

Philadelphia Financial Scholars

Financial Statements
Year Ended June 30, 2022



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PHILADELPHIA FINANCIAL SCHOLARS

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors Philadelphia Financial Scholars

We have reviewed the accompanying financial statements of Philadelphia Financial Scholars (a nonprofit Organization), 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 financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles; 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with U.S. generally accepted accounting principles. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Philadelphia Financial Scholars and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with U.S. generally accepted accounting principles.

BBD, LLP

**Philadelphia, Pennsylvania
December 16, 2022**

PHILADELPHIA FINANCIAL SCHOLARS

STATEMENT OF FINANCIAL POSITION

June 30, 2022

ASSETS

Cash	\$ 156,782
Prepaid expenses and other	<u>560</u>
Total assets	<u>\$ 157,342</u>

LIABILITIES

Accounts payable and accrued expenses	<u>\$ 406</u>
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NET ASSETS WITHOUT DONOR RESTRICTIONS

Total liabilities and net assets	<u>\$ 157,342</u>
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See accompanying notes and independent accountant's review report

PHILADELPHIA FINANCIAL SCHOLARS

STATEMENT OF ACTIVITIES

Year ended June 30, 2022

REVENUE AND SUPPORT

Contributions	\$ 271,257
Other Income	<u>30</u>
Total revenue and support	<u>271,287</u>

EXPENSES

Program services	129,001
Supporting services	
Management and General	26,098
Development	<u>16,752</u>
Total expenses	<u>171,851</u>

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS 99,436

NET ASSETS

Beginning of year	<u>57,500</u>
End of year	<u>\$ 156,936</u>

See accompanying notes and independent accountant's review report

PHILADELPHIA FINANCIAL SCHOLARS

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2022

	<u>Program</u>	<u>Management and General</u>	<u>Development</u>	<u>Total</u>
Salaries, benefits and taxes	\$ 126,378	\$ 12,344	\$ 12,345	\$ 151,067
Awards	1,185	-	-	1,185
Events	-	-	1,907	1,907
Insurance	-	8,749	-	8,749
Meals and food	310	118	-	428
Office	181	48	-	229
Professional Fees	376	3,976	2,500	6,852
Travel	571	-	-	571
Miscellaneous	-	863	-	863
Total expenses	<u>\$ 129,001</u>	<u>\$ 26,098</u>	<u>\$ 16,752</u>	<u>\$ 171,851</u>

See accompanying notes and independent accountant's review report

PHILADELPHIA FINANCIAL SCHOLARS

STATEMENT OF CASH FLOWS

Year ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 99,436
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities	
(Increase) decrease in Prepaid expenses	(560)
Increase (decrease) in Accounts payable and accrued expenses	<u>406</u>
Net cash provided by (used in) operating activities	<u>99,282</u>
 Net change in cash	 99,282

CASH

Beginning of year	<u>57,500</u>
End of year	<u>\$ 156,782</u>

See accompanying notes and independent accountant's review report

PHILADELPHIA FINANCIAL SCHOLARS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

(1) NATURE OF OPERATIONS

Philadelphia Financial Scholars (the "**Organization**") dates back to 2016, when the FS Foundation, the philanthropic arm of FS Investments, partnered with the University of Pennsylvania's Netter Center for Community Partnerships to create a financial literacy program for high school students. Since that time, the program has expanded significantly and now includes in-class financial literacy education, after-school entrepreneurship training, a university-hosted summer business accelerator program, and financial empowerment workshops for teachers, families and caregivers of our students. The program has reached thousands of students and families.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets which are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Organization and/or the passage of time. When a restriction is satisfied, 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."

Also included in this category are net assets that are subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting the Organization to expend the income generated in accordance with the provision of the contribution. The Organization did not have any net assets with donor restrictions as of June 30, 2022.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America ("**GAAP**"), management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue and Support

Contributions received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions whose restrictions are satisfied in the same period are reported as net assets without donor restrictions. Unconditional contributions are recognized as revenue when the related promise to give is received. Conditional contributions are recognized as revenue when the conditions are satisfied. The Organization received 37% of its contributions from one donor.

PHILADELPHIA FINANCIAL SCHOLARS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Income Taxes

The Internal Revenue Service has classified Philadelphia Financial Scholars as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("**Code**"); as an organization, contributions to which are deductible under Section 170(c) of the Code; and as an organization that is not a private foundation as defined in Section 509(a) of the Code. As a result, no provision or liability for income taxes is included in the accompanying financial statements.

GAAP requires management to evaluate tax positions taken and recognize a tax liability, if Philadelphia Financial Scholars has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by Philadelphia Financial Scholars and has concluded that as of June 30, 2022 there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Concentration of Credit Risk

Philadelphia Financial Scholars maintains its cash balances in financial institutions with insurance provided by the Federal Deposit Insurance Corporation. At times, these accounts may exceed the federally insured limit. Management does not believe there is a significant credit risk with these institutions.

Functional Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated based upon the program and supporting services benefited.

The financial statements have certain categories of expenses that are attributed to either a program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits and taxes which is allocated on the basis of estimates of usage, time and effort.

In-Kind Contributions and Donated Services

The Organization would record the value of contributed goods when there is an objective basis available to measure their value. The Organization records donated services that create or enhance nonfinancial assets and that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Organization also receives significant amounts of time from individuals, specifically board members, who perform various functions for the Organization without compensation. The financial statements do not reflect the value of these contributed services since the services do not meet the criteria for recognition.

(3) LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets as of the statement of financial position date, which are all available for general expenditures within one year is cash of \$156,782.

Liquidity Management

The Organization considers contributions restricted by donors for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. None of the financial assets are subject to donor restrictions that make them unavailable for general expenditures. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

PHILADELPHIA FINANCIAL SCHOLARS

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

(4) SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 16, 2022, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2022 that required recognition or disclosure in the financial statements.