

A PAY IT FORWARD SCHOLARSHIP, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

A PAY IT FORWARD SCHOLARSHIP, INC.

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Anderson CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of A Pay It Forward Scholarship, Inc.

Report on the Financial Statements and Code Compliance

We have audited the accompanying financial statements of A Pay It Forward Scholarship, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements. We have reviewed Georgia Code Section 20-2A-2 to verify that A Pay It Forward Scholarship, Inc. is in compliance with statute requirements as an operating Student Scholarship Organization, (SSO) for the tax year ending June 30, 2022.

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 statements 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of A Pay It Forward Scholarship, Inc. as of June 30, 2022, 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. We verify that Pay it Forward Scholarships, Inc. has complied with all requirements of Georgia Code Section 20-2A-2 including, but not limited to, financial requirements for the tax year ending June 30, 2022.



Anderson CPA

Chicago, Illinois
January 4, 2023

A PAY IT FORWARD SCHOLARSHIP, INC.

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2022

Assets

Current assets

Cash and cash equivalents

Total current assets

Total assets

Liabilities and net assets

Current liabilities

Accrued salaries payable

Total current liabilities

Total liabilities

Net assets

Net assets without donor restrictions

Total net assets

Total liabilities and net assets



A PAY IT FORWARD SCHOLARSHIP, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

Support and revenue without donor restrictions

Contributions

Total support and revenue

Expenses

Program expenses

Management and general

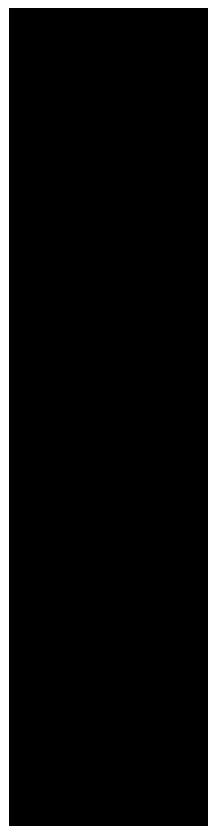
Fundraising

Total cost of operations

Change in net assets

Net assets - start of fiscal year

Net assets – end of fiscal year



A PAY IT FORWARD SCHOLARSHIP, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

Cash flows from operating activities

Change in net assets

Adjustments to reconcile change in net assets to net cash
provided by operating activities

Depreciation

Increase in accrued salaries

Net cash provided by (used in) operating activities

Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents, beginning of fiscal year

Cash and cash equivalents, end of fiscal year



A PAY IT FORWARD SCHOLARSHIP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Fundraising	Total
Salaries				
Payroll Taxes				
Scholarships				
Bank Charges				
Occupancy				
Insurance				
Professional Fees				
Office Expenses				
Meals & Entertainment				
Office Supplies				
Travel				
Depreciation				
Total Expenses				

A PAY IT FORWARD SCHOLARSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

A Pay It Forward Scholarship, Inc. is a non-profit organization incorporated under the laws of the State of Georgia. The Organization was formed to provide tuition scholarships to Pre-K through 12th grade Georgia private school students in accordance with Georgia Code Section 20-2A-2. The Organization's major revenue source is contributions.

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and accordingly reflect all significant receivables, prepaid expenses, payables, and other liabilities.

Basis of presentation

Net assets of the Organization are classified as net assets without donor restrictions or net assets with donor restrictions.

- Net assets without donor restrictions consist of net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.
- Net assets with donor restrictions consist of net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Cash and cash equivalents

The Organization's cash and cash equivalents consist of two checking accounts. The Organization maintains checking accounts at a commercial bank. The demand deposit accounts are partially insured by the Federal Deposit Insurance Corporation. The balances, at times, may exceed federally insured limits. [REDACTED]

Accounts receivable

Accounts receivable consist of contributions receivable. Delinquent receivables are written off and

included in bad debt expense in the period the balances are deemed uncollectible by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debt; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. [REDACTED]

[REDACTED]

Contributions and support

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Organization recognizes as unrestricted revenue any donor-restricted contributions whose restrictions are met in the same reporting period as received.

Property and equipment

Property and equipment are recorded at cost and depreciation is computed using the straight line method. Depreciation is computed over the estimated useful lives of each individual asset. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized as income or loss for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

The Organization is subject to the provisions of the Impairment or Disposal of Long-Lived Assets topic of the FASB Accounting Standards Codification (ASC) 360-10. Impairment or Disposal of Long-Lived Assets has no retroactive impact on the Organization's financial statements. The standard requires impairment losses to be recorded on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value and assets held for sale are adjusted to their estimated fair value less selling expenses. [REDACTED]

Income taxes

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

The Organization has adopted the provisions of the accounting pronouncement related to accounting for uncertainty in income taxes. [REDACTED]

[REDACTED]

Based on the evaluation of the Organization's tax positions, management believes all positions taken would be upheld under an examination. [REDACTED]

Functional expenses

The costs of providing program and supporting services have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated between the program and supporting services benefited. Directly identifiable expenses are charged to the appropriate programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of estimates made by management.

Estimates

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

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. [REDACTED]

Management's review of subsequent events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2022, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2022. Management has performed their analysis of subsequent events through January 4, 2023, the date the financial statements were available to be issued.

NOTE 2 – RECENTLY ISSUED ACCOUNTING STANDARDS

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as of right-of-use asset and corresponding lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either finance or operating, and this distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the entity for the year ending June 30, 2023. The Organization is currently in the process of evaluating the effect of adoption of this ASU on its financial statements.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of its liquidity management, the Organization has a policy to structure its financial assets to be

available as its general expenditures, liabilities, and other obligations come due.

The following schedule explains the Organization's financial assets to meet cash needs for general expenditures within one year. The financial assets were derived from the total assets on the statement of financial position.

Cash and cash equivalents

Total financial assets

Less amounts not available to be used within one year:

Donor – imposed restrictions

Financial assets available to meet general expenditures within one year



NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2022:

Vehicles

Equipment

Total property and equipment

Accumulated depreciation

Net property and equipment



NOTE 5 – OPERATING LEASE

