



ALRAY TAYLOR SECOND CHANCE SCHOLARSHIP FUND CORPORATION

**Financial Statements
June 30, 2023**



ALRAY TAYLOR SECOND CHANCE SCHOLARSHIP FUND CORPORATION

FINANCIAL STATEMENTS
JUNE 30, 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, 2023, 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, 2023, 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.



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

Stoughton, Massachusetts
December 6, 2023

ALRAY TAYLOR SECOND CHANCE SCHOLARSHIP FUND CORPORATION

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

Current Assets

Cash	\$	261,860
Investments		562,340
Pledge receivable		35,000
Prepaid expenses		4,669
Total current assets		<u>863,869</u>

Equipment

Equipment		6,156
Less: accumulated depreciation		<u>(3,462)</u>
Total property and equipment		<u>2,694</u>

Total Assets

\$ 866,563

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$	15,067
Total current liabilities		<u>15,067</u>

Net Assets

Without donor restrictions		652,914
With donor restrictions		198,582
Total net assets		<u>851,496</u>

Total Liabilities and Net Assets

\$ 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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Support and Revenue</u>			
Contributions	\$ 401,260	\$ 189,400	\$ 590,660
Released from restriction	86,417	(86,417)	
Interest income	6,456		6,456
Unrealized gains	2,934		2,934
<u>Total support and revenue</u>	497,067	102,983	600,050
<u>Expenses</u>			
Program services	272,913		272,913
General and administrative	66,526		66,526
Fundraising	42,219		42,219
<u>Total expenses</u>	381,658		381,658
<u>Change in Net Assets</u>	115,409	102,983	218,392
<u>Net Assets - Beginning of Year</u>	537,505	95,599	633,104
<u>Net Assets - End of Year</u>	\$ 652,914	\$ 198,582	\$ 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, 2023

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 99,167	\$ 24,614	\$ 29,424	\$ 153,205
Payroll taxes	8,068	1,986	2,358	12,412
Benefits	5,028	1,238	1,470	7,736
Subtotal	112,263	27,838	33,252	173,353
Advertising	649		1,845	2,494
Awards	113,793			113,793
Bank fees		660		660
Board expenses		1,521		1,521
Consultants	19,822	18,166	3,177	41,165
Depreciation	915	225	268	1,408
Events	7,465	1,719	160	9,344
Filing fees		269		269
Insurance	2,969	731	868	4,568
Office supplies	2,224	1,336	135	3,695
Payroll processing fees		1,203		1,203
Program expenses	6,414			6,414
Professional fees		11,009		11,009
Recruiting	105			105
Rent	5,940	1,462	1,736	9,138
Travel	103	387	58	548
Website	251		720	971
Total expenses	<u>\$ 272,913</u>	<u>\$ 66,526</u>	<u>\$ 42,219</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, 2023

<u>Cash Flows From Operating Activities</u>	
Change in net assets	\$ 218,392
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	1,408
Unrealized (gain) on investments	(2,934)
(Increase) Decrease in:	
Pledge receivable	(35,000)
Prepaid expenses	(2,368)
Increase (Decrease) in:	
Accounts payable	995
	<hr/>
<u>Net Cash Provided by Operating Activities</u>	180,493
	<hr/>
<u>Cash Flows From Investing Activities</u>	
Purchase of fixed assets	(1,418)
Purchase of investments	(559,406)
<u>Net Cash (Used) by Investing Activities</u>	(560,824)
	<hr/>
<u>Cash Flows From Financing Activities</u>	0
	<hr/>
<u>Net Cash (Used) by Financing Activities</u>	0
	<hr/>
<u>(Decrease) in Cash and Cash Equivalents</u>	(380,331)
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<u>Cash and Cash Equivalents - Beginning of Year</u>	642,191
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<u>Cash and Cash Equivalents - End of Year</u>	\$ 261,860
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See accompanying notes and Independent Auditors' Report.

ALRAY TAYLOR SECOND CHANCE SCHOLARSHIP FUND CORPORATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 upon graduation to complete due to a range of family, personal or educational reasons.

Note 2. Summary of Significant Accounting Policies

- a. Standards of Accounting and Reporting
The organization follows the standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' "Audit and Accounting Guide for Not-for-Profit Organizations".
- b. Basis of presentation
The financial statements of Alray Taylor Second Chance Scholarship Fund Corporation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require Alray Taylor Second Chance Scholarship Fund Corporation to report information regarding its financial position and activities according to the following net asset classifications:
 - 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.

ALRAY TAYLOR SECOND CHANCE SCHOLARSHIP FUND CORPORATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

- 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.
- 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.

ALRAY TAYLOR SECOND CHANCE SCHOLARSHIP FUND CORPORATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

j. 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 \$207,000 from two funders, which represents 34% of the organization's total support and revenue for the year.

ALRAY TAYLOR SECOND CHANCE SCHOLARSHIP FUND CORPORATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(Continued)

Note 5. Availability and Liquidity

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

Financial assets at year-end:		
Cash and cash equivalents	\$	261,860
Investments		562,340
Pledge receivable		<u>35,000</u>
Total financial assets available to meet general expenditures over the next twelve months	\$	<u>859,200</u>

Alray Taylor Second Chance Scholarship Fund Corporation's fiscal goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$95,000). 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:

	Cost	FMV
Money Market	\$ 376,823	\$ 376,823
Securities	182,478	185,517
Total	<u>\$ 559,301</u>	<u>\$ 562,340</u>

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

Interest and dividends	\$ 6,456
Net unrealized gains	<u>2,934</u>
Net investment income	<u>\$ 9,390</u>

ALRAY TAYLOR SECOND CHANCE SCHOLARSHIP FUND CORPORATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(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.

Note 8. Net Assets

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

Specific Purpose		
Postsecondary pathways	\$	35,000
Scholarships		20,000
Mentoring program		30,000
Career services		7,117
Sam and Mary Swidey Finish Line Fund		71,465
Passage of Time		
Pledge receivable		35,000
Total	\$	<u>198,582</u>

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, 2023:

Satisfaction of Purpose Restrictions		
Scholarships	\$	16,150
Sam & Mary Swidey Finish Line Fund		15,384
Mentoring		30,000
Career mentoring programming		24,883
Total	\$	<u>86,417</u>

Note 9. Subsequent Events

Subsequent events were evaluated through December 6, 2023, which is the date the financial statements were available to be issued.

December 6, 2023

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

We have audited the financial statements of Alray Taylor Second Chance Scholarship Fund Corporation for the year ended June 30, 2023, and have issued our report thereon dated December 6, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 12, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Alray Taylor Second Chance Scholarship Fund Corporation are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the allocation of salaries and related expenses.

Management's estimate of the allocation of salaries and related expenses is based on job assignments and time studies. We evaluated the key factors and assumptions used to develop the allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 6, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the board of directors and management of Alray Taylor Second Chance Scholarship Fund Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


GONZALEZ & ASSOCIATES, P.C.
Certified Public Accountants