

**SCHOLARSHIP PARTNERS
FOUNDATION**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

WITH

INDEPENDENT AUDITOR'S REPORTS



MaherDuessel

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SCHOLARSHIP PARTNERS FOUNDATION

YEARS ENDED JUNE 30, 2023 AND 2022

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Independent Auditor's Report

The Most Reverend Larry J. Kulick, JCL
Bishop of the Diocese of Greensburg, Pennsylvania
Trustee for the Scholarship Partners Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Scholarship Partners Foundation (Foundation), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements 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 the Foundation as of June 30, 2023 and 2022, 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 audits 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 the Foundation, 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 Foundation'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 the Foundation'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 the Foundation'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.

Mahe Duessel

Pittsburgh, Pennsylvania
October 27, 2023

SCHOLARSHIP PARTNERS FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<hr/> Assets <hr/>		
Cash and cash equivalents in bank and on deposit:		
The Catholic Institute of Greensburg, Pennsylvania	<u>\$ 196,165</u>	<u>\$ 197,751</u>
Total Assets	<u><u>\$ 196,165</u></u>	<u><u>\$ 197,751</u></u>
<hr/> Liabilities and Net Assets <hr/>		
Liabilities:		
Due to other Diocesan entities	<u>\$ 745</u>	<u>\$ 404</u>
Net Assets:		
Without donor restrictions	<u>195,420</u>	<u>197,347</u>
Total Liabilities and Net Assets	<u><u>\$ 196,165</u></u>	<u><u>\$ 197,751</u></u>

See accompanying notes to financial statements.

SCHOLARSHIP PARTNERS FOUNDATION

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Net Assets Without Donor Restrictions:		
Contributions and other support:		
EITC contributions	\$ 242,200	\$ 247,700
PKTC contributions	10,000	-
OSTC contributions	75,000	101,000
Investment interest	4,236	2,098
	<u>331,436</u>	<u>350,798</u>
Total contributions and other support		
Expenses:		
EITC educational scholarship awards	201,281	205,592
PKTC educational scholarship awards	8,300	-
OSTC educational scholarship awards	62,250	83,830
Administrative	61,532	59,950
	<u>333,363</u>	<u>349,372</u>
Total expenses		
Change in Net Assets Without Donor Restrictions	(1,927)	1,426
Net Assets:		
Beginning of year	<u>197,347</u>	<u>195,921</u>
End of year	<u>\$ 195,420</u>	<u>\$ 197,347</u>

See accompanying notes to financial statements.

SCHOLARSHIP PARTNERS FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Change in net assets without donor restrictions	\$ (1,927)	\$ 1,426
Change in:		
Due to (from) other Diocesan entities	<u>341</u>	<u>619</u>
Net cash provided by (used in) operating activities	<u>(1,586)</u>	<u>2,045</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,586)	2,045
Cash and Cash Equivalents:		
Beginning of year	<u>197,751</u>	<u>195,706</u>
End of year	<u><u>\$ 196,165</u></u>	<u><u>\$ 197,751</u></u>

See accompanying notes to financial statements.

SCHOLARSHIP PARTNERS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

1. Summary of Significant Accounting Policies

Organization

The Diocese of Greensburg, Pennsylvania established the Scholarship Partners Foundation (Foundation) on June 28, 2001, as an unincorporated association under the laws of the Commonwealth of Pennsylvania and as a non-autonomous pious foundation under Canon 1301, §1,2^o of the 1983 Code of Canon Law. The Foundation is organized and is to be operated exclusively for religious, charitable, and educational purposes as defined in Section 501(c)(3) of the Internal Revenue Code of 1986, including the awarding of scholarships on a racially non-discriminatory basis for the benefit of children and their families who wish to attend Catholic schools in the Diocese of Greensburg and meet income guidelines established by the Pennsylvania Public School Code. In accordance with generally accepted accounting principles, the Foundation accounts for uncertain tax positions, if any, as required. Using the guidance, management has determined that there are no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Foundation was formed to help businesses take advantage of an amendment to the Pennsylvania Public School Code, which established the Educational Improvement Tax Credit (EITC) program, or Pennsylvania Act 2001-4, as amended. The EITC program makes tax credits available to businesses that make donations to scholarship organizations (for kindergarten through twelfth grade) or pre-kindergarten scholarship organizations, and is administered by the Pennsylvania Department of Community and Economic Development. Beginning in 2012, the Opportunity Scholarship Tax Credit (OSTC) was designed to award scholarships to qualifying students who live within the attendance boundaries of low-achieving public schools.

By making a gift to the Foundation through the EITC program, businesses can earn Pennsylvania tax credits and help provide tuition assistance to families that meet eligibility requirements specified by Act 2001-4. The Foundation must award at least eighty percent (80%) of its annual receipts as scholarships. To be eligible for a scholarship, a student must be enrolled in grades pre-kindergarten through 12 at a Catholic school.

Applicants for scholarships must submit a FACTS Grant & Aid application, including proof of household income in order to determine eligibility. Scholarships will not be awarded to a student for athletic purposes and will not exceed the amount of tuition and fees charged to non-scholarship students by the school in which the student is enrolled. A contributor may not designate any particular student to be the recipient of any scholarship award.

SCHOLARSHIP PARTNERS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

The Foundation's membership shall consist of the diocesan Bishop of the Diocese of Greensburg acting in accord with church law, and those other individuals who shall serve as members by designation of the diocesan Bishop.

The Foundation shall operate under such rules and policies as are approved by the diocesan Bishop and shall be governed by a Board of Directors consisting of the Superintendent of Catholic Schools of the Diocese of Greensburg, and such other individuals who shall serve as directors by designation of the diocesan Bishop. The association shall operate in a manner concordant with applicable provision of the 1983 Code of Canon Law.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Accordingly, revenues and support are recorded when earned and expenses are recognized when the liabilities are incurred.

Use of 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.

Accounting for Net Assets

The Foundation reports contributions as without donor restrictions unless the donor explicitly stipulates when or how the donated assets must be used. Gifts of such assets with explicit donor restrictions that specify when or how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Contributions which are restricted by the donor at the time of donation but whose restrictions are met within the same period are reported as without donor restrictions. The Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. When donor restrictions are satisfied, net assets with donor restrictions will be reclassified to net assets without donor restrictions and will be reported in the statements of activities as net assets released from restrictions.

SCHOLARSHIP PARTNERS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Statements of Cash Flows

Cash and cash equivalents include currency on hand and demand deposits with financial institutions and short-term, highly liquid investments whose maturity is three months or less at the time of purchase.

Contributions

Contributions are recognized as revenue when they are received or unconditionally pledged. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Foundation had no conditional promises to give as of June 30, 2023 and 2022.

Expense Allocation

Expenses directly related to a specific program are charged to that program. The 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 expenses reported under the staff and operational overhead categories, which are allocated based on estimates of time and effort.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

2. Expenses

As described in Note 1, the Foundation provides scholarship funds to students enrolled in the elementary schools and high schools in the Diocese of Greensburg. Administrative expenses incurred relate to printed and marketing materials for the program, fees, and the costs of a staff person to support the program.

SCHOLARSHIP PARTNERS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Expenses on a functional and natural basis for the year ended June 30, 2023 are as follows:

	<u>Program</u>	<u>General and Administrative</u>
Scholarship awards	\$ 271,831	\$ -
Compensation and benefits	-	55,690
Office expenses	-	5,842
Total	<u>\$ 271,831</u>	<u>\$ 61,532</u>

Expenses on a functional and natural basis for the year ended June 30, 2022 are as follows:

	<u>Program</u>	<u>General and Administrative</u>
Scholarship awards	\$ 289,422	\$ -
Compensation and benefits	-	53,943
Office expenses	-	6,007
Total	<u>\$ 289,422</u>	<u>\$ 59,950</u>

3. Commitments and Contingencies

The Diocese of Greensburg announced a Comprehensive Reconciliation Initiative (Initiative) in February 2019, to help survivors of clergy sexual abuse, which included the adoption of a Survivors' Compensation Program. Although the Survivors' Compensation Program has since closed, the Initiative continues and is ongoing. The Initiative has resulted, to date, in settlements with approximately 80 survivors, totaling in excess of \$8 million. The Diocese of Greensburg Self-Insurance Fund is absorbing the expense of this Initiative, and because the Foundation is a separate unincorporated association, its assets would not be subject to the reach of the Diocese of Greensburg's general creditors.

4. Liquidity and Availability

The Foundation manages its liquid resources by focusing on fundraising efforts to ensure the entity has adequate contributions to cover the scholarship funds that are being

SCHOLARSHIP PARTNERS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

awarded. The Foundation prepares detailed budgets and has been active in fiscal management to ensure the entity remains liquid.

As part of the liquidity management plan, the Foundation invests in cash in excess of daily requirements in the Catholic Institute of the Diocese of Greensburg. The Foundation manages its funds to ensure that sufficient cash is available to cover operating expenditures and liabilities as they come due. This includes, among other items, the awards payable from scholarship programs, which may fluctuate between years.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets, at year-end	<u>\$ 195,420</u>	<u>\$ 197,347</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 195,420</u></u>	<u><u>\$ 197,347</u></u>

Scholarship Partners Foundation

Annual Statements on Receipts and
Eligible Expenditures for
Listed Scholarship Organizations

Year Ended June 30, 2023
with Independent Auditor's Report

Independent Auditor's Report

**The Most Reverend Larry J. Kulick, JCL
Bishop of the Diocese of Greensburg, Pennsylvania
Trustee for the Scholarship Partners Foundation**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying annual statements of Scholarship Partners Foundation (Foundation), which comprise the annual statements on receipts and eligible expenditures for listed scholarship organizations (statements) as of June 30, 2023.

In our opinion, the statements referred to above present fairly, in all material respects, the receipts and eligible expenditures of the Foundation for the year ended June 30, 2023 in accordance with the financial reporting practices prescribed or permitted by the Commonwealth of Pennsylvania Department of Community and Economic Development (DCED).

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 Statements section of our report. We are required to be independent of the Foundation, 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.

Basis of Accounting

The statements are prepared by the Foundation in accordance with financial reporting practices prescribed or permitted by the DCED, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the DCED. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting practices prescribed or permitted by DCED, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair

presentation of statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Statements

Our objectives are to obtain reasonable assurance about whether the 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 the Foundation'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 the Foundation'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.

The Most Reverend Larry J. Kulick, JCL
Bishop of the Diocese of Greensburg, Pennsylvania
Trustee for the Scholarship Partners Foundation
Independent Auditor's Report

Restriction of Use

Our report is intended solely for the information and use of management of the Foundation and the DCED, and is not intended to be, and should not be, used by anyone other than these specified parties.

Mahe Duessel

Pittsburgh, Pennsylvania
October 27, 2023

Annual Statement on Receipts and Eligible Expenditures for Listed Scholarship Organizations

Appendix III

Scholarship Organization: Scholarship Partners Foundation

Organization Tax Year: 07/01/2022 – 6/30/2023

Certifications by an independent CPA:

1. **Statement on Receipts:** The Scholarship Organization received \$242,200 in contributions from companies receiving tax credits under the Commonwealth of Pennsylvania's Educational Improvement Tax Credit Program during its most recently completed tax year referenced above.
2. **Statement on Expenditures:** The Scholarship Organization expended \$201,281 of its receipts stated in Certification 1 toward its approved Scholarship Program. This represents 83% of the annual receipts received by the Scholarship Organization. The Scholarship Organization expended \$0 of the previous year's earmarked funds.
3. **Statement on Earmarked Funds:** The Scholarship Organization has earmarked \$0 of its receipts stated in Certification 1 toward eligible scholarships to be issued during the next tax year. This represents 0% of the annual receipts received by the Scholarship Organization.

In certifying to the above, I have examined the records of the Scholarship Organization in order to determine that expenditures to the approved Scholarship Program were in accordance with Act 4 requirements. *See accompanying auditor's report.*

I hereby certify that the above Certifications are true and correct. *See accompanying auditor's report.*

Independent Certified Public Accountant: Maher Duessel, CPAs

Date: October 27, 2023

Annual Statement on Receipts and Eligible Expenditures for Listed Scholarship Organizations

Appendix III

Scholarship Organization: Scholarship Partners Foundation

Organization Tax Year: 07/01/2022 – 6/30/2023

Certifications by an independent CPA:

1. **Statement on Receipts:** The Scholarship Organization received \$10,000 in contributions from companies receiving tax credits under the Commonwealth of Pennsylvania's Pre-Kindergarten Tax Credit Program during its most recently completed tax year referenced above.
2. **Statement on Expenditures:** The Scholarship Organization expended \$8,300 of its receipts stated in Certification 1 toward its approved Scholarship Program. This represents 83% of the annual receipts received by the Scholarship Organization. The Scholarship Organization expended \$0 of the previous year's earmarked funds.
3. **Statement on Earmarked Funds:** The Scholarship Organization has earmarked \$0 of its receipts stated in Certification 1 toward eligible scholarships to be issued during the next tax year. This represents 0% of the annual receipts received by the Scholarship Organization.

In certifying to the above, I have examined the records of the Scholarship Organization in order to determine that expenditures to the approved Scholarship Program were in accordance with Act 4 requirements. *See accompanying auditor's report.*

I hereby certify that the above Certifications are true and correct. *See accompanying auditor's report.*

Independent Certified Public Accountant: Maher Duessel, CPAs

Date: October 27, 2023

Annual Statement on Receipts and Eligible Expenditures for Listed Scholarship Organizations

Appendix III

Scholarship Organization: Scholarship Partners Foundation

Organization Tax Year: 07/01/2022– 6/30/2023

Certifications by an independent CPA:

1. **Statement on Receipts:** The Scholarship Organization received \$75,000 in contributions from companies receiving tax credits under the Commonwealth of Pennsylvania's Opportunity Scholarship Tax Credit Program during its most recently completed tax year referenced above.
2. **Statement on Expenditures:** The Scholarship Organization expended \$62,250 of its receipts stated in Certification 1 toward its approved Scholarship Program. This represents 83% of the annual receipts received by the Scholarship Organization. The Scholarship Organization expended \$0 of the previous year's earmarked funds.
3. **Statement on Earmarked Funds:** The Scholarship Organization has earmarked \$0 of its receipts stated in Certification 1 toward eligible scholarships to be issued during the next tax year. This represents 0% of the annual receipts received by the Scholarship Organization.

In certifying to the above, I have examined the records of the Scholarship Organization in order to determine that expenditures to the approved Scholarship Program were in accordance with Act 4 requirements. *See accompanying auditor's report.*

I hereby certify that the above Certifications are true and correct. *See accompanying auditor's report.*

Independent Certified Public Accountant: Maher Duessel, CPAs

Date: October 27, 2023