

Alyn Scholarship Fund, Inc.

Financial Statements

December 31, 2021 and 2020

ALYN SCHOLARSHIP FUND, INC.
ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Alyn Scholarship Fund, Inc.

Opinion

We have audited the accompanying financial statements of Alyn Scholarship Fund, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statement of activities 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 Alyn Scholarship Fund, Inc. as of December 31, 2021 and 2020, and the changes in its net assets 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 in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Alyn Scholarship Fund, Inc. 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 opinions.

Responsibilities of Management 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.

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 Alyn Scholarship Fund, Inc.'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 Responsibility 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 and *Government 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standard*, we:

- Exercise professional judgement 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 a 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 Alyn Scholarship Fund, Inc.'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 the management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alyn Scholarship Fund, Inc.'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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplemental information 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Hurst and Hurst CPAs, LLC

Douglas, GA
March 31, 2022

BASIC FINANCIAL STATEMENTS

ALYN SCHOLARSHIP FUND, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Assets Obligated for Scholarships:		
Cash - Scholarship Account		
Cash - Operating Account		
Total Assets		
LIABILITIES AND NET ASSETS		
LIABILITIES		
Other Payables		
Total Liabilities		
NET ASSETS		
Without Donor Restrictions		
With Donor Restrictions		
Total Net Assets		
TOTAL LIABILITIES AND NET ASSETS		

See accompanying notes and accountant's report.

ALYN SCHOLARSHIP FUND, INC
STATEMENT OF ACTIVITIES

FOR THE PERIODS ENDED DECEMBER 31, 2021 AND 2020

	2021		2020			
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Contributions						
PPP Loan						
Administrative Revenue						
Investment Income						
Net Assets Released from Restrictions						
Total Revenue						
EXPENSES						
Program Services						
Management and General Fundraising						
Total Expenses						
(INCREASE) DECREASE IN NET ASSETS						
NET ASSETS AT BEGINNING OF PERIOD						
NET ASSETS AT END OF PERIOD						

ALYN SCHOLARSHIP FUND, INC.
STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets		
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities		
(Increase) Decrease in:		
Other Liabilities		
 Net Cash Provided (Used) By Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
 Net Cash Provided (Used) By Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
 Net Cash Provided (Used) By Financing Activities		
NET (INCREASE) DECREASE IN CASH AND CASH EQUIVALENTS		
BEGINNING CASH AND CASH EQUIVALENTS		
ENDING CASH AND CASH EQUIVALENTS		

See accompanying notes and accountant's report.

ALYN SCHOLARSHIP FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. Nature of Organization and Significant Accounting Policies

Nature of Operations

Alyn Scholarship Fund, Inc. (The Organization) is a nonprofit Georgia corporation that provides students with scholarships to attend private pre-k-12 schools of their parent's choice in the state of Georgia. The Organization is a Student Scholarship Organization (SSO) as defined by the State of Georgia. The Organization 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 the Organization.

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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Financial Statement Presentation

The organization prepares its financial statements using the accrual basis of accounting and in accordance with the Financial Accounting Standards Board Accounting Standards Codification for restrictions placed on assets by donors.

To ensure observance of limitations and restrictions placed on the use of resources available on the Organization, the resources are classified for accounting and reporting purposes into categories established according to their nature and purpose. The assets, liabilities and net assets of the Organization are reported as follows:

- *Net Assets Without Donor Restrictions*-Net assets available for use in general operations and not subject to donor-imposed restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained by perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of donor restrictions on the use of contributions to provide scholarships at the Organization's discretion at participating eligible schools.

The Organization reports contributions of cash as contributions with donor restrictions to the extent that the donor obligates such contributions for the provision of scholarships or tuition grants. Effective January 1, 2013, with respect to the first \$1.5 million of its annual revenue received from donations for scholarships or tuition grants, the Organization must obligate at least 90% of such revenue; with respect to its annual revenue in excess of \$1.5 million and up to and including \$10 million, must obligate at least 93% of such revenue; with respect to its annual revenue received in excess of \$10 million and up to and including \$20 million, must obligate at least 94% of such revenue; and with respect to its annual revenue in excess of \$20 million, must obligate at least 95% of such revenue.

Administrative Revenue

The Organization is allowed an administrative fee on all contributions. In conformance with the Organization's policy to allocate to the provision of scholarships all administrative fees not needed to fund operations, the Board of Directors of the

ALYN SCHOLARSHIP FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Organization has approved a fee of approximately [REDACTED] to fund operations for 2021, which is below the allowable legal limit. The revenue recognition policy for the administrative revenue is consistent with revenue recognition for contributions.

Assets Obligated for Scholarships

The Organization had [REDACTED] held in a non-interest-bearing bank account at December 31, 2021. These monies are obligated under provisions of Georgia law relating to the operation of student scholarship organizations under O.C.G.A. § 20-2A. In addition, under O.C.G.A. § 20-2A the Organization is required to maintain two separate accounts for operating and scholarship funds.

Scholarships

In the course of fulfilling its mission and purpose, each year the Organization authorizes distribution of certain program funds for student scholarships at participating schools. The authorized distributions are recorded as program expenses in the financial statements of the Organization when the scholarships are approved.

Functional Allocation of Expenses

The costs of providing the program and activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and general and administrative expenses. The allocation of functional expenses is detailed in Note 2.

Cash

Cash consists of demand deposits and money market accounts with local financial institutions.

Income Taxes

The Organization qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code as a charitable organization whereby only unrelated business income, if any, as defined by Section 512(a)(1) of the Internal Revenue Code, is subject to federal income tax.

Management of the Organization considers the likelihood of changes by taxing authorities and recognizes a liability for, or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Organization's status as a nonprofit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and [REDACTED]

Fair Value of Financial Instruments

Management believes the carrying amounts of the Organization's cash and accounts payable are reasonable approximations of their fair value due to the short-term nature of these financial instruments.

Reclassifications

Certain reclassifications of amounts previously reported may have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

ALYN SCHOLARSHIP FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. Functional Expenses

Expenses are categorized in the following natural classifications for the years ended December 31, 2021 and 2020:

	2021			2020		
	Program	Fundraising	General & Admin	Program	Fundraising	General & Admin
Officer Compensation						
Payroll Tax Expense						
Advertising						
Bank Service Charges						
Computer Expense						
Contract Labor						
Credit Card Fees						
Gas & Oil						
Licenses & Permits						
Miscellaneous						
Office Supplies						
Postage and Delivery						
Professional Fees						
Telephone						
Utilities						
Scholarships						
TOTAL						

3. Contributions

Under Georgia Law, each SSO must report to the Georgia Department of Revenue the total number and dollar value of contributions received and tax credits approved. The reconciliation between the amounts reported to the Georgia Department of Revenue and the financial statements is as follows:

	2021	2020
Georgia IT-QEE-SSO2		
Contributions with no corresponding tax credits		
TOTAL		

4. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions, limiting their use, within one year of the balance sheet date, total [REDACTED] Consisting of cash in operating account and administrative fee monies not yet transferred from scholarship account on December 31, 2021.

5. Subsequent Events

Management has evaluated events and transactions subsequent to the balance sheet date through March 31, 2022, (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosure.

SUPPLEMENTARY INFORMATION

**ALYN SCHOLARSHIP FUND, INC.
SUPPLEMENTAL INFORMATION
FOR THE PERIOD ENDED DECEMBER 31, 2021**

1) Revenues and Allocation - [REDACTED]

Annual revenue for scholarships for the year ended December 31, 2021

Required obligated amount

Actual amount obligated

Excess/(Shortage) amount obligated in 2021

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

Account for scholarship funds at December 31, 2021

Account for operating funds at December 31, 2021

3) Audit Report

Date of the audit report

120 days following year end

4) The Georgia Department of Education lists the Organization as an approved SSO regarding their intent to participate

5) Reconciliation of IT-QEE-SSO2 to the financial statements

Amount of contributions reported to the Georgia Department of Revenue

Amount of contributions reported for 2021 calendar year

Contributions with no corresponding tax credit

Difference

ALYN SCHOLARSHIP FUND, INC.
SUPPLEMENTAL INFORMATION, continued
DECEMBER 31, 2021

- 6) **Designate the Obligated Revenues** – On or before the end of the calendar year following the calendar year in which a student scholarship organization receives revenues from donations and obligates them for the awarding of scholarships or tuition grants, the student scholarship organization shall designate the obligated revenues for specific student recipients.

As of December 31, 2021, the Organization has fully allocated all accumulated obligated revenues available for future scholarships as of December 31, 2020 to specific student recipients within the required timeframe.

In the case of multi-year scholarships, the Organization distributes the obligated and designated revenues on an annual basis rather than distributing the entire scholarship in advance. In situations where the designated student becomes ineligible to receive the scholarship in future years or the Organization elects not to continue disbursement to the designated student for future years, the Organization designates any remaining previously obligated revenues for a new specific student recipient within the required timeframe.

- 7) **Maximum Scholarship Award** - The maximum scholarship amount awarded by the Organization during the year ending December 31, 2021 [REDACTED] the average state and local expenditures per student in fall enrollment in public elementary and secondary education in the State of Georgia, as published by the Department of Education. The amount published for this period was [REDACTED]
- 8) **Financial Needs Consideration** - In awarding scholarships, the Organization considers the financial needs of the students based on all sources, including the Federal adjusted gross income (AGI), as adjusted for family size, from the most recently filed Federal income tax return of the parents or guardians of such students. The Organization obtains copies of the most recently filed income tax returns from parents or guardians, or if the parents or guardians have not filed a Federal income tax return in either of the two calendar years immediately preceding the year of application, the Organization considers the financial need of the student based on proof of employment income of the parents or guardians from the 30 consecutive days closest to when the applicant submitted the scholarship application and on any other sources of income, including, but not limited to, unemployment benefits, social security benefits, and/or child support benefits.