

ALEF Fund, Inc.

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

ALEF Fund, Inc.

FINANCIAL STATEMENTS
June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors of
ALEF Fund, Inc.
Atlanta, Georgia

Opinion

We have audited the accompanying financial statements of ALEF Fund, Inc. (ALEF), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ALEF Fund, Inc. as of June 30, 2022 and 2021, and the results of operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 ALEF and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 ALEF's ability to continue as a going concern within 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control. Misstatements 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 generally accepted auditing standards, 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 ALEF'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 ALEF'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.

Windham Brannon, LLC

October 27, 2022

ALEF Fund, Inc.

Statements of Financial Position

June 30, 2022 and 2021
\$(000's)

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents		
Cash designated for scholarships		
Total assets		
Liabilities and Net Assets		
Liabilities:		
Allocations payable for scholarships		
Total liabilities		
Net assets:		
Without donor restrictions		
With donor restrictions (note 3)		
Total net assets		
Total liabilities and net assets		

See accompanying notes to financial statements.

ALEF Fund, Inc.
Statement of Activities
Year ended June 30, 2022

\$(000's)

	<u>Without Donor Restrictions</u>		<u>With Donor</u>	
	<u>Undesignated</u>	<u>Board Designated</u>	<u>Restrictions</u>	<u>Total</u>
Revenues and other support:				
Contributions				
Net assets released from restriction (note 4)				
Total donor support				
Interest Income				
Total other support				
Total revenues and other support				
Allocations and Expenses:				
Allocations				
Support services:				
Administration of scholarships				
Fundraising				
Management and general				
Total support services expenses				
Total allocations and expenses				
Increase(Decrease) in net assets				
Net assets at beginning of year				
Net assets at end of year				

See accompanying notes to financial statements.

ALEF Fund, Inc.
Statement of Activities
Year ended June 30, 2021

\$(000's)

	<u>Without Donor Restrictions</u>		<u>With Donor</u>	
	<u>Undesignated</u>	<u>Board</u>	<u>Restrictions</u>	<u>Total</u>
		<u>Designated</u>		
Revenues and other support:				
Contributions				
Net assets released from restriction (note 4)				
Total donor support				
Interest Income				
Total other support				
Total revenues and other support				
Allocations and Expenses:				
Allocations				
Support services:				
Administration of scholarships				
Fundraising				
Management and general				
Total support services expenses				
Total allocations and expenses				
Increase(Decrease) in net assets				
Net assets at beginning of year				
Net assets at end of year				

See accompanying notes to financial statements.

ALEF Fund, Inc.

Statement of Functional Expenses

Year ended June 30, 2022

\$(000's)

	Scholarship Allocation	Fund Raising	Management and General	Total Expenses
Allocations				
Scholarships				
Grants to other organizations				
Total Allocations				
Expenses				
Professional services				
Credit card fees				
Occupancy				
Other				
Total Expenses				
Total allocations and expenses				

See accompanying notes to financial statements.

ALEF Fund, Inc.

Statement of Functional Expenses

Year ended June 30, 2021

\$(000's)

	Scholarship Allocation	Fund Raising	Management and General	Total Expenses
Allocations				
Scholarships				
Grants to other organizations				
Total Allocations				
Expenses				
Professional services				
Credit card fees				
Occupancy				
Other				
Total Expenses				
Total allocations and expenses				

See accompanying notes to financial statements.

ALEF Fund, Inc.

Statements of Cash Flows

Year ended June 30, 2022 and 2021

\$(000's)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Increase (Decrease) in net assets		
Adjustments to reconcile increase in net assets to		
net cash provided by operating activities:		
Increase in allocations payable		
Decrease in accounts payable and accrued expenses		
Increase (Decrease) in payables to other organizations		
Net cash provided by operating activities		
 Net increase in cash, cash equivalents, and		
cash designated for scholarships		
 Cash, cash equivalents, and cash designated for		
scholarships at beginning of year		
 Cash, cash equivalents, and cash designated for		
scholarships at end of year		

See accompanying notes to financial statements.

ALEF Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

\$(000's)

(1) Summary of Significant Accounting Policies

(a) *Organization*

ALEF Fund, Inc. ("ALEF") was incorporated in 2008 in accordance with the Georgia Nonprofit Corporation Code. Pursuant to Section 14-3-202 of the Code, ALEF is a membership organization with its only member being [REDACTED]. The Executive Committee of the Federation has the authority to appoint ALEF's Board of Directors.

(b) *Nature of Business*

ALEF is a not-for-profit organization which operates exclusively for charitable and educational purposes. ALEF conducts various campaigns to raise funds and uses such funds to provide students with scholarships to attend private pre-k to grade 12 schools in the State of Georgia.

ALEF is a Student Scholarship Organization (SSO) as defined by the State of Georgia. ALEF operates in a manner that enables Georgia taxpayers to secure the Qualified Education Expense Credit available under Official Code of Georgia Annotated (O.C.G.A) § 48-7-29.16 for their charitable contributions to ALEF. ALEF is also an organization described in Internal Revenue Code (IRC) Section 501(c)(3) and, as such, is exempt from income taxation under IRC Section 501(a).

(c) *Basis of Presentation*

ALEF's fiscal year ends on June 30. The financial statements are presented in accordance with generally accepted accounting principles for nonprofit organizations, which establish standards for general-purpose external financial statements issued by nonprofit organizations. It requires that net assets and related revenue, expenses, gains and losses be classified into two classes of net assets – without donor restrictions and with donor restrictions, based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

Net assets without donor restrictions –

- ***Undesignated*** – Net assets not subject to donor-imposed stipulations.
- ***Board designated net assets*** – Net assets not subject to donor-imposed stipulations but subject to purpose and time restrictions by virtue of being subject to board approval.

ALEF Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

\$(000's)

(c) Basis of Presentation (continued)

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of ALEF and/or the passage of time or that require the donated assets be maintained permanently by ALEF.

(d) Accrual Basis

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

(e) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions which affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(f) Contributions

Contributions are recognized when the donor provides ALEF with a Form IT-QEE-TP1 approved by the Georgia Department of Revenue and the related cash contribution is received. In accordance with Georgia Department of Revenue Regulations, the donor must make the contribution to ALEF within 60 days of the date of approval.

Contributions received are recorded at their estimated fair values. ALEF reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. 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 restriction. Contributions received without donor stipulations are still purpose restricted in accordance with the Georgia State Regulations that govern SSOs. When ALEF's Board approves a scholarship allocation, contributions are reclassified to undesignated net assets and reported in the Statement of Activities as net assets released from restriction.

In accordance with Georgia law, the Organization obligated 92% of the first \$1,500, 94% of the next \$8,500, 95% of the next \$10,000, and 96% of any remaining amount of revenue received from donations to scholarships or tuition grants each calendar year. ALEF designates the required amount of obligated revenues for specific student recipients.

ALEF Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

\$(000's)

(g) Allocations

In the course of fulfilling its mission and purpose, each year ALEF's Board of Directors authorizes the distribution of certain program funds for student scholarships at participating schools. These authorized distributions are recorded as program expenses when the allocations are approved. During the years ended June 30, 2022 and 2021, ALEF granted [REDACTED] respectively, of all scholarships to four schools.

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and fund-raising activities based on time spent, while other expenses have been directly charged based on the nature of the expense.

(h) Support Services

[REDACTED]

(i) Cash

Cash, cash equivalents, and cash designated for scholarships consist of demand and money market accounts maintained at two banks. At June 30, 2022 and 2021 cash balances [REDACTED] [REDACTED] respectively.

(j) Income Taxes

Management of ALEF considers the likelihood of changes by taxing authorities in its income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to ALEF's status as a not-for-profit entity. Management believes ALEF met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax; therefore, no provision for income taxes has been provided in these financial statements.

[REDACTED]

ALEF Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

\$(000's)

(k) Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through October 27, 2022, which is the date the financial statements were available to be issued.

(2) Liquidity and Availability of Financial Assets

ALEF's financial assets at June 30, 2022 (reduced by amounts not available for general use because of donor-imposed restrictions and scholarship designations) available within one year after this date to satisfy liabilities at this date and for future general expenditures are as follows:

	Not Available Due to			Net Available
	Amount	Donor Imposed Restrictions	Designated for Scholarships	
Cash and cash equivalents				

ALEF's financial assets at June 30, 2021 (reduced by amounts not available for general use because of donor-imposed restrictions and scholarship designations) available within one year after this date to satisfy liabilities at this date and for future general expenditures are as follows:

	Not Available Due to			Net Available
	Amount	Donor Imposed Restrictions	Designated for Scholarships	
Cash and cash equivalents				

ALEF Fund, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

\$(000's)

ALEF structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due; such liabilities aggregated [REDACTED] at June 30, 2022 and 2021, respectively. As part of its liquidity management, ALEF holds cash in excess of daily requirements in various interest-bearing bank accounts.

(3) Net Assets

Net assets with donor restrictions are restricted based on time and purpose restrictions and the balances at June 30, 2022 and 2021 are as follows:

Restrictions	No.	June 30, 2022	No.	June 30, 2021
Time Restricted		[REDACTED]		
Purpose Restricted				

(4) Net Assets Released from Restriction

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended June 30, 2022 and 2021 as follows:

	2022	2021
Targeted Grants	[REDACTED]	
Board approved activity		
Total purpose restrictions released		

(5) Cash Designated for Scholarships

ALEF is required to maintain separate accounts for operating and scholarship fund accounts. ALEF had [REDACTED] in cash designated for scholarships held in interest-bearing bank accounts at June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021, the cash designated for scholarships of [REDACTED], respectively consisted solely of allocations payable.

INDEPENDENT AUDITOR'S REPORT ON
SUPPLEMENTAL INFORMATION

Board of Directors of
ALEF Fund, Inc.
Atlanta, Georgia

We have audited the financial statements of ALEF Fund, Inc. as of and for the year ended June 30, 2022, and have issued our report thereon dated October 27, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information beginning on page 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is required by the rules of the Department of Revenue Income Tax Division of Georgia under chapter 560-7-8-.47(4). Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Windham Brannon, LLC

October 27, 2022

ALEF Fund, Inc.

Supplemental Information

Year ended June 30, 2022

\$(000's)

We verify that ALEF Fund, Inc. has complied with all requirements of Code Section 20-2A-2 including, but not limited to, financial requirements for the tax year ended December 31, 2021.

- 1) Revenues and Allocation - The Student Scholarship Organization (SSO) must obligate no less than 92% of the first \$1,500 of its annual revenue for scholarship or tuition grants. The SSO must obligate no less than 94% of the next \$8,500 of its annual revenue for scholarship or tuition grants.

Annual revenue for scholarships for the year ended June 30, 2022

Amount obligated during fiscal year 2022

Amount transferred to operating fund during 2022

Required obligated amount

Excess amount obligated in 2022

- 2) Funds - The SSO must maintain separate accounts for scholarship funds and operating funds

Account for scholarship funds at June 30, 2022

Account for operating funds at June 30, 2022

Total

- 3) Funds transferred to other Student Scholarship Organizations

- 4) Audit Report

Date of the audit report

120 Days following Year end (June 30, 2022)

October 27, 2022

October 28, 2022

- 5) Notice submitted to the Department of Education of ALEF's participation as a student scholarship organization on pages 15-18

Date Signed

- 6) Report to Department of Revenue

Amount of contributions for calendar year 2021 reported to the Department of Revenue

Amount of contributions recorded for 2021 calendar year

Difference

Number of donors for calendar year 2021 reported to the Department of Revenue (not in 000's)

Number of donors for calendar year 2021 recorded (Not in 000's)

Difference