

**AAA Scholarship Foundation, Inc.
and Subsidiary**

Consolidated Financial Statements,
Supplemental Information and
Independent Auditor's Report
June 30, 2022 and 2021

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Independent Auditor's Report

The Board of Directors
AAA Scholarship Foundation, Inc. and Subsidiary
Tampa, Florida

Opinion

We have audited the consolidated financial statements of AAA Scholarship Foundation, Inc. and Subsidiary (collectively "AAA"), a non-profit organization, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of AAA Scholarship Foundation, Inc. and Subsidiary as of June 30, 2022 and 2021, and the changes in its net assets and its 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of AAA 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about AAA's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 AAA'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 consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AAA'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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022, on our consideration of AAA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AAA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AAA's internal control over financial reporting and compliance.

Kukuing Barbunio & Co.

Sarasota, Florida
October 28, 2022

June 30, 2022 and 2021

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AAA Scholarship Foundation, Inc. and Subsidiary

Consolidated Statement of Activities

For the Year Ended June 30, 2022

(With Summarized Comparative Totals for 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>	<u>2021 Total</u>
Revenues:				
Contributions (Net of Allowance)	\$	\$	\$	\$
Administrative Allowance				
Other				
Interest and Dividends				
Net Assets Released from Restrictions				
Total Revenues				
Expenses:				
Program Services:				
Scholarships				
Total Program Services				
Supporting Services:				
Management & General				
Fundraising				
Total Supporting Services				
Total Expenses				
Investment Return (Net)				
Increase/(Decrease) in Net Assets				
Beginning Net Assets				
Ending Net Assets	\$	\$	\$	\$

See accompanying notes to consolidated financial statements.

AAA Scholarship Foundation, Inc. and Subsidiary

Consolidated Statement of Activities

For the Year Ended June 30, 2021

(With Summarized Comparative Totals for 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2022 Total</u>
Revenues:				
Contributions (Net of Allowance)	\$	\$	\$	\$
Administrative Allowance				
Other				
Interest and Dividends				
Net Assets Released from Restrictions				
Total Revenues				
Expenses:				
Program Services:				
Scholarships				
Total Program Services				
Supporting Services:				
Management & General				
Fundraising				
Total Supporting Services				
Total Expenses				
Investment Return (Net)				
Increase/(Decrease) in Net Assets				
Beginning Net Assets				
Ending Net Assets	\$	\$	\$	\$

See accompanying notes to consolidated financial statements.

AAA Scholarship Foundation, Inc. and Subsidiary

Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2022

(With Summarized Comparative Totals for 2021)

Description	<u>Program Services</u> <u>Scholarships</u>	<u>Mgmt &</u> <u>General</u>	<u>Fundraising</u>	<u>2022</u> <u>Total</u>	<u>2021</u> <u>Total</u>
Direct Program Costs	\$	\$	\$	\$	\$
Accounting Fees					
Audit Fees					
Advertising/Marketing					
Bank Service Fees					
Business Registration Fees					
Contractor Expenses					
Depreciation and Amortization					
Dues, Fees & Subscriptions					
Equipment Rental and Maintenance					
Facility Expenses					
Insurance Expense					
Interest Expense					
Legal Fees					
License - Software					
Office Equipment					
Postage, Mailing Service					
Printing & Reproduction					
Professional Development					
Supplies					
Telephone, Telecommunications					
Travel & Meetings					
Uncollectible School Receivable					
Wages and Benefits					
Web/Internet Hosting					
Total	\$	\$	\$	\$	\$

See accompanying notes to consolidated financial statements.

AAA Scholarship Foundation, Inc. and Subsidiary

Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2021

(With Summarized Comparative Totals for 2022)

Description	<u>Program Services</u> <u>Scholarships</u>	<u>Mgmt &</u> <u>General</u>	<u>Fundraising</u>	<u>2021</u> <u>Total</u>	<u>2022</u> <u>Total</u>
Direct Program Costs	\$	\$	\$	\$	\$
Accounting Fees					
Audit Fees					
Advertising/Marketing					
Bank Service Fees					
Business Registration Fees					
Contractor Expenses					
Depreciation and Amortization					
Dues, Fees & Subscriptions					
Equipment Rental and Maintenance					
Facility Expenses					
Insurance Expense					
Interest Expense					
Legal Fees					
License - Software					
Office Equipment					
Postage, Mailing Service					
Printing & Reproduction					
Professional Development					
Supplies					
Telephone, Telecommunications					
Travel & Meetings					
Uncollectible School Receivable					
Wages and Benefits					
Web/Internet Hosting					
Total	\$	\$	\$	\$	\$

See accompanying notes to consolidated financial statements.

AAA Scholarship Foundation, Inc. and Subsidiary

Consolidated Statements of Cash Flows For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Change in Net Assets	\$	\$
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization		
Amortization of Investment Discounts		
Net Unrealized Loss from Investing		
Net Change in Right of Use Asset Amortization		
Change in Operating Assets:		
Accounts Receivable (Net)		
Other Current Assets		
Refundable Deposits		
Change in Operating Liabilities:		
Accounts Payable		
Accrued Expenses		
Deferred Revenues		
Scholarships Payable		
Net Cash Provided by (Used in) Operating Activities		
Cash Flows from Investing Activities:		
(Purchase) of Fixed Assets		
(Purchase) of Investments		
Maturity of Investments		
Net Cash Provided by (Used in) Investing Activities		
Cash Flows from Financing Activities:		
Repayment of Debt		
Net Cash Provided by (Used in) Financing Activities		
Change in Cash & Cash Equivalents		
Cash & Cash Equivalents - Beginning of Year		
Cash & Cash Equivalents - End of Year	\$	\$
Supplemental Disclosure of Cash Flow Information:		
Cash Paid During the Year for Interest	\$	\$

See accompanying notes to consolidated financial statements.

AAA Scholarship Foundation, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

I. Description of Organization

AAA Scholarship Foundation, Inc. ("AAA") is a Georgia not-for-profit organization which incorporated March 26, 2010. AAA's charitable mission is: 1) promoting relief to the poor and underprivileged and 2) promoting the advancement of education.

AAA works to ensure families can afford to access the customized K-12 learning options they need to effectively educate their children. AAA believes that educational choice programs spur improvements by equipping parents with the resources to seek the best education for their children. AAA's primary focus is in providing educational scholarships (up to grade 12) to children from low-income and working-class families and to children with disabilities.

AAA is an approved Scholarship Organization ("SO") in Georgia, [REDACTED]. As a SO, AAA and [REDACTED] (together, referred to as "AAA") may receive re-directed taxes from taxpayers, which are then distributed to qualified students in the form of scholarships so they may attend the qualified private school of their parent's choice. Below are tables summarizing the five state tax credit programs administered by AAA during the twelve months ended June 30, 2022:

	Georgia Income-Based
Cap for Current Year	\$100,000,000
Year for Cap Purposes	January 1 - December 31
Taxes Available for Redirection	Corporate and individual income tax
Percentage of Tax Available for Redirection	75% for companies; Individuals filing as single or head of household can redirect up to \$1,000 per tax year. Individuals filing jointly can redirect up to \$2,500 per tax year
Value of Tax Credit	Dollar-for-dollar
State Mandated Maximum Annual Scholarship Value	\$11,359
Scholarship Term	1 year
Administrative Allowance	8% for first \$1.5 million; 6% for \$1.5 million – 10 million; 5% for \$10 million – 20 million; 4% over \$20 million

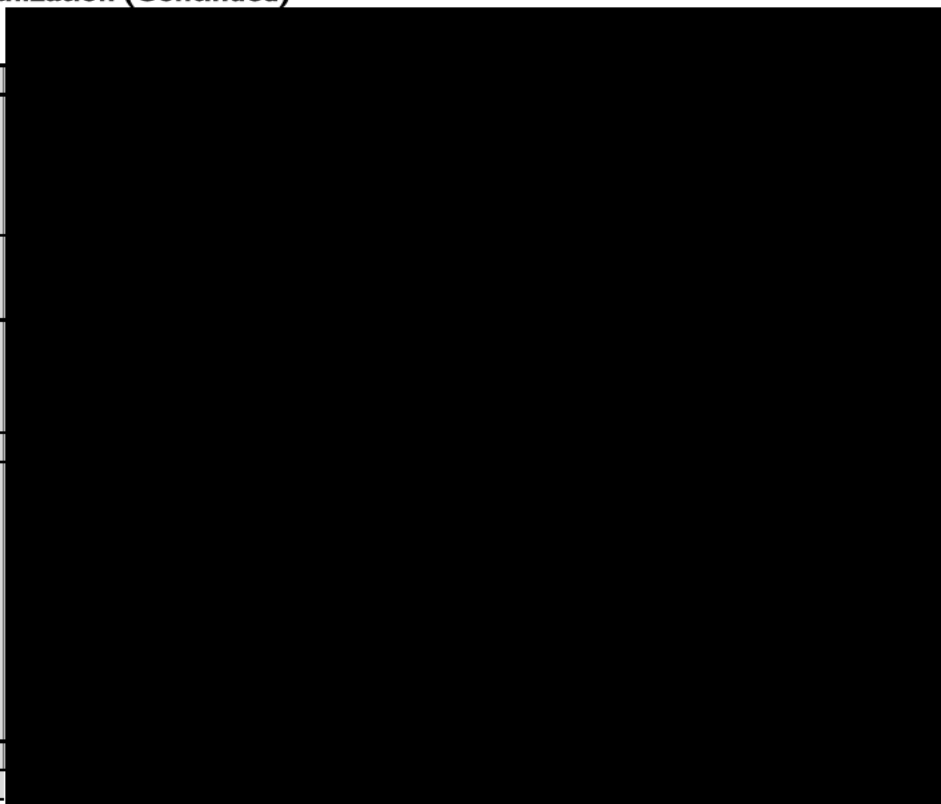
AAA Scholarship Foundation, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

I. Description of Organization (Continued)

Cap for Current Year
Year for Cap Purposes
Taxes Available for Redirection
Percentage of Tax Available for Redirection
Value of Tax Credit
State Mandated Maximum Annual Scholarship Value
Scholarship Term
Administrative Allowance



2. Summary of Significant Accounting Policies

Accounts Receivable

Accounts receivable consists primarily of pledges receivable. Pledges receivable represent unconditional promises to give and are recorded as receivable and revenue at fair value when received. Management evaluates the collectability of its pledges receivable and records an allowance for estimated uncollectible amounts, if necessary.

AAA Scholarship Foundation, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (Continued)

Advertising Costs

Advertising costs are expensed as incurred. The amount charged for advertising expense for the twelve months ended June 30, 2022 and 2021 was [REDACTED] respectively.

Basis of Presentation

The consolidated financial statements of AAA have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. AAA is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of AAA and/or the passage of time. When a restriction is met or expires, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

AAA considers currency held in demand deposits with financial institutions to be cash and cash equivalents. AAA maintains its cash accounts at a commercial institution. Deposits on account at commercial banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account. At June 30, 2022 and 2021, cash on deposit at a commercial bank exceeded the \$250,000 FDIC limit by [REDACTED] respectively.

Change in Accounting Principles

AAA implemented the Financial Accounting Standards Board (FASB) ASU, 2019-04 as of July 1, 2020. The new standard exempts entities other than public business entities from fair value disclosure requirements for financial instruments not measured at fair value on the statement of financial position.

The FASB has issued certain new or modifications to, or interpretations of, existing accounting guidance in addition to the ASU described above. AAA has considered the new pronouncements and does not believe that any other new or modified guidance will have a material impact on its reported financial position or activities in the near term.

Contributions

Contributions received are recorded as net assets with or without donor restrictions depending on the existence and/or nature of any donor imposed stipulations.

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. AAA recognized [REDACTED] of donated services during the twelve months ended June 30, 2022 and 2021, respectively.

AAA Scholarship Foundation, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (Continued)

Estimates

The presentation of consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 and assumptions.

Fair Value

ASC 820 defines fair value, establishes a framework for measuring fair value and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities AAA has the ability to access.

Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs would be developed based on the best information available in the circumstances and may include AAA's own data).

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Funds Held for Others

Funds administered for students participating in the [REDACTED] are recorded to scholarships payable and cash or other financial assets in order to reflect the agency-type nature of the program under ASC 958. As parents/guardians use the funds in accordance with [REDACTED] the corresponding asset and liability accounts are reduced accordingly.

Income Taxes

AAA is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, AAA is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. AAA has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. [REDACTED]

AAA Scholarship Foundation, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (Continued)

Investments

AAA invests cash in excess of its immediate needs in Prime and Treasury money market funds, Fixed Income mutual funds and U.S. government securities, corporate bonds, municipal bonds, asset backed securities and sweep bank deposits. Investments are reported at fair value, with the related gains and losses recorded in the consolidated statement of activities, unless they are classified as held to maturity and reported at amortized cost.

Principles of Consolidation

The consolidated financial statements include the accounts of AAA Scholarship Foundation, Inc. and its wholly-owned subsidiary, [REDACTED]. All significant intercompany transactions have been eliminated in consolidation.

Property and Equipment

AAA records property and equipment additions over \$2,500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

AAA reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. [REDACTED]

3. Liquidity and Financial Asset Availability

AAA regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. AAA has various sources of liquidity at its disposal, including cash and cash equivalents, short-term investments, [REDACTED]

For purposes of analyzing resources available to meet general expenditures over a 12-month period, AAA considers all expenditures related to its ongoing program activities, as well as the services undertaken to fund and support those activities, to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, AAA operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

When practicable, AAA invests cash in excess of daily requirements in short-term investments. Effective July 1, 2016, AAA's governing board designated unrestricted interest and investment income earned on tax credit contributions to be used for any reasonable and appropriate purpose as determined by the President and approved by the board. Prior to that date, unrestricted earnings on tax credit contributions were designated for funding additional scholarships only. Although AAA does not intend to spend these board-designated funds on any general expenditures other than scholarships; if needed, these funds would become available with board approval.

AAA Scholarship Foundation, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

6. Investments (Continued)

Trading Securities

The following table presents AAA's marketable debt securities that were classified as trading securities and their fair value hierarchy as of June 30, 2022:

Description	Fair Market Value	Level 1	Level 2	Level 3
Sweep Bank Deposits	\$	\$	\$	\$
Asset Backed Securities				
Corporate Bonds				
Municipal Bonds				
U.S. Government Securities				
Fixed Income Mutual Funds				
U.S. Treasury Money Market Fund				
Total Investments- Trading	\$	\$	\$	\$

The following table presents AAA's marketable debt securities that were classified as trading securities and their fair value hierarchy as of June 30, 2021:

Description	Fair Market Value	Level 1	Level 2	Level 3
Sweep Bank Deposits	\$	\$	\$	\$
Asset Backed Securities				
Corporate Bonds				
Municipal Bonds				
U.S. Government Securities				
Fixed Income Mutual Funds				
U.S. Treasury Money Market Fund				
Total Investments- Trading	\$	\$	\$	\$

Held to Maturity Securities

At June 30, AAA held investments in marketable securities that were classified as held to maturity and consisted of the following:

	2022 Amortized/Net Carrying Cost	2021 Amortized/Net Carrying Cost
Short-Term		
U.S. Government Securities	\$	\$
Long-Term		
U.S. Government Securities	\$	\$
Total Held to Maturity Securities	\$	\$
Maturities		
Due in one year or less	\$	\$
Due after one year through five years	\$	\$

AAA recognized no other-than-temporary impairment in the consolidated statement of activities for the 12 months ended June 30, 2022 and 2021.

AAA Scholarship Foundation, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

7. Fixed Assets

At June 30, fixed assets consisted of the following:

	2022	2021
Computers	\$	\$
Computer Software		
Furniture and Equipment		
Intangible Asset		
Leasehold Improvements		
Less accumulated depreciation and amortization		
Net property and equipment	\$	\$

Depreciation and amortization expense was [REDACTED] for the twelve months ended June 30, 2022 and 2021, respectively.

8. Debt

[REDACTED] Interest on draws is charged at a variable rate and therefore is subject to increases or decreases without prior notice. The rate is equal to the Prime Rate plus 2.25% per annum. As of June 30, 2022 and 2021, [REDACTED]

AAA had one note payable for software development for [REDACTED] as of June 30, 2022 and 2021, respectively, financed directly with the vendor. The nominal interest rate is 4.75% compounded monthly.

Note payable at June 30 is comprised as follows:

	2022	2021
Unsecured Note Payable	\$	\$
Less Current Maturities		
Note Payable, Long Term	\$	\$

Interest expense year to date as of June 30, 2022 and 2021 was [REDACTED]

9. Leases

On July 1, 2019, AAA adopted ASC 842, Leases ("Topic 842") using the modified retrospective transition method. Topic 842 requires the recognition of lease assets and liabilities for operating and finance leases. Beginning on July 1, 2019, AAA's consolidated financial statements are presented in accordance with the revised policies.

Management elected to utilize the practical expedients permitted under the transition guidance within Topic 842, which allowed AAA to carry forward prior conclusions about lease identification, classification and initial direct costs for leases entered prior to adoption of Topic 842. Additionally, management elected not to separate lease and non-lease components for all of AAA's leases. For leases with a term of 12 months or less, management elected the short-term lease exemption, which allowed AAA to not recognize right-of-use assets ("ROU") or lease liabilities for qualifying leases existing at transition and new leases AAA may enter into in the future.

AAA Scholarship Foundation, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

9. Leases (Continued)

AAA leases certain office spaces and equipment under operating leases which expire at various dates through February 2025. Balances related to operating leases are included in ROU assets and lease liabilities in the consolidated statement of financial position.

The following table provides the components of lease cost recognized in the consolidated statement of activities and changes in net assets for the year ended June 30, 2022 and June 30, 2021, respectively:

	June 30, 2022	June 30, 2021
Lease Expense:		
Finance lease expense:		
Amortization of ROU assets	\$	\$
Interest on lease liabilities		
Operating lease expense		
Short-term lease expense		
Variable lease expense		
Sublease income		
Total	\$	\$
Other Information		
(Gains) losses on sale-leaseback transactions net	\$	\$
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases (i.e. interest)		
Financing cash flows from finance leases (i.e. principal portion)		
Operating cash flows from operating leases		
ROU assets obtained in exchange for new finance lease liabilities		
ROU assets obtained in exchange for new operating lease liabilities		
Weighted-average remaining lease term in years for finance leases		
Weighted-average remaining lease term in years for operating leases		
Weighted-average discount rate for finance leases		
Weighted-average discount rate for operating leases		
Maturity Analysis		
<u>Years Ended June 30:</u>	Finance Lease	Operating Lease
2023	\$	\$
2024		
2025		
Thereafter		
Total undiscounted cash flows		
Less: present value discount		
Total lease liabilities	\$	\$

Rent expense for the twelve months ended June 30, 2022 and 2021 was [REDACTED] respectively.

AAA Scholarship Foundation, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

10. Scholarships Awarded and Payable

AAA scholarships are awarded to qualified students for multi-year periods [REDACTED] and for a one-year period in Georgia, [REDACTED]. To qualify for a scholarship, a student and the parents or guardian of that student must meet certain state and AAA requirements and agree to comply with certain other responsibilities.

For multi-year scholarships the parents or guardian must return a completed School Commitment Form by the specified deadline for subsequent years in order to remain eligible.

During the twelve months ended June 30, 2022, AAA recorded the following net scholarship awards/ (forfeits):

[REDACTED]

During the twelve months ended June 30, 2021, AAA recorded the following net scholarship awards/ (forfeits):

[REDACTED]

The following schedule illustrates the net scholarships awarded but unpaid as of June 30, 2022:

	Payable in 2022-23	Payable in 2023-24	Payable in 2024-25	Total
[REDACTED]				

June 30, 2022 and 2021

The following schedule illustrates the net scholarships awarded but unpaid as of June 30, 2021:

[illegible]

As an SO in [REDACTED] Georgia, [REDACTED] AAA is eligible to receive tax credit contributions from taxpayers that owe certain taxes to the state. In return for their contribution to an eligible SO, the state grants a tax credit to the taxpayer.

During the twelve months ended June 30, 2022, AAA recorded the following re-directed taxes as contributions:

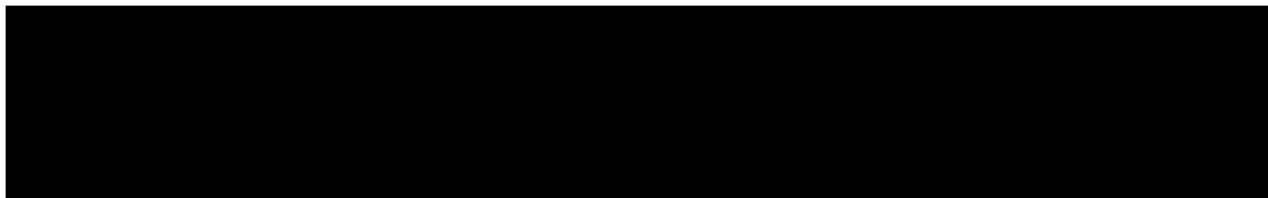
AAA Scholarship Foundation, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

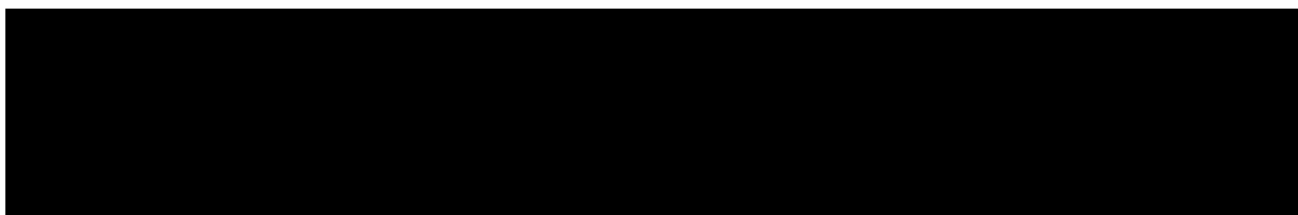
June 30, 2022 and 2021

11. Tax Credit Contributions (Continued)

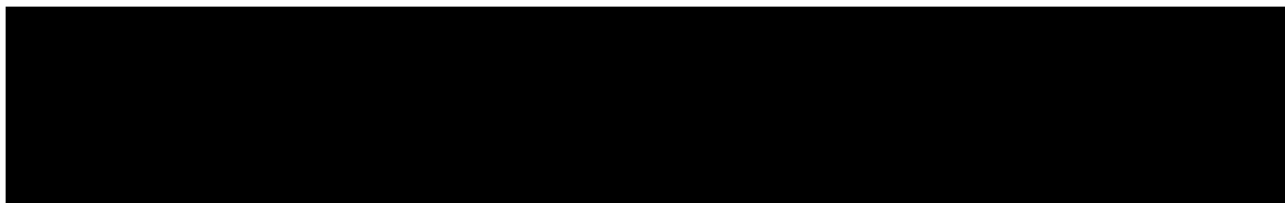
Of the re-directed taxes recorded as contributions, the following pledges were outstanding and deemed as collectible as of June 30, 2022:

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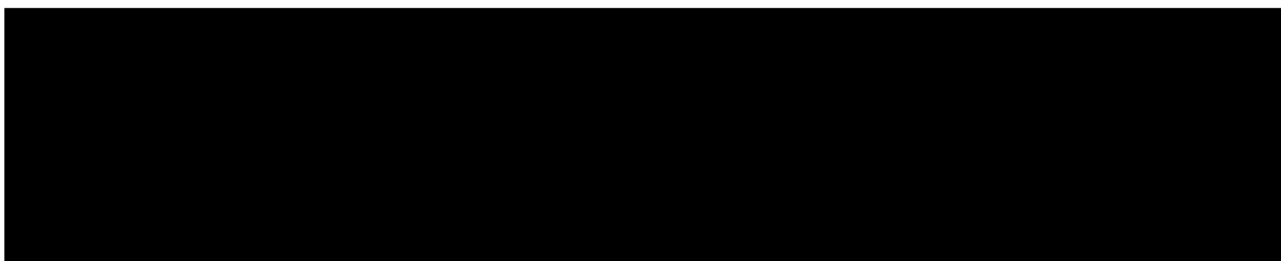
During the twelve months ended June 30, 2021, AAA recorded the following re-directed taxes as contributions:

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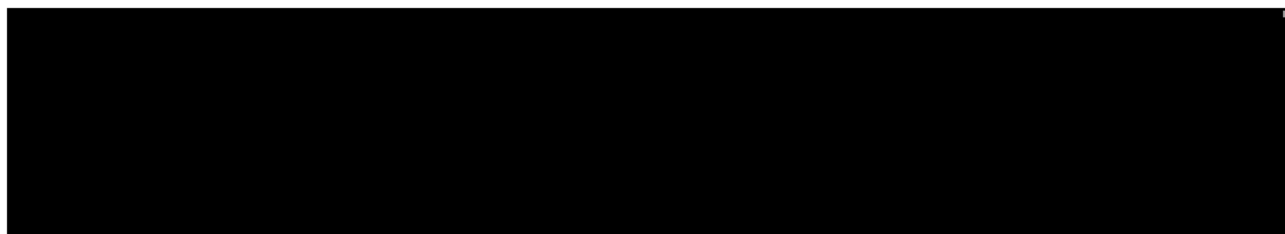
Of the re-directed taxes recorded as contributions, the following pledges were outstanding and deemed as collectible as of June 30, 2021:

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Each state allows an SO to claim a percentage of its re-directed taxes for reasonable and necessary expenses to administer the program. During the twelve months ended June 30, 2022, AAA claimed the following administrative allowances against re-directed taxes:

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During the twelve months ended June 30, 2021, AAA claimed the following administrative allowances against re-directed taxes:

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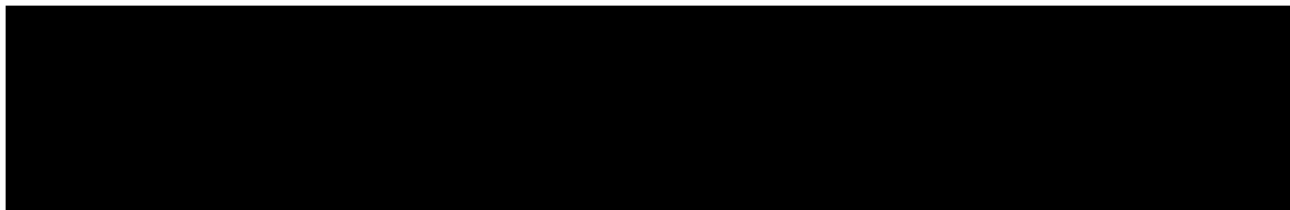
AAA Scholarship Foundation, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

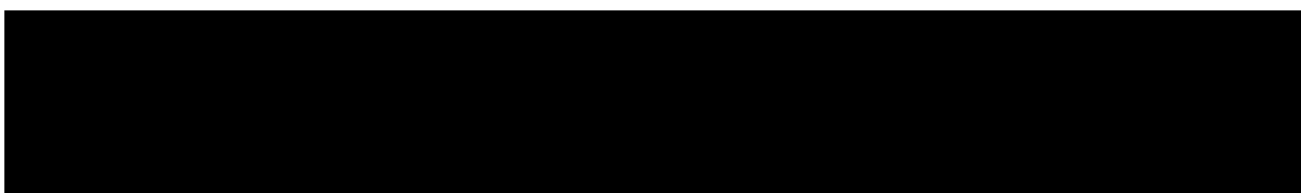
June 30, 2022 and 2021

11. Tax Credit Contributions (Continued)

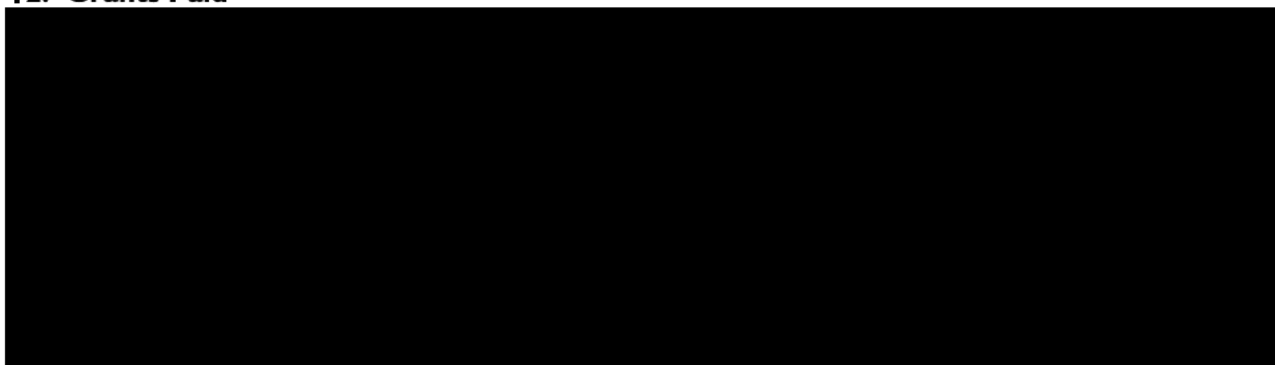
During the twelve months ended June 30, 2022, AAA recorded the following net interest, dividends, and realized or unrealized gains or losses on collected contributions:

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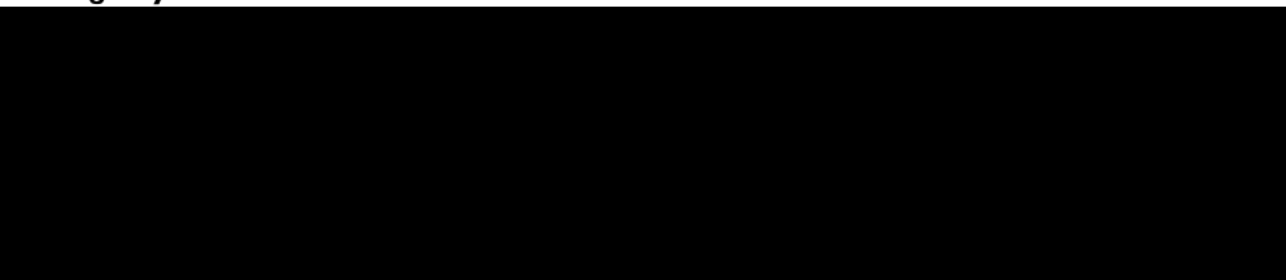
During the twelve months ended June 30, 2021, AAA recorded the following net interest, dividends, and realized or unrealized gains or losses on collected contributions:

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12. Grants Paid

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13. Agency Transactions

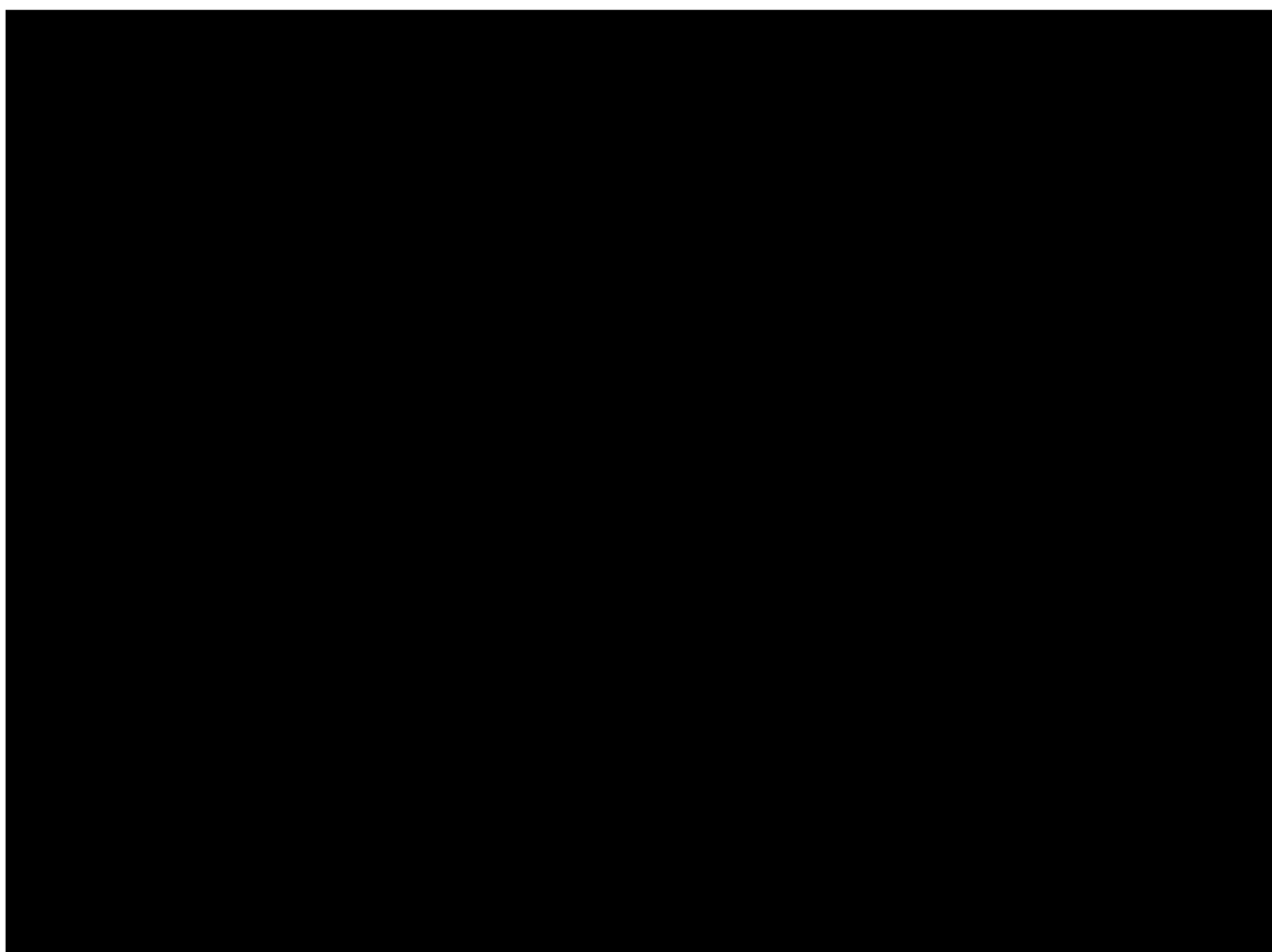
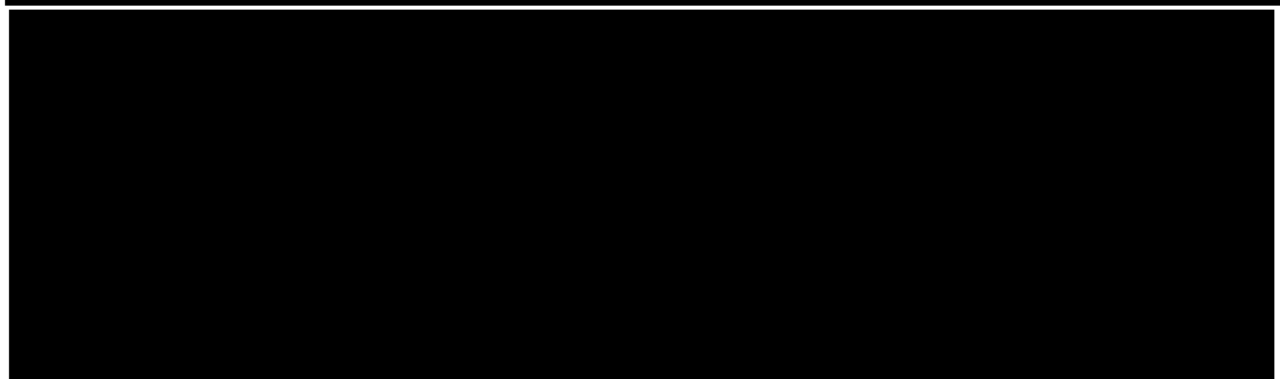
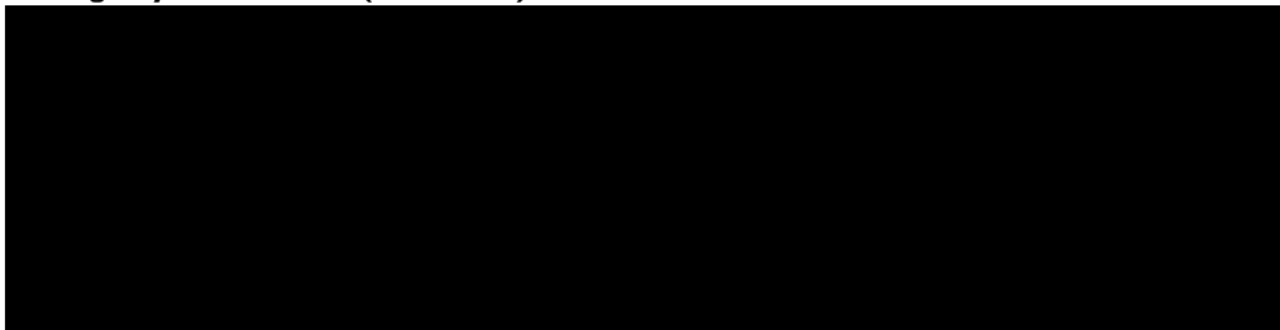
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AAA Scholarship Foundation, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

13. Agency Transactions (Continued)



AAA Scholarship Foundation, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

13. Agency Transactions (Continued)

14. Net Assets With Donor Restrictions

As of June 30, net assets with donor restrictions are restricted for the following purposes:

	2022	2021

During the twelve months ended June 30, net assets were released from donor restrictions by incurring expenses satisfying the conditions specified by donors as follows:

	2022	2021

15. Major Donor

16. Compliance with State Statutes

As an SO in multiple states, AAA must comply with certain operational and reporting requirements established and adopted into law by each state. Failure to comply with these statutes may result in sanctions that suspend or revoke operations for that program. For the twelve months ending June 30, 2022 and 2021, AAA believes it is in compliance with all material operating and reporting requirements for each applicable state. AAA has complied with all requirements of Chapter 2A of Title 20 of the Official Code of Georgia Annotated, relating to student scholarship organizations, including, but not limited to, scholarship fund management requirements, operational fund management requirements, other financial requirements, student eligibility requirements, school qualification requirements, and other scholarship management requirements.

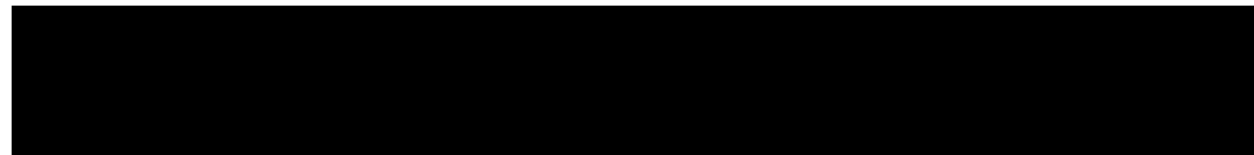
AAA Scholarship Foundation, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Continued)

June 30, 2022 and 2021

17. Retirement Plan

AAA participates in a SIMPLE IRA Retirement Plan. This Plan is available for the benefit of all permanent, full-time employees over the age of twenty-one who have completed at least 30 days of service.



18. Functionalized Expenses

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, utilities, facility security and facility repairs and maintenance which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, interest, insurance, and others, which are allocated on a weighted average of projected student counts.

19. Subsequent Events

AAA has evaluated events and transactions for potential recognition or disclosure through October 28, 2022, which is the date the consolidated financial statements were available to be issued, and none were noted.

Contract Compliance

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditor's Report

The Board of Directors
AAA Scholarship Foundation, Inc. and Subsidiary
Tampa, Florida

We have audited 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 (*Government Auditing Standards*), the consolidated financial statements of AAA Scholarship Foundation, Inc. and Subsidiary (collectively "AAA"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 28, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered AAA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of AAA's internal control. Accordingly, we do not express an opinion on the effectiveness of AAA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether AAA's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kukuing Barbanio & Co.

Sarasota, Florida
October 28, 2022