

**A PAY IT FORWARD SCHOLARSHIP, INC.**

INDEPENDENT AUDITORS' REPORT  
and  
FINANCIAL STATEMENTS

June 30, 2023

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of A Pay It Forward Scholarship, Inc. (“the Organization”), which comprise the Statement of Financial Position as of June 30, 2023, and the related Statements of Activities and Cash Flows for the year then ended and the related Notes to Financial Statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, 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 (“GAAS”) and if applicable, 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 Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of A Pay It Forward Scholarship, 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 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.

### **Auditors’ 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 Auditors’ 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 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 the A Pay It Forward Scholarship, 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 management, as well as evaluate the overall presentation of the financial statements.

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.

### **Report on Other Legal and Regulatory Requirements**

As discussed in Note 1, the Organization has complied with all requirements of Code Section 20-2A-2 including, but not limited to, financial requirements for the tax year ending June 30, 2023.

*Marshall Jones*

Atlanta, Georgia  
December 21, 2023

A PAY IT FORWARD SCHOLARSHIP, INC.  
STATEMENT OF FINANCIAL POSITION  
June 30, 2023

<b>ASSETS</b>	
Cash	
Restricted cash	
<b>TOTAL ASSETS</b>	
<b>LIABILITIES AND NET ASSETS</b>	
<b>Net Assets</b>	
Net assets without donor restrictions	
Net assets with donor restrictions	
<b>Total Net Assets</b>	
<b>TOTAL LIABILITIES AND NET ASSETS</b>	

This financial statement should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

A PAY IT FORWARD SCHOLARSHIP, INC.  
 STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
 For the Year Ended June 30, 2023

	Without Donor Restriction	With Donor Restriction	Total
<b>Revenues</b>			
Contributions			
Net assets released from restriction			
<b>Total Revenues</b>			
<b>Expenses</b>			
Program Services			
Management and general			
Fundraising			
<b>Total Expenses</b>			
Change in Net Assets			
Net Assets - Beginning of Year			
<b>Net Assets - End of Year</b>			

This financial statement should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

A PAY IT FORWARD SCHOLARSHIP, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 For the Year Ended June 30, 2023

	Program Services	Support Services		<b>Total</b>
		Management and General	Fundraising	
<b>Functional Expenses</b>	[REDACTED]			
Professional fees				
Bank charges				
Scholarship expense				
Salaries & Wages				
Payroll Taxes				
Insurance				
IT expenses				
Occupancy				
Office Expenses				
Continuing Education				
<b>Total Functional Expenses</b>				

This financial statement should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

A PAY IT FORWARD SCHOLARSHIP, INC.  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2023

<b>Cash Flows From Operating Activities</b>	
Change in net assets	
Adjustment to reconcile increase in net assets to net cash provided by operating activities:	
(Increase) (decrease) in assets and liabilities:	
Restricted cash	
Accounts payable	
<hr/>	
<b>Net Cash Provided By Operating Activities</b>	
<hr/>	
Net increase in cash	
Cash - Beginning of Year	
<hr/>	
<b>Cash - End of Year</b>	

This financial statement should be read only in connection with the accompanying independent auditors' report and notes to financial statements.



A PAY IT FORWARD SCHOLARSHIP, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2023

**NOTE 1 – DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION**

Description of Business

A Pay It Forward Scholarship, Inc., (“the Organization”) is a non-profit organization, as defined in section 501(c)(3) of the Internal Revenue Code, and was incorporated in 2010 under the laws of the state of Georgia pursuant to the Georgia Nonprofit Corporation Code. The Organization was established to provide education scholarships or tuition grants for eligible students to attend any qualified Georgia private school of their choice. The Organization’s only source of revenue consists of donations from the general public, including individuals and corporations.

The Organization operates as a Georgia Student Scholarship Organization (“SSO”). The state of Georgia has approved the existence of SSOs for the purpose of providing student scholarships to parents that will help cover the cost of a private school education for their children in the state of Georgia. Georgia taxpayers (individuals and corporations) are able to make contributions to SSOs and receive a dollar for dollar tax credit, within limits prescribed by the law, against their Georgia state income tax liability. As an approved SSO, the Organization is permitted to take administrative assessments of 8% against the first \$1,500,000 of tax credit contributions received and any interest earned on such funds prior to distribution. Also, an approved SSO must designate available amounts to particular students prior to June 30 of the calendar year in which the available amounts were received. The following shows this transactional flow:

Support and revenue received for scholarships:	
Tax credit contributions	
Amounts released for administration assessments	
Amount eligible for scholarships, subject to the previously listed distribution requirements	
Net assets with donor restriction for scholarships, beginning of year	
Amount available for scholarships in the current year	
Amounts released for scholarship expense	
Net assets with donor restriction for scholarships, end of year	

As of June 30, 2023, the Organization was in compliance with these requirements, and the requirements set forth by Code Section 20-2A-2 of the Georgia Code that established the requirements for student scholarship organizations.

(continued)

A PAY IT FORWARD SCHOLARSHIP, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 1 – DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION** (continued)

Basis of Presentation

In accordance with GAAP, the Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions – Subject to self-imposed limits by the action of the governing board. Board-designated net assets may be earmarked for future programs, investments, contingencies, purchase or construction of fixed assets, or other uses.

Net assets with donor restrictions – Composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources. [REDACTED]

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The Organization prepares its financial statements in accordance with Generally Accepted Accounting Principles (“GAAP”), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor-restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends, or a 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 restrictions.

(continued)

A PAY IT FORWARD SCHOLARSHIP, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Contributions (continued)

The Organization recognizes contributions and grant income in the accompanying Statements of Activities, in accordance with ASC Topic 958.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that may affect the financial statements. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). However, income from certain activities not directly related to the Organization’s tax-exempt purpose is subject to taxation as unrelated business income.

[REDACTED]

[REDACTED]

[REDACTED]

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents.

(continued)

A PAY IT FORWARD SCHOLARSHIP, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2023

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Subsequent Events

The Organization has evaluated subsequent events through the filing date of this report. Any significant events that have occurred through that date are included in these notes.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of operations. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expense	Method of Allocation
Scholarships	Time and Effort
Salaries and benefits	Time and Effort
Other	Time and Effort

**NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restriction at June 30, 2023, consisted of the following:

Subject to expenditure for specified purpose:	
Student Scholarships	
Total net assets with donor restrictions	

The following net assets were released from restriction during the year ended June 30, 2023:

Releases from restrictions:	
Student Scholarships	
Administration	
Total net assets with donor restrictions released	

(continued)

A PAY IT FORWARD SCHOLARSHIP, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 4 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization has a goal to maintain financial assets, which consist of cash, on hand to meet 90 days of normal (non-scholarship) operating expense, [REDACTED]. 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 represents the financial assets available to meet cash needs within one year as of June 30, 2023:

Cash and cash equivalents	[REDACTED]
Restricted cash	[REDACTED]
Total Liquid Assets	[REDACTED]
Net assets with restriction	[REDACTED]
Financial assets available general operations	[REDACTED]

These notes should only be read in connection with the accompanying financial statements and independent auditors' report.