

**CHILDREN'S SCHOLARSHIP FUND  
PHILADELPHIA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA  
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DECEMBER 31, 2022 AND 2021**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Opinion**

We have audited the accompanying financial statements of Children's Scholarship Fund Philadelphia (a Pennsylvania nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Children's Scholarship Fund Philadelphia as of December 31, 2022, and the change in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

### **Basis for Opinion**

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

### **Report on 2021 Financial Statements**

The financial statements of Children's Scholarship Fund Philadelphia as of December 31, 2021, were audited by other auditors whose report dated October 6, 2022, expressed an unmodified opinion on those statements.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles 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 the substantial doubt about the Children's Scholarship Fund Philadelphia's ability to continue as a going concern for one year after the date that 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism through 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 Children's Scholarship Fund Philadelphia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting polices 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 Children's Scholarship Fund Philadelphia'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.



Brinker Simpson & Company, LLC  
Media, Pennsylvania  
November 13, 2023

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021**

**ASSETS**

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,065,642	\$ 1,665,023
Cash and cash equivalents, restricted	10,774,474	14,343,011
Pledges receivable, net of allowance for doubtful accounts	3,062,201	997,463
Accounts receivable	75,000	352,636
Investments	11,019,763	7,445,570
Prepaid expenses	14,114	11,212
Security deposits	2,775	2,775
	<b>\$ 26,013,969</b>	<b>\$ 24,817,690</b>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accrued expenses	\$ 1,090,188	\$ 548,793
Payroll liabilities	-	962
Deferred revenue	-	110,000
	<b>1,090,188</b>	<b>659,755</b>
<b>Net Assets</b>		
Without donor restrictions	1,201,884	1,988,233
With donor restrictions	23,721,897	22,169,702
	<b>24,923,781</b>	<b>24,157,935</b>
<b>Total Net Assets</b>		
	<b>\$ 26,013,969</b>	<b>\$ 24,817,690</b>
<b>Total Liabilities and Net Assets</b>		

See accompanying notes.

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA  
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Support</b>						
Individual contributions	\$ 357,959	\$ 4,645,676	\$ 5,003,635	\$ 514,835	\$ 979,672	\$ 1,494,507
Foundation and corporate contributions	1,095,810	7,990,739	9,086,549	399,385	10,462,947	10,862,332
Children's Scholarship Fund National contributions	-	916,953	916,953	-	300,216	300,216
Administrative income	138,875	-	138,875	98,447	-	98,447
Interest and dividends, net of management fees	109,434	-	109,434	79,326	-	79,326
Paycheck Protection Program loan forgiveness	-	-	-	346,428	-	346,428
Other support	23,320	-	23,320	-	-	-
<b>Total Revenues and Support</b>	<b>1,725,398</b>	<b>13,553,368</b>	<b>15,278,766</b>	<b>1,438,421</b>	<b>11,742,835</b>	<b>13,181,256</b>
<b>Net assets released from restrictions</b>	<b>10,438,554</b>	<b>(10,438,554)</b>	<b>-</b>	<b>11,021,440</b>	<b>(11,021,440)</b>	<b>-</b>
<b>Total Revenues, Support and Net Assets Released From Restrictions</b>	<b>12,163,952</b>	<b>3,114,814</b>	<b>15,278,766</b>	<b>12,459,861</b>	<b>721,395</b>	<b>13,181,256</b>
<b>Operating Expenses</b>						
Program services:						
Scholarships and grants, net of reimbursements	10,834,225	-	10,834,225	10,433,356	-	10,433,356
Program expenses	1,245,008	-	1,245,008	976,275	-	976,275
<b>Total Program Services</b>	<b>12,079,233</b>	<b>-</b>	<b>12,079,233</b>	<b>11,409,631</b>	<b>-</b>	<b>11,409,631</b>
Support services:						
Management and general	367,147	-	367,147	277,978	-	277,978
Fundraising	503,809	-	503,809	496,721	-	496,721
<b>Total Support Services</b>	<b>870,956</b>	<b>-</b>	<b>870,956</b>	<b>774,699</b>	<b>-</b>	<b>774,699</b>
<b>Total Operating Expenses</b>	<b>12,950,189</b>	<b>-</b>	<b>12,950,189</b>	<b>12,184,330</b>	<b>-</b>	<b>12,184,330</b>
<b>Change in Net Assets from Revenues and Support</b>	<b>(786,237)</b>	<b>3,114,814</b>	<b>2,328,577</b>	<b>275,531</b>	<b>721,395</b>	<b>996,926</b>
<b>Other Revenues (Expenses)</b>						
Net realized and unrealized gain (loss) on investments	(112)	(1,562,619)	(1,562,731)	(492)	1,112,725	1,112,233
<b>Change in Net Assets</b>	<b>(786,349)</b>	<b>1,552,195</b>	<b>765,846</b>	<b>275,039</b>	<b>1,834,120</b>	<b>2,109,159</b>
<b>Net Assets - Beginning</b>	<b>1,988,233</b>	<b>22,169,702</b>	<b>24,157,935</b>	<b>1,713,194</b>	<b>20,335,582</b>	<b>22,048,776</b>
<b>Net Assets - End</b>	<b>\$ 1,201,884</b>	<b>\$ 23,721,897</b>	<b>\$ 24,923,781</b>	<b>\$ 1,988,233</b>	<b>\$ 22,169,702</b>	<b>\$ 24,157,935</b>

See accompanying notes.

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022				2021			
	Program Expenses	Management and General	Fundraising	Totals	Program Expenses	Management and General	Fundraising Expenses	Totals
Employee costs	\$ 907,044	\$ 218,013	\$ 302,550	\$ 1,427,607	\$ 729,998	\$ 170,614	\$ 393,302	\$ 1,293,914
Contributions		6,100		6,100	-	-	-	-
Dues and subscriptions	-	16,963	-	16,963	-	7,872	-	7,872
Events and partnerships	-	-	9,879	9,879	-	-	50,446	50,446
Insurance expense	-	2,911	-	2,911	-	9,550	-	9,550
Marketing	33,428	-	9,066	42,494	66,024	-	7,336	73,360
Office expense	19,191	19,191	-	38,382	19,111	16,309	8,406	43,826
Outside services	191,022	61,840	165,800	418,662	83,221	37,342	29,814	150,377
Printing and postage	15,957	7,093	12,411	35,461	7,427	3,299	5,777	16,503
Rent and utilities	45,425	30,283	-	75,708	48,651	32,434	-	81,085
Scholarship program expenses	23,713	-	-	23,713	20,761	-	-	20,761
Travel and entertainment	9,228	4,753	4,103	18,084	1,082	558	1,640	3,280
<b>Total Expenses</b>	<b>\$ 1,245,008</b>	<b>\$ 367,147</b>	<b>\$ 503,809</b>	<b>\$ 2,115,964</b>	<b>\$ 976,275</b>	<b>\$ 277,978</b>	<b>\$ 496,721</b>	<b>\$ 1,750,974</b>

See accompanying notes.

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 765,846	\$ 2,109,159
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized and realized (gain) loss on sale of investments	1,562,732	(1,112,240)
Forgiveness of Paycheck Protection Program loan	-	(346,428)
Donated stock	-	(51,180)
(Increase) decrease in assets		
Pledges receivable	(2,064,738)	646,083
Accounts receivable	277,636	(352,636)
Prepaid expenses	(2,902)	(10,605)
Increase (decrease) in liabilities		
Accrued expenses	541,395	(582,503)
Payroll liabilities	(962)	(3,431)
Deferred revenue	(110,000)	110,000
	<b>969,007</b>	<b>406,219</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	143,387	416,493
Purchase of investments	(5,280,312)	(500,310)
<b>Net Cash Used In Investing Activities</b>	<b>(5,136,925)</b>	<b>(83,817)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from Paycheck Protection Program Loan	-	168,428
<b>Net Cash Provided By Investing Activities</b>	<b>-</b>	<b>168,428</b>
<b>Change In Cash and Cash Equivalents</b>	<b>(4,167,918)</b>	<b>490,830</b>
<b>Cash and Cash Equivalents - Beginning</b>	<b>16,008,034</b>	<b>15,517,204</b>
<b>Cash and Cash Equivalents - Ending</b>	<b>\$ 11,840,116</b>	<b>\$ 16,008,034</b>
<b>Cash and Cash Equivalents - Without donor restrictions</b>	<b>\$ 1,065,642</b>	<b>\$ 1,665,023</b>
<b>Cash and Cash Equivalents - With donor restrictions</b>	<b>10,774,474</b>	<b>14,343,011</b>
	<b>\$ 11,840,116</b>	<b>\$ 16,008,034</b>

See accompanying notes.



**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of the Organization**

The Children's Scholarship Fund Philadelphia (the Organization) is a nonprofit organization whose mission is to provide low-income children in the Philadelphia School District with financial access to safe, quality, kindergarten through eighth grade tuition-based schools. All scholarships are need-based, consisting of up to eight years in length and issued by random lottery.

Since 2001, the Organization has awarded over 28,500 students scholarships and, during 2022, the Organization served over 5,000 children who attended over 160 schools.

The Organization receives corporate contributions under two Pennsylvania tax credit programs; the Educational Improvement Tax Credit (EITC) and the Opportunity Scholarship Tax Credit (OSTC).

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting.

**Basis of Presentation**

The Organization classifies its resources in accordance with activities or objectives specified by its grantors. For financial reporting purposes, the Organization reports information regarding its financial position and activities according to the following net asset classifications:

Without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing Organization's objectives.

With donor restrictions: Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been made in the year of receipt. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, including the awarding of a scholarship, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities and Change in Net Assets.

**Use of 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.

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

**Investments**

Investments are comprised of marketable securities and U.S. Treasuries with readily determinable fair values. All investments are carried at fair value in the Statements of Financial Position at December 31, 2022 and 2021.

In-kind stock donations are recorded at fair market value on the date of contribution.

**Unconditional Promises to Give**

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. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received.

**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.

The Organization has an arrangement with one of its recipient school networks to award scholarships to the network's students. The Organization advances all amounts for these scholarships and is reimbursed for half from the recipient network. The reimbursement is netted against scholarship expense.

**Concentration of Credit Risk**

During each year, the Organization maintained 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, 2022 and 2021 by \$11,059,602 and \$15,159,384, respectively.

Revenue and support from one donor totaled \$3,000,000, or 23% of total revenue and support, during the year ended December 31, 2021. There were no major donors for the year ended December 31, 2022.

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Organization had pledges receivable from two sources totaling \$1,500,000 at December 31, 2022. These pledges comprised 49% of the gross pledges receivable at December 31, 2022. The Organization had pledges receivable from one source totaling \$1,000,000 at December 31, 2021. This pledge comprised 100% of the gross pledges receivable at December 31, 2021.

**Contributions**

The Organization recognizes contributions when cash, securities, or an unconditional promise to give the date it is received. Contributions with associated conditions are recorded as revenue when conditions are met. Contributions, net assets, and changes therein are classified and reported based on the existence of donor-imposed restrictions. As of December 31, 2022 and 2021, certain of the Organization's net assets are classified as "with donor restrictions". These amounts represent contributions that are limited in use with donor restriction stipulations. All amounts with donor restrictions are restricted for the payment of scholarships.

**Allocation of Functional Expenses and Statements of Functional Expenses**

The costs of providing program and other activities has been summarized on a functional basis in the Statements of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among certain functions.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Allocation</u>
Employee costs	Time and effort
Dues and subscriptions	Time and effort
Insurance expense	Time and effort
Marketing	Time and effort
Office expense	Time and effort
Outside services	Time and effort
Printing and postage	Time and effort
Rent and utilities	Time and effort
Scholarship program expenses	Time and effort
Travel and entertainment	Time and effort

**Income 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.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed should be recorded in the financial statements. If the Organization were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as income taxes. There are no unrecognized tax benefits identified or recorded as liabilities as of and for the years ended December 31, 2022 and 2021.

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Organization's Forms 990 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

**Reclassification**

Certain reclassifications have been made to the December 31, 2021 financial statements to conform to the December 31, 2022 presentation.

**NOTE 2: LIQUIDITY AND AVAILABILITY OF RESOURCES**

The following reflects the Organization's financial assets at 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.

	<b>2022</b>	<b>2021</b>
Financial assets, at year-end		
Cash	<b>\$ 11,840,116</b>	\$ 16,008,034
Investments	<b>11,019,763</b>	7,445,570
Accounts receivable	<b>75,000</b>	352,636
Pledge receivable	<b>3,062,201</b>	997,463
Total Financial Assets	<b>25,997,080</b>	24,803,703
Less those unavailable for general expenditures within one year due to contractual or donor restriction:		
Restricted by donors	<b>(24,856,438)</b>	(22,786,044)
Financial Assets Available to Meet Cash Needs For General Expenditures Within One Year	<b>\$ 1,140,642</b>	\$ 2,017,659

**NOTE 3: FAIR VALUE MEASUREMENTS AND INVESTMENTS**

The Organization's investments are reported at fair value. Fair value is defined as the price that would be received for an asset or paid to transfer a liability in the Organization's principal or most advantageous market in an orderly transaction between market participants on the measurement date.

The fair value measurement accounting literature established a fair value hierarchy which requires the Organization or maximize the use of observable inputs when measuring fair value. The accounting standard describes three levels of inputs that may be used to measure fair value:

Level 1: Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 3: FAIR VALUE MEASUREMENTS AND INVESTMENTS (continued)**

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted market prices for identical or similar assets and liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Input to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of an input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant and observable inputs and minimize the use of unobservable inputs.

The following table set forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2022 and 2021:

	<b>Year Ended December 31, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual Funds	<b>\$ 6,137,713</b>	\$ -	\$ -	<b>\$ 6,137,713</b>
US Treasuries	<b>4,882,050</b>	-	-	<b>4,882,050</b>
	<b>\$ 11,019,763</b>	\$ -	\$ -	<b>\$ 11,019,763</b>
	<b>Year Ended December 31, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual Funds	<b>\$ 7,445,570</b>	\$ -	\$ -	<b>\$ 7,445,570</b>
	<b>\$ 7,445,570</b>	\$ -	\$ -	<b>\$ 7,445,570</b>

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 3: FAIR VALUE MEASUREMENTS AND INVESTMENTS (continued)**

The cost or other basis, unrealized appreciation (depreciation) and market values of investments at December 31, 2022 and 2021 are summarized as follows:

	<b>Year Ended December 31, 2022</b>		
	<b>Cost or Other Basis</b>	<b>Unrealized Appreciation (Depreciation)</b>	<b>Market Value</b>
Mutual Funds	\$ 5,489,811	\$ 647,902	\$ 6,137,713
US Treasuries	5,008,241	(126,191)	4,882,050
	<b>\$ 10,498,052</b>	<b>\$ 521,711</b>	<b>\$ 11,019,763</b>
	<b>Year Ended December 31, 2021</b>		
	<b>Cost or Other Basis</b>	<b>Unrealized Appreciation</b>	<b>Market Value</b>
Mutual Funds	\$ 5,406,884	\$ 2,038,686	\$ 7,445,570
	<b>\$ 5,406,884</b>	<b>\$ 2,038,686</b>	<b>\$ 7,445,570</b>

**NOTE 4: PLEDGES RECEIVABLE**

Unconditional pledges receivable at December 31, 2022 and 2021, were as follows:

	<b>2022</b>	<b>2021</b>
Receivable in less than one year	\$ 2,558,838	\$ 500,000
Receivable in one to three years	525,999	500,000
Total Unconditional Pledges Receivable	<b>3,084,837</b>	1,000,000
Less discounts to net present value	<b>(22,636)</b>	(2,537)
Net Unconditional Pledges Receivable	<b>\$ 3,062,201</b>	<b>\$ 997,463</b>

**NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes:

	<b>2022</b>	<b>2021</b>
Scholarships	\$ 23,616,715	\$ 22,169,702
General Operating	105,182	-
Total Net Assets With Donor Restrictions	<b>\$ 23,721,897</b>	<b>\$ 22,169,702</b>

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 6: NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors:

	2022	2021
Scholarships, net of reimbursements	<b>\$ 10,438,554</b>	\$ 11,021,440
Total Net Assets Released from Restrictions	<b>\$ 10,438,554</b>	\$ 11,021,440

**NOTE 7: 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. Minimum future rental payments under these non-cancelable operating leases are as follows:

Year Ending December 31:	
2023	\$ 18,459
	\$ 18,459

The Organization had no leases at December 31, 2022 required to be reported under FASB ASC 842, *Leases*, as management has elected to adopt the short-term lease exception. Rent expense for the years ending December 31, 2022 and 2021 was \$75,708 and \$81,085, respectively. Effective March 29, 2023, the Organization entered into an office lease in a new location. The lease is scheduled to run through June 30, 2026, with payments escalating from \$4,317 to \$4,710 per month.

**NOTE 8: 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 (COPS) Fund's activity was included 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."

**CHILDREN'S SCHOLARSHIP FUND PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 9: PAYCHECK PROTECTION PROGRAM LOAN**

During 2020, the Organization received a loan from a bank for \$178,000 under the Paycheck Protection Program ("PPP") established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. After meeting certain requirements, the loan was forgiven in full during 2021 and included in total revenues and support on the Statements of Activities and Change in Net Assets.

Additionally, during 2021, the Organization received a PPP loan of \$168,428, as part of a second round of the program. That balance was also forgiven during 2021 and is included in total revenues and support on the Statements of Activities and Change in Net Assets.

**NOTE 10: SUBSEQUENT EVENTS**

Subsequent events were evaluated by management through November 13, 2023, the date the financial statements were available to be issued.