to donors of \$990) | - | 3,031 | 3,031 | - |
| Program service revenue | 860,103 | - | 860,103 | - |
| Investment and other income | 115,237 | - | 115,237 | 17,566 |
| Total operating revenues and support | 5,547,804 | 19,216,172 | 24,763,976 | 29,369,335 |
| Net assets released from restrictions (Note F) | 20,786,001 | (20,786,001) | - | - |
| Total operating revenues, support and net assets released from restrictions | 26,333,805 | (1,569,829) | 24,763,976 | 29,369,335 |
| Operating expenses | | | | |
| Program services: | | | | |
| Scholarships and grants (Note G) | 20,245,323 | - | 20,245,323 | 20,688,185 |
| Program management, outreach and support | 1,459,006 | - | 1,459,006 | 1,037,314 |
| Total program services | 21,704,329 | - | 21,704,329 | 21,725,499 |
| Support services: | | | | |
| Management and general | 423,517 | - | 423,517 | 556,007 |
| Fundraising | 1,192,095 | - | 1,192,095 | 1,072,156 |
| Total support services | 1,615,612 | - | 1,615,612 | 1,628,163 |
| Total operating expenses | 23,319,941 | - | 23,319,941 | 23,353,662 |
| CHANGES IN NET ASSETS | 3,013,864 | (1,569,829) | 1,444,035 | 6,015,673 |
| Net assets, beginning of year | 5,558,531 | 25,576,078 | 31,134,609 | 25,118,936 |
| Net assets, end of year | \$ 8,572,395 | \$ 24,006,249 | \$ 32,578,644 | \$ 31,134,609 |

The accompanying notes are an integral part of this financial statement.

The Children's Scholarship Fund

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended August 31, 2022
with summarized comparative totals for the year ended August 31, 2021

| | Program Services | Support Services | | 2022 Total Expenses | 2021 Total Expenses |
|-------------------------------|----------------------|---------------------|---------------------------|------------------------|------------------------|
| | | Fundraising | Management and General | | |
| Scholarships and grants | \$ 20,245,323 | \$ - | \$ - | \$ 20,245,323 | \$ 20,688,185 |
| Salaries | 912,920 | 673,250 | 241,653 | 1,827,823 | 1,667,159 |
| Payroll taxes | 67,107 | 46,052 | 17,125 | 130,284 | 109,275 |
| Employee benefits | 145,452 | 88,052 | 24,658 | 258,162 | 201,928 |
| Occupancy costs | 98,395 | 97,013 | 15,932 | 211,340 | 231,940 |
| Professional fees | 33,713 | 73,844 | 89,417 | 196,974 | 203,032 |
| Donor communication costs | - | 121,113 | - | 121,113 | 89,825 |
| Event costs | - | 2,197 | - | 2,197 | 5,085 |
| Offices expenses | 19,822 | 13,630 | 3,470 | 36,922 | 24,472 |
| Information technology | 124,540 | 16,931 | 1,822 | 143,293 | 46,694 |
| Travel | 21,154 | 24,585 | 13,419 | 59,158 | 5,554 |
| Depreciation and amortization | 18,573 | 9,807 | 1,610 | 29,990 | 23,719 |
| Insurance | 16,677 | 16,924 | 2,779 | 36,380 | 32,773 |
| Miscellaneous | 653 | 8,697 | 11,632 | 20,982 | 24,021 |
| Total expenses | <u>\$ 21,704,329</u> | <u>\$ 1,192,095</u> | <u>\$ 423,517</u> | <u>\$ 23,319,941</u> | <u>\$ 23,353,662</u> |

The accompanying notes are an integral part of this financial statement.

The Children's Scholarship Fund

STATEMENT OF CASH FLOWS

As of August 31, 2022
with summarized comparative information as of August 31, 2021

| | 2022 | 2021 |
|---|----------------------|----------------------|
| Cash flows from operating activities | | |
| Cash received from contributors | \$ 22,372,107 | \$ 29,419,899 |
| Cash received from State of NH EFA | 9,004,046 | - |
| Investment and other income | 113,280 | 17,566 |
| Scholarships and grants paid | (20,245,323) | (20,688,185) |
| Cash paid to vendors, suppliers and employees | (2,991,326) | (2,633,418) |
| Cash paid to vendor to fund NH EFA accounts | (7,853,757) | - |
| | <u>399,027</u> | <u>6,115,862</u> |
| Net cash provided by operating activities | | |
| Cash flows from investing activities | | |
| Purchases of investments | (16,941,109) | (13,168,463) |
| Sales of investments | 13,165,740 | 12,165,236 |
| Purchases of property and equipment | (27,792) | (47,540) |
| | <u>(3,803,161)</u> | <u>(1,050,767)</u> |
| Net cash used in investing activities | | |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (3,404,134) | 5,065,095 |
| Cash and cash equivalents, beginning of year | <u>24,830,075</u> | <u>19,764,980</u> |
| Cash and cash equivalents, end of year | <u>\$ 21,425,941</u> | <u>\$ 24,830,075</u> |

The accompanying notes are an integral part of this financial statement.

The Children's Scholarship Fund
NOTES TO FINANCIAL STATEMENTS

August 31, 2022 and 2021

NOTE A - THE CHILDREN'S SCHOLARSHIP FUND

The Children's Scholarship Fund ("CSF" or the "Fund") is a not-for-profit charitable organization which was formed on April 28, 1998 for the purpose of expanding educational opportunities available to low-income families. CSF provides partial tuition assistance to families in need so children can attend the K-8 schools that best meet their needs, regardless of their ability to pay or where they live. In furtherance of its mission, CSF makes matching grants to other scholarship organizations so they may also provide partial scholarship awards to children from low-income families.

Since CSF's first scholarships were awarded in 1999, nearly 191,500 children from low-income families have received tuition assistance through CSF grants. See Note G for additional information.

The Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") and has been classified as an organization which is not a private foundation.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The Fund's financial statements distinguish between net assets and changes in net assets without donor restrictions and those with donor restrictions as follows:

Net assets without donor restrictions - consist of all funds which are expendable at the discretion of the Fund's management and Board of Directors for carrying on daily operations. These funds have neither been restricted by donors nor set aside for any specific purpose.

Net assets with donor restrictions - net assets that have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of the Fund pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash equivalents include short-term highly liquid investments with original maturities at the time of purchase of three months or less.

Investments

Investments in Treasury Bills are stated at their fair value in the statements of financial position. Net realized and unrealized gains and losses for the period are shown in the statement of activities.

The Children's Scholarship Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2022 and 2021

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. The capitalization policy requires all assets greater than \$500 with a useful life of greater than one year to be capitalized. Depreciation or amortization is computed on the straight-line basis over the estimated useful lives of the related assets as follows:

| | |
|---|--|
| Office and computer equipment and systems | Three years |
| Furniture and fixtures | Five years |
| Leasehold improvements | Useful life of the asset or the term of the lease, whichever is shorter |

Contributions

The Fund recognizes revenue from contributions in accordance with guidance that requires the Fund to evaluate whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be a contribution, the Fund evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Fund is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The Fund records contributions when an unconditional promise to give is received from a donor. Contributions are recorded at the fair value of the assets received and are classified as either without donor restrictions or with donor restrictions, based on donor-imposed restrictions, if any.

Unconditional promises to give with payments due in future years are reported as contributions with donor restrictions and discounted to present value using a credit adjusted rate of return. An allowance for uncollectible contributions receivable is provided based on management judgment including such factors as prior collection history and type of contribution. Contributions receivable are charged off against the allowance for uncollectible accounts when management determines that recovery is unlikely, and any amounts subsequently collected are recorded as income in the period received. Conditional contributions are recognized as revenue when the conditions on which they depend are substantially met. Conditional contributions received in advance of meeting the associated conditions are recorded as refundable advances on the statement of financial position.

Program Service Revenue

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), CSF recognizes revenue when control of the promised goods or services are transferred to the customers in an amount that reflects the consideration CSF expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

ASC 606 also requires disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. CSF has identified program service revenue to be subject to ASC 606. CSF recognizes revenue from contracts with customers, as goods or services are transferred or provided in accordance with ASC 606.

In connection with its agreement with the State of New Hampshire, CSF acts as an administrative agent for funds to be disbursed to qualified students for educational expenses. In return for these administrative services CSF retains no more than 10% of the funds received annually as a recovery for administrative costs incurred. This administrative fee is recognized as program service revenue ratably over time as CSF performs these administrative services, which corresponds with the fulfillment of CSF's performance

The Children's Scholarship Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2022 and 2021

obligations under the contract. As the amounts and the students that will receive funding under the program are determined by the State of New Hampshire, CSF has accounted for the student funds as an agency transaction whereby revenue is recognized as the net fee earned and administrative costs incurred related to the transaction recorded in the statement of financial position. Accordingly, CSF has recognized the upfront payment to be distributed to students as a liability within Due to State of New Hampshire (Education Freedom Accounts) on the statement of financial position, which is reduced as funds are subsequently approved for qualified educational expenses or returned to the State of New Hampshire. As of August 31, 2022, the amounts held as Due to State Of New Hampshire (Education Freedom Accounts) amounted to \$2,764,783. The Fund has engaged Class Wallet to facilitate the distribution of funds to students and as such has recorded the amounts held by Class Wallet, \$2,474,597 as of August 31, 2022, within Prepaid expenses and other assets. Amounts not utilized under the program will be returned to the State of New Hampshire.

Scholarship Awards

CSF awards partial scholarships so that children from low-income families can attend the private or parochial school of their choice. These scholarships are recorded as an expense at the time they become unconditional, which is usually when the student attends their chosen school.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis based on either financial or non-financial data, such as the number of employees or estimates of time and effort incurred by personnel.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Fund to concentrations of credit risk consist principally of cash and cash equivalents. The Fund maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Fund's cash accounts were placed with high credit quality financial institutions and the Fund has not experienced, nor does it anticipate, any losses in such accounts.

Fair Value of Financial Instruments

The Fund follows guidance which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The guidance provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The guidance also prioritizes, within the measurement of fair value, the use of market-based information over entity specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

The Children's Scholarship Fund
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2022 and 2021

Assets and liabilities, subject to the guidance, measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date.
- Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies.
- Level 3 - Pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value require significant management judgment or estimation.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets.

Income Taxes

The Fund follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The fund is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Fund has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which there was nexus; and to identify and evaluate other matters that may be considered tax positions. The Fund has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Presentation of Certain Prior Year Summarized Information

The accompanying financial statements include prior year summarized comparative information in total but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Fund's consolidated financial statements as of and for the year ended August 31, 2021, from which the summarized comparative information was derived.

NOTE C - INVESTMENTS

The composition of the Fund's investments as of August 31, 2022 and 2021 were comprised solely of U.S. Treasury Bills and were classified within Level 1 of the fair value hierarchy.

The Children's Scholarship Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2022 and 2021

NOTE D - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable as of August 31, 2022 and 2021 consist of the amounts expected to be collected within one year.

At August 31, 2022 and 2021, all of the net receivables are restricted for scholarship awards.

In addition, as of August 31, 2022, CSF has received conditional promises totaling approximately \$18.6 million (\$15.6 million of which are restricted for scholarship awards). These gifts are primarily conditioned on satisfying matching fund requirements by CSF and/or its grantee scholarship organizations and accordingly have not been recognized in the accompanying financial statements.

NOTE E - PROPERTY AND EQUIPMENT, NET

Property and equipment at August 31, 2022 and 2021 consisted of the following:

| | 2022 | 2021 |
|---|------------|------------|
| Office and computer equipment and systems | \$ 182,422 | \$ 163,840 |
| Furniture and fixtures | 9,210 | 5,300 |
| Leasehold improvements | - | 11,975 |
| | 191,632 | 181,155 |
| Less: Accumulated depreciation and amortization | (138,837) | (126,122) |
| Property and equipment, net | \$ 52,795 | \$ 54,993 |

Depreciation and amortization expense for the years ended August 31, 2022 and 2021 was approximately \$30,000 and \$24,000, respectively.

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of approximately \$24,006,000 and \$25,576,000 at August 31, 2022 and 2021, respectively, are primarily available for scholarships and grants.

Net assets were released from donor restrictions by satisfying the restricted purpose as follows:

| | 2022 | 2021 |
|------------------------------|---------------|---------------|
| Scholarships and grants | \$ 19,503,188 | \$ 20,688,185 |
| Expended for operating costs | 1,282,813 | 1,135,742 |
| | \$ 20,786,001 | \$ 21,823,927 |

The Children's Scholarship Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2022 and 2021

NOTE G - SCHOLARSHIPS AND GRANTS

CSF awards partial scholarships so that children from low-income families can attend the private or parochial school of their choice. In addition, CSF makes matching grants to other scholarship organizations so they may also provide partial scholarship awards to children from low-income families. During the years ended August 31, 2022 and 2021, the total value of the scholarship payments made by CSF and other grantee scholarship organizations amounted to approximately \$48,873,000 and \$47,832,000, respectively. CSF distributed approximately \$20,245,000 of these awards during fiscal year 2022 and approximately \$20,688,000 of these awards during fiscal year 2021. The remaining \$28,628,000 in 2022 and remaining \$27,144,000 in 2021 was funded by matching contributions provided by the other scholarship organizations.

There were no unconditional scholarships and grants payable as of August 31, 2022 and 2021.

NOTE H - EMPLOYEE BENEFIT PLAN

CSF has a defined contribution retirement plan which provides for CSF to make matching contributions of up to 5% of the compensation of eligible employees. The plan allows the participants to make voluntary contributions subject to Internal Revenue Service limitations. CSF incurred approximately \$86,000 and \$75,000 in pension expense relating to this plan for the years ended August 31, 2022 and 2021, respectively.

NOTE I - COMMITMENTS

CSF leases office space in New York City and New Hampshire with lease terms that expire on July 31, 2026 and April 30, 2023, respectively. Additionally, the terms of New York City lease agreement include escalating payments over the term of the lease. Rent expense is recognized on a straight-line basis, over the respective lease terms and totaled approximately \$173,000 and \$216,000 for the fiscal years ended August 31, 2022 and 2021, respectively. Accordingly, a deferred rent liability of approximately \$16,000 existed as of August 31, 2022, representing the difference between payments made and the straight-line recognition, and is within accrued expenses and other liabilities on the accompanying statement of financial position. The minimum annual future rental payments for the Fund's noncancelable operating lease are as follows:

Year ending August 31:

| | | |
|-------|----|----------------|
| 2023 | \$ | 99,100 |
| 2024 | | 95,700 |
| 2025 | | 97,800 |
| 2026 | | 91,600 |
| Total | \$ | <u>384,200</u> |

As of August 31, 2022, CSF has outstanding conditional grants to other scholarship organizations totaling approximately \$2.6 million for the purpose of awarding scholarships to children from low-income families that are in kindergarten through eighth grade. These grants are subject to the satisfaction of stipulated conditions, including the achievement of matching fund requirements. If these conditions are satisfied, expenditures are recognized and payments will be made during the year ending August 31, 2023.

The Children's Scholarship Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2022 and 2021

NOTE J - AVAILABLE RESOURCES AND LIQUIDITY

The Fund considers contributions without donor restrictions and investment income without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include management and general expenses, fundraising expenses and program management, outreach and support expenses.

In addition, the Fund receives significant contributions with donor restrictions that are used to fund scholarships and matching grants to other scholarship organizations. During fiscal year 2022, the Fund received donor restricted contributions for scholarships and matching grants of approximately \$17,901,000.

The Fund manages its financial assets to meet general expenditures, liabilities and scholarship and matching grant obligations as they come due. The Fund invests cash in excess of its near term requirements in various short-term investments including money market funds, US Treasury Bills and certificates of deposit.

The table below presents financial assets available for general expenditures within one year at August 31, 2022:

| | |
|---|---------------------|
| Cash and cash equivalents | \$ 21,425,941 |
| Investments | 10,361,483 |
| Contributions receivable | <u>1,763,214</u> |
| Total financial assets | <u>33,550,638</u> |
| Less amounts not available to be used within one year: | |
| Donor contributions restricted for scholarships and grants | <u>(24,006,249)</u> |
| Financial assets available to meet general expenditures within one year | <u>\$ 9,544,389</u> |

NOTE K - SUBSEQUENT EVENTS

CSF evaluated its August 31, 2022 financial statements for subsequent events through December 1, 2022, the date the financial statements were available to be issued. CSF is not aware of any subsequent events that would require recognition or disclosure in the financial statements.