



ALRAY TAYLOR SECOND CHANCE SCHOLARSHIP FUND CORPORATION

Financial Statements

June 30, 2024

(With Comparative Totals for 2023)



ALRAY TAYLOR SECOND CHANCE SCHOLARSHIP FUND CORPORATION

FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

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To the Board of Directors
Alray Taylor Second Chance Scholarship Fund Corporation
Boston, Massachusetts

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of Alray Taylor Second Chance Scholarship Fund Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 Alray Taylor Second Chance Scholarship Fund Corporation as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Financial Statements section of our report. We are required to be independent of Alray Taylor Second Chance Scholarship Fund Corporation 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.

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 Alray Taylor Second Chance Scholarship Fund Corporation'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 Alray Taylor Second Chance Scholarship Fund Corporation'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 Alray Taylor Second Chance Scholarship Fund Corporation'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.

Report on Summarized Comparative Information

We have previously audited the 2023 financial statements of Alray Taylor Second Chance Scholarship Fund Corporation, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 6, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Gonzalez + Associates PC

GONZALEZ, & ASSOCIATES, P.C.
Certified Public Accountants

Stoughton, Massachusetts
February 6, 2024

ALRAY TAYLOR SECOND CHANCE SCHOLARSHIP FUND CORPORATION

STATEMENT OF FINANCIAL POSITION
 JUNE 30, 2024
 (WITH COMPARATIVE TOTALS FOR 2023)

ASSETS

	2024	2023
<u>Current Assets</u>		
Cash	\$ 364,788	\$ 261,860
Investments	536,916	562,340
Pledge receivable		35,000
Prepaid expenses	4,089	4,669
Total current assets	905,793	863,869
<u>Equipment</u>		
Equipment	6,156	6,156
Less: accumulated depreciation	(5,110)	(3,462)
Total property and equipment	1,046	2,694
<u>Total Assets</u>	\$ 906,839	\$ 866,563

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts payable	\$ 12,925	\$ 15,067
Total current liabilities	12,925	15,067
<u>Net Assets</u>		
Without donor restrictions	755,485	652,914
With donor restrictions	138,429	198,582
Total net assets	893,914	851,496
<u>Total Liabilities and Net Assets</u>	\$ 906,839	\$ 866,563

See accompanying notes and Independent Auditors' Report.

ALRAY TAYLOR SECOND CHANCE SCHOLARSHIP FUND CORPORATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024		2023	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Support and Revenue</u>				
Contributions	\$ 454,367	\$ 113,035	\$ 567,402	\$ 590,660
Released from restriction	173,188	(173,188)		
Interest and dividend income	30,742		30,742	6,456
Unrealized gain (loss)	(20)		(20)	2,934
<u>Total support and revenue</u>	658,277	(60,153)	598,124	600,050
<u>Expenses</u>				
Program services	420,013		420,013	272,913
General and administrative	63,695		63,695	66,526
Fundraising	71,998		71,998	42,219
<u>Total expenses</u>	555,706		555,706	381,658
<u>Change in Net Assets</u>	102,571	(60,153)	42,418	218,392
<u>Net Assets - Beginning of Year</u>	652,914	198,582	851,496	633,104
<u>Net Assets - End of Year</u>	\$ 755,485	\$ 138,429	\$ 893,914	\$ 851,496

See accompanying notes and Independent Auditors' Report.

ALRAY TAYLOR SECOND CHANCE SCHOLARSHIP FUND CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024			2023	
	Program Services	General and Administrative	Fundraising	Total	Total
Salaries	\$ 162,174	\$ 22,515	\$ 44,586	\$ 229,275	\$ 153,205
Payroll taxes	13,995	1,800	3,593	19,388	12,412
Benefits	11,667	362	943	12,972	7,736
Subtotal	187,836	24,677	49,122	261,635	173,353
Advertising	228	707	2,947	3,882	2,494
Awards	179,759			179,759	113,793
Bank fees		60		60	660
Board expenses		447		447	1,521
Consultants	4,040	21,661		25,701	41,165
Depreciation	1,167	165	313	1,645	1,408
Events	10,445		15,036	25,481	9,344
Filing fees		271		271	269
Insurance	3,257	314	672	4,243	4,568
Office supplies	1,309	1,100	786	3,195	3,695
Payroll processing fees		1,091		1,091	1,203
Program expenses	19,858			19,858	6,414
Professional development	415			415	
Professional fees		11,500		11,500	11,009
Recruiting					105
Rent	10,838	806	1,856	13,500	9,138
Travel	861	896	269	2,026	548
Website			997	997	971
Total expenses	<u>\$ 420,013</u>	<u>\$ 63,695</u>	<u>\$ 71,998</u>	<u>\$ 555,706</u>	<u>\$ 381,658</u>

See accompanying notes and Independent Auditors' Report.

ALRAY TAYLOR SECOND CHANCE SCHOLARSHIP FUND CORPORATION

STATEMENT OF CASH FLOWS
 JUNE 30, 2024
 (WITH COMPARATIVE TOTALS FOR 2023)

	2024	2023
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 42,418	\$ 218,392
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,648	1,408
Unrealized (gain) on investments	20	(2,934)
(Increase) Decrease in:		
Pledge receivable	35,000	(35,000)
Prepaid expenses	580	(2,368)
Increase (Decrease) in:		
Accounts payable	(2,142)	995
	<u>77,524</u>	<u>180,493</u>
<u>Net Cash Provided by Operating Activities</u>		
<u>Cash Flows From Investing Activities</u>		
Purchase of fixed assets		(1,418)
Sales of investments	25,404	
Purchase of investments		(559,406)
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>25,404</u>	<u>(560,824)</u>
<u>Cash Flows From Financing Activities</u>	<u>0</u>	<u>0</u>
<u>Net Cash Provided by Financing Activities</u>	<u>0</u>	<u>0</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	102,928	(380,331)
<u>Cash and Cash Equivalents - Beginning of Year</u>	<u>261,860</u>	<u>642,191</u>
<u>Cash and Cash Equivalents - End of Year</u>	<u>\$ 364,788</u>	<u>\$ 261,860</u>

See accompanying notes and Independent Auditors' Report.

ALRAY TAYLOR SECOND CHANCE SCHOLARSHIP FUND CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1. Organization

Alray Taylor Second Chance Scholarship Fund Corporation was organized in the Commonwealth of Massachusetts as a not-for-profit corporation on September 17, 2009. The Organization's mission is to provide scholarships, mentoring and educational assistance to graduates of Boston public high schools or Boston charter high schools who are seeking to complete college, trade school or vocational programs which they began but were unable to complete due to a range of family, personal or educational reasons.

Note 2. Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements of Alray Taylor Second Chance Scholarship Fund Corporation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. ("GAAP")

b. Basis of Presentation

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 958, Not-for-Profit Entities. This Topic establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into net asset classes according to donor-imposed restrictions. Accordingly, the net assets of the Organization have been reported as follows:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Alray Taylor Second Chance Scholarship Fund Corporation management and the board of directors.

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Alray Taylor Second Chance Scholarship Fund Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

c. Equipment

These assets are recorded at cost, when purchased or if donated, at their estimated fair market value at date of donation. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs and betterments that materially prolong the useful lives of assets are capitalized.

d. Depreciation

Provisions for depreciation are made in the accounts using the straight-line method. Office equipment and furniture are being depreciated over 3-5 years.

ALRAY TAYLOR SECOND CHANCE SCHOLARSHIP FUND CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

- e. Functional Expenses
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 salaries, payroll taxes, benefits, depreciation, insurance, and rent, which are allocated on the basis of estimates of time and effort.
- f. Use of Estimates
The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- g. Cash and Cash Equivalents
For purposes of the statement of cash flows, Alray Taylor Second Chance Scholarship Fund Corporation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- h. Contributions
Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.
- i. Promises To Give
Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.
- j. Summarized Comparative Financial Statements
The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

ALRAY TAYLOR SECOND CHANCE SCHOLARSHIP FUND CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

k. Fair Value

The Organization follows the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 820 "Fair Value Measurements and Disclosures", for assets and liabilities that are measured at fair value on a recurring basis, and to determine fair value disclosures. The standard defines fair value and it establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

The standard applies to certain other existing pronouncements that require or permit fair value measurements. It does not establish or change any existing requirements for fair value accounting.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value accounting standard established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The three tiers are defined as:

- Level 1 – Observable inputs such as quoted prices in active markets.
- Level 2 – Inputs other than Level 1 inputs that are observable, whether directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable markets.
- Level 3 – Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions and are significant to the fair measurement.

The Organization's investments are valued based on Level 1 inputs within the fair value hierarchy.

Note 3. Tax Status

Alray Taylor Second Chance Scholarship Fund Corporation is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Note 4. Significant Support

The Organization received grants totaling \$260,000 from four funders, which represents 44% of the organization's total support and revenue for the year.

ALRAY TAYLOR SECOND CHANCE SCHOLARSHIP FUND CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(Continued)

Note 5. Availability and Liquidity

The following represents Alray Taylor Second Chance Scholarship Fund Corporation's financial assets at June 30, 2024 and 2023:

Financial assets at year end:	2024	2023
Cash and cash equivalents	\$ 364,788	\$ 261,860
Investments	536,916	562,340
Pledges receivable		35,000
Financial assets available to meet general expenditures over the next twelve months	\$ 901,704	\$ 859,200

Alray Taylor Second Chance Scholarship Fund Corporation's fiscal goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$139,000). As part of its liquidity plan, excess cash is invested in short-term investments, including savings accounts.

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

Note 6. Investments

Alray Taylor Second Chance Scholarship Fund Corporation maintains an investment account. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization. Equities held at the brokerage are insured up to \$500,000 by the SIPC. Investments are carried at quoted market values as summarized below:

	2024		2023	
	Cost	FMV	Cost	FMV
Money Market	\$ 190,131	\$ 190,131	\$ 376,823	\$ 376,823
Securities	535,940	536,916	182,478	185,517
Total	\$ 726,071	\$ 727,047	\$ 559,301	\$ 562,340

The following schedule summarizes the investment return and its classification in the statement of activities for the year:

Interest and dividends	\$ 30,742
Net unrealized gains	(20)
Net investment income	\$ 30,722

ALRAY TAYLOR SECOND CHANCE SCHOLARSHIP FUND CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(Continued)

Note 7. Pledges Receivable

As of June 30, 2023, pledges receivable represented unconditional promises to give by donors. Pledges receivable are expected to be collected during the next year and are recorded at their net realizable value.

There were no pledges receivable for the period ending June 30, 2024.

Note 8. Net Assets

Net assets with donor restrictions were as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Specific Purpose		
Postsecondary pathways	\$ 35,000	\$ 35,000
Scholarships		20,000
Mentoring program		30,000
Career Services	29,325	7,117
Sam and Mary Swidey Finish Line Fund	74,104	71,465
Passage of Time		
Pledges receivable		35,000
Total	\$ 138,429	\$ 198,582

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Satisfaction of Purpose Restrictions		
Scholarships	\$ 40,000	\$ 16,150
Sam & Mary Swidey Finish Line Fund	28,496	15,384
Mentoring	62,500	30,000
Postsecondary pathways	35,000	
Career services	7,192	24,883
Total	\$ 173,188	\$ 86,417

Note 9. Subsequent Events

Subsequent events were evaluated through February 6, 2025, which is the date the financial statements were available to be issued.