

**CHILDREN'S SCHOLARSHIP FUND
PHILADELPHIA**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Children's Scholarship Fund Philadelphia
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of Children's Scholarship Fund Philadelphia (a Pennsylvania nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, cash flows and, functional expenses 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity'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.

MEMBER

- American Institute of Certified Public Accountants
- Pennsylvania Institute of Certified Public Accountants

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Children's Scholarship Fund Philadelphia as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Linda Goodman, PC

August 20, 2020

CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS	2019	2018
Cash and cash equivalents - Without donor restrictions	\$ 983,181	\$ 317,531
Cash and cash equivalents - With donor restrictions	14,722,226	15,416,763
Certificates of deposit - With donor restrictions	-	250,751
Pledges receivable, net collectible - With donor restrictions	2,276,795	253,150
Investments - Without donor restrictions	-	45,403
Investments - With donor restrictions	5,368,587	2,363,275
Prepaid expenses	934	14,399
Property and equipment, net	-	415
Security deposits	2,775	2,775
Total Assets	\$ 23,354,498	\$ 18,664,462
LIABILITIES AND NET ASSETS		
Liabilities:		
Accrued expenses - Without donor restrictions	\$ 11,215	\$ 7,118
Accrued expenses - With donor restrictions	457,247	280,583
Payroll liabilities	3,607	3,409
Total Liabilities	472,069	291,110
Net Assets:		
Without donor restrictions	975,062	369,996
With donor restrictions	21,907,367	18,003,356
Total Net Assets	22,882,429	18,373,352
Total Liabilities and Net Assets	\$ 23,354,498	\$ 18,664,462

See accompanying notes to financial statements

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and support:						
Individual contributions	\$ 295,181	\$ 4,419,577	\$ 4,714,758	\$ 352,669	\$ 4,031,691	\$ 4,384,360
Foundation and corporate contributions	784,700	9,214,084	9,998,784	397,060	7,349,857	7,746,917
Children's Scholarship Fund National contributions	-	692,000	692,000	-	1,200,000	1,200,000
Administrative Income	104,464	-	104,464	108,438	-	108,438
Investment income	2,015	881,457	883,472	(7,329)	72,953	65,624
Total operating revenues and support	1,186,360	15,207,118	16,393,478	850,838	12,654,501	13,505,339
Net assets released from restrictions	10,991,205	(10,991,205)	-	10,887,893	(10,887,893)	-
Total operating revenues, support and net assets released from restrictions	12,177,565	4,215,913	16,393,478	11,738,731	1,766,608	13,505,339
Operating expenses:						
Program services						
Scholarships and grants	9,887,905	-	9,887,905	10,015,774	-	10,015,774
Program expenses	1,075,915	-	1,075,915	862,157	-	862,157
Total program services	10,963,820	-	10,963,820	10,877,931	-	10,877,931
Support services						
Management and general expenses	268,565	393	268,958	305,472	185	305,657
Fundraising	340,114	-	340,114	448,658	-	448,658
Total support services	608,679	393	609,072	754,130	185	754,315
Total operating expenses	11,572,499	393	11,572,892	11,632,061	185	11,632,246
Increase (Decrease) in Net Assets	605,066	4,215,520	4,820,586	106,670	1,766,423	1,873,093
Net Assets - Beginning of Year	369,996	17,691,847	18,061,843	263,326	16,236,933	16,500,259
Net Assets - End of Year	\$ 975,062	\$ 21,907,367	\$ 22,882,429	\$ 369,996	\$ 18,003,356	\$ 18,373,352

See accompanying notes to financial statements

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Increase in net assets	\$ 4,820,586	\$ 1,873,093
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities:		
Depreciation	415	501
Unrealized and realized (gain) loss on investments	(1,967)	147,169
Stock donations included in contributions	(123,961)	(169,648)
(Increase) decrease in assets		
Pledges receivable	(2,023,645)	35,559
Other assets	13,465	(14,399)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(130,749)	(28,137)
Payroll liabilities	198	(508)
Net Cash Provided By Operating Activities	<u>2,554,343</u>	<u>1,843,630</u>
Cash Flows From Investing Activities:		
Proceeds redeemed from certificates of deposit	250,751	10,380,500
Net (purchases) sales of investments	<u>(2,833,981)</u>	<u>(5,455,085)</u>
Net Cash (Used By) Provided By Investing Activities	<u>(2,583,230)</u>	<u>4,925,415</u>
Net Increase (Decrease) In Cash	(28,887)	6,769,045
Cash and Cash Equivalents - Beginning of Year	<u>15,734,294</u>	<u>8,965,249</u>
Cash and Cash Equivalents - End of Year	<u>\$ 15,705,407</u>	<u>\$ 15,734,294</u>
Cash and cash equivalents - Without donor restrictions	\$ 983,181	\$ 317,531
Cash and cash equivalents - With donor restrictions	<u>14,722,226</u>	<u>15,416,763</u>
	<u>\$ 15,705,407</u>	<u>\$ 15,734,294</u>

See accompanying notes to financial statements

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019				2018			
	Management and General Expenses	Program Expenses	Fundraising	Totals	Management and General Expenses	Program Expenses	Fundraising Expenses	Totals
Compensation expenses								
Payroll	\$ 131,494	\$ 558,983	\$ 216,492	\$ 906,969	\$ 176,257	\$ 503,957	\$ 288,189	\$ 968,403
Payroll taxes	11,157	47,430	18,370	76,957	14,680	41,971	24,001	80,652
Employee benefits	10,939	46,506	18,012	75,457	17,204	49,188	28,129	94,521
	<u>153,591</u>	<u>652,919</u>	<u>252,874</u>	<u>1,059,383</u>	<u>208,142</u>	<u>595,116</u>	<u>340,319</u>	<u>1,143,576</u>
Advertising	-	16,525	1,836	18,361	-	26,306	2,923	29,229
Computer expense	3,928	-	1,309	5,237	7,436	-	2,479	9,915
Depreciation	415	-	-	415	501	-	-	501
Dues and subscriptions	4,325	-	-	4,325	5,000	-	-	5,000
Events and partnerships	-	44,438	16,094	60,532	-	3,731	49,868	53,599
Insurance expense	7,289	-	-	7,289	8,427	-	-	8,427
Marketing	-	31,796	3,533	35,329	-	38,354	4,262	42,616
Office expense	15,113	15,113	-	30,226	13,471	13,471	-	26,942
Outside services	40,698	126,679	42,735	210,112	18,573	56,356	25,320	100,249
Postage and delivery	2,797	6,293	4,895	13,985	2,960	6,659	5,179	14,798
Printing and reproduction	4,212	9,477	7,371	21,060	5,438	12,236	9,517	27,191
Program evaluation	-	25,838	-	25,838	-	18,382	-	18,382
Rent	30,948	46,421	-	77,369	31,196	46,795	-	77,991
Scholarship program expenses	-	91,696	-	91,696	-	37,394	-	37,394
Telephone	3,672	4,896	3,672	12,240	2,309	3,079	2,309	7,697
Travel and entertainment	1,970	3,824	5,795	11,589	2,204	4,278	6,482	12,964
	<u>268,958</u>	<u>1,075,915</u>	<u>340,114</u>	<u>1,684,986</u>	<u>305,657</u>	<u>862,157</u>	<u>448,658</u>	<u>1,616,471</u>
Total Expenses	<u>\$ 268,958</u>	<u>\$ 1,075,915</u>	<u>\$ 340,114</u>	<u>\$ 1,684,986</u>	<u>\$ 305,657</u>	<u>\$ 862,157</u>	<u>\$ 448,658</u>	<u>\$ 1,616,471</u>

See accompanying notes to financial statements

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Children's Scholarship Fund Philadelphia (the Organization) is a not-for-profit charitable organization whose mission is to provide low-income Philadelphia children with financial access to safe, quality, kindergarten through eighth grade tuition-based schools. All scholarships are need-based, four years in length and issued by random lottery.

Since 2001, the Organization has awarded 26,000 students new four-year scholarships and, in 2019, served approximately 5,300 under-resourced Philadelphia children attending over 150 schools.

The Organization receives corporate contributions under two Pennsylvania tax credit programs, the Educational Improvement Tax Credit (EITC) and Opportunity Scholarship Tax Credit (OSTC), which require corporations to receive approval from the state in order to make the contribution.

Basis of Accounting

In order to ensure observance of restrictions placed on the use of resources available to the Organization, the Organization's accounts are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The FASB issued ASU 2016-14, *Not-for-profit Entities Presentation of Financial Statements of Not-for-Profit Entities*, which amends the standards of the presentation and accompanying disclosures of the financial statements.

According to the amendments financial statements issued for fiscal years beginning after December 15, 2017 must classify and report net assets, at a minimum, in two net asset classes based on the existence or absence of donor-imposed restrictions. ASU 2016-14, allows the use of the terms *net assets "with donor restrictions"* and *net assets "without donor restrictions"* to describe two required net asset classes. As a result, the Organization's financial statements distinguish between "Without donor restriction" and "With donor restrictions" of net assets and changes in net assets. The two types of net assets are as follows:

CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

**NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Net Assets "With donor restrictions": net assets subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Net Assets "Without donor restrictions": net assets not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Cash and Cash Equivalents

Cash and cash equivalents include cash in the bank and certificates of deposit that have a maturity date of less than 90 days from the original date of inception. The Organization maintains accounts at several financial institutions.

Investments

Investments are comprised of marketable mutual funds and equity securities with readily determinable fair values. All investments are carried at fair value in the statement of financial position at December 31, 2019 and 2018. According to ASU 2016, Investment, internal investment management and custodial expenses must be netted against investment income and reflected in the Statements of Activities. Further, the disclosure of the components of net investment return must not be disclosed in these financial statements.

Pledges Receivable

Unconditional pledge receivables are recognized as revenues and assets in the period in which the promise to give is received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Pledges receivable are reported at the net present value of the future expected cash flows.

Fixed Assets

Fixed assets acquired by the Organization are stated at cost. The Organization follows the practice of capitalizing all expenditures for equipment in excess of \$1,000. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets ranging from 5 to 7 years.

CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

**NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

With or Without Donor Restrictions

The Organization follows FASB ASC Section 958-605-25, *Not-For-Profit Entities, Revenue Recognition* in recording contributions received.

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in without donor restriction net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in with donor restriction net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), then with donor restriction net assets are reclassified to without donor restriction net assets and reported in the Statement of Activities as net assets released from restrictions. According to ASU 2016-14, there are no permanently restricted net assets.

Scholarship Awards

The Organization awards partial scholarships so that children from low-income families can attend the tuition-based school of their choice. These scholarships are recorded as an expense at the time they become unconditional.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Concentration of Credit Risk

During the year, the Organization had balances with major financial institutions and brokerages, which exceeded Federal Depository Insurance (FDIC) and Securities Investor Protection Corporation (SIPC) limits. Accounts at each institution and brokerage are insured by the FDIC and SIPC up to \$250,000. Cash and Certificate of Deposit balances exceeded the insurance limits at December 31, 2019 and 2018 by \$15,041,385 and \$15,023,639, respectively.

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

**NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Concentration of Credit Risk (Continued)

The Organization had pledges receivable from one source totaling \$2,000,000 at December 31, 2019. These pledges comprised 87% of the net pledges receivable at December 31, 2019. The organization had pledges receivable from one source totaling \$141,150 at December 31, 2018. These pledges comprised 56% of the net pledges receivable at December 31, 2018.

Donated Services

A substantial number of volunteers have contributed significant amounts of time to the Organization. The value of these donated services has not been included in the financial statements since no objective basis is available to measure the value of such services.

In-Kind Contributions

No in-kind contributions were received during the years ended December 31, 2019 or 2018, respectively.

Taxes

The Organization was incorporated as a not-for-profit corporation under the laws of the State of Pennsylvania and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, there is no provision for income taxes. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization files federal and Pennsylvania annual income tax returns that are subject to audit by the appropriate taxing authority. The Organization's federal and Pennsylvania income tax returns for tax years 2017, 2018, and 2019 remain open to examination by taxing authorities.

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The restrictions on net assets are related to funds raised by the Organization for the purpose of funding scholarship awards to children of low-income families in Philadelphia. Each student selected will receive on average \$1,925 per year for four years.

For the years ended December 31, 2019 and 2018, Children's Scholarship Fund National (CSF) contributed funding for scholarships of \$692,000 and \$1,200,000, respectively, to the Organization which are considered restricted funds as well.

The following reflects the Organization's financial assets of the balance sheet date, reduced by the amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations. Also, amounts not available include amounts set aside for operating purposes.

	2019	2018
Financial assets, at year-end		
Cash	\$ 15,705,407	\$ 15,985,045
Investments	5,368,587	2,408,678
Pledge receivable	2,276,795	253,150
Less those unavailable for general expenditures within one year due to: Contractual or donor restriction:		
Restricted by donors	(21,910,361)	(18,003,356)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,440,428	\$ 643,517

NOTE 3 – INVESTMENTS

Investments in securities are summarized as follows at December 31, 2019 and 2018:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Mutual Funds	\$ 5,104,668	\$ 5,368,587	\$ 2,547,327	\$ 2,408,678

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 3 – INVESTMENTS (Continued)

Generally accepted accounting principles require that assets carried at fair value be classified and disclosed as belonging to one of three categories within the fair value hierarchy (Level 1, 2, or 3). Level 1 measurements should be used unless unavailable, followed by Level 2 and 3. The investments above fall into Level 1, which means fair values are determined by quoted market prices in active markets for identical assets or liabilities. The Organization is not required to use Level 2 or Level 3 for any of their assets.

NOTE 4 – PLEDGES RECEIVABLE

Unconditional pledges receivable at December 31, 2019, were as follows:

Receivable in less than one year	\$ 678,000
Receivable in one to three years	<u>1,650,000</u>
Total unconditional pledges receivable	2,328,000
Less discounts to net present value	<u>(51,205)</u>
Net unconditional pledges receivable	<u><u>\$ 2,276,795</u></u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 and 2018 consisted of the following:

	2019	2018
Computer Equipment	\$ 12,793	\$ 14,321
Office Equipment	8,532	8,532
Furniture	<u>2,866</u>	<u>2,866</u>
	24,191	25,719
Less: Accumulated Depreciation	<u>(24,191)</u>	<u>(25,304)</u>
Property and Equipment, net	<u><u>\$ -</u></u>	<u><u>\$ 415</u></u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$415 and \$501, respectively.

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 6 – PENSION PLAN

The Organization sponsors a defined contribution pension plan in the form of a 401k plan. The organization matched up to 4% of each employee's contribution. Pension expense was \$29,856 and \$26,268, respectively, for the years ended December 31, 2019 and 2018, which is reflected within employee benefits in the statements of functional expenses.

NOTE 7 – FUNCTIONAL EXPENSES

Accordingly, ASU 2016-14 expands the requirement to present an analysis of expenses by functional and natural expense classifications. Further, a description of the allocation methods and bases used in classifying expenses among the functional expense categories must be disclosed. The Organization has included a Statement of Functional Expenses in these financial statements. See Page 6. The allocation methods used are as follows:

1. Time spent allocation method is used for payroll, payroll tax expense and employee benefit costs. This method is a direct method where each employee is assigned to a function.
2. Direct allocation method is used by assigning each expense (i.e., invoice, line item on an invoice, individual employee) to a functional category based on direct usage. This is utilized for scholarship program expense.
3. Indirect allocation is used based on historical and objective basis to allocate expenses based on financial or nonfinancial data to the functional expense categories. This is utilized for occupancy expenses including rent and utilities. Also, it includes, support services, office expenses and advertising expenses.

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 8 – COMMITMENTS

The Organization leases its office under an operating lease expiring March 31, 2023. Monthly payments are scheduled to escalate over the term of the lease and range from \$4,799 to \$6,153. Also, the Organization leases a copier under an operating lease expiring January 31, 2022 with monthly payments of \$139. Minimum future rental payments under these non-cancelable operating leases are as follows:

Year Ending December 31:	
2020	\$ 71,577
2021	73,149
2022	73,052
2023	18,459
	<u>\$ 236,237</u>

Rent expense for the years ending December 31, 2019 and 2018, was \$77,369 and \$77,991, respectively.

NOTE 9 – COLLABORATIVE ARRANGEMENTS

In 2016, the Organization, the Connelly Foundation, and the Philadelphia Police Foundation collaborated to form a scholarship program called the Children of Police Scholarship (COPS) Fund. The program provides scholarships that cover the costs of religious or private schools from kindergarten to eighth grade for the children of officers killed or permanently disabled in the line of duty. The program, which provides four-year scholarships to schools in the city, was launched with \$300,000 in seed money from the Connelly Foundation.

The Organization administers the program. From 2016 to 2018, the transactions of the Fund including cash deposits of contributions and cash disbursements of scholarships were recorded in a separate cash account and included in the Statement of Activity and the net assets of the Organization.

For 2019, a change in accounting principle is reported to not include contributions and paid scholarships of the Fund in the Statement of Activity and net assets of the Organization. See Note 10.

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 10 – CHANGE IN ACCOUNTING PRINCIPLE

A change in accounting principle is reported by retrospective application of the new principle to the financial statements of all prior periods. Below is the retrospective application of the change in accounting principle related to the collaborative arrangement between the Organization, the Connelly Foundation, and the Philadelphia Police Foundation related to the Children of Police Scholarship (COPS) Fund.

Net Assets	Without Donor Restrictions	With Donor Restrictions	Total
January 1, 2019	\$ 369,996	\$ 18,003,356	\$ 18,373,352
Cumulative effect *	-	(311,509)	(311,509)
January 1, 2019 (restated)	\$ 369,996	\$ 17,691,847	\$ 18,061,843

* The cumulative effect of the new accounting change is that the net assets of the Organization is decreased by the amount of activity of the (COPS) Fund from inception in 2016 to January 1, 2019. During 2019 and in future years, the (COPS) Fund's activity was and will be included only on the statements of financial position with (COPS) Fund assets recorded in cash (separate account) and scholarship obligations and its net assets included in a liability account. All (COPS) Fund transactions and accounts are considered and classified as "With donor restrictions."

With the change in accounting principle, there is not and will not be an effect on the Organization's own statements of activities or net assets.

NOTE 11 – RECLASSIFICATION

Accordingly, certain comparative figures have been reclassified and renamed to conform to ASU 2016-14, *Not-for-Profit Entities Presentation of Financial Statements of Not-for Profit Entities*.

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 12 – SUBSEQUENT EVENTS

The Organization's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic. The ultimate disruption which may be caused by the outbreak is uncertain. It may result in an adverse impact on the Organization's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the Organization's customers and revenue, absenteeism in the Organization's labor workforce and unavailability of products and supplies used in operations. During 2020, the Organization applied for a loan under the Paycheck Protection Program and received a loan for \$178,000.

Subsequent events were evaluated by management through August 20, 2020, the date the financial statements were available to be issued.