



INNER-CITY SCHOLARSHIP FUND, INC.

Financial Statements and Schedules

August 31, 2014

(with summarized comparative financial information
as of and for the year ended August 31, 2013)

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
Inner-City Scholarship Fund, Inc.:

We have audited the accompanying financial statements of Inner-City Scholarship Fund, Inc., which comprise the balance sheet as of August 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inner-City Scholarship Fund, Inc. as of August 31, 2014, and the changes in its net assets and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.



Report on Summarized Comparative Information

We have previously audited the Inner-City Scholarship Fund, Inc.'s 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 11, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

February 5, 2015

INNER-CITY SCHOLARSHIP FUND, INC.

Balance Sheet

August 31, 2014

(with comparative financial information as of August 31, 2013)

Assets	2014	2013
Cash and cash equivalents	\$ 3,287,827	1,766,828
Loans to Parish Assistance Corporation (note 3)	2,156,505	805,660
Contributions receivable, net (note 5)	1,548,705	2,039,155
Investments (note 4)	11,617,936	12,317,218
Other assets	364,674	217,884
Fixed assets, net of accumulated depreciation of \$89,830 and \$65,753 in 2014 and 2013, respectively	156,498	180,575
Total assets	\$ 19,132,145	17,327,320
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 207,028	172,911
Grants payable	518,679	100,560
Payable to the Archdiocese of New York (note 6)	138,706	245,979
Payable to the Department of Education of the Archdiocese of New York	25,000	—
Total liabilities	889,413	519,450
Net assets (notes 8 and 9):		
Unrestricted	4,990,996	3,738,165
Temporarily restricted	7,304,404	7,222,373
Permanently restricted	5,947,332	5,847,332
Total net assets	18,242,732	16,807,870
Total liabilities and net assets	\$ 19,132,145	17,327,320

See accompanying notes to financial statements.

INNER-CITY SCHOLARSHIP FUND, INC.

Statement of Activities

Year ended August 31, 2014

(with summarized financial information for the year ended August 31, 2013)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>2014 Total</u>	<u>2013 Total</u>
Revenues:					
Contributions and bequests (note 5)	\$ 3,152,107	9,762,289	100,000	13,014,396	11,279,537
Special events, net of direct donor benefits of \$447,184 and \$597,188 in 2014 and 2013, respectively	2,842,529	—	—	2,842,529	2,320,731
Interest and dividend income, net	212,408	256,187	—	468,595	635,048
Net gain (loss) on investments	264,109	466,900	—	731,009	(475,480)
Net assets released from restrictions	<u>10,403,345</u>	<u>(10,403,345)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total revenues	<u>16,874,498</u>	<u>82,031</u>	<u>100,000</u>	<u>17,056,529</u>	<u>13,759,836</u>
Expenses:					
Program services:					
Grants:					
Externally managed scholarships (primarily administered by the Children's Scholarship Fund)	5,566,178	—	—	5,566,178	6,497,943
Internally managed scholarships	5,494,902	—	—	5,494,902	4,715,551
Financial aid grants	743,739	—	—	743,739	358,920
Young Executive Supporting Schools (YESS) grants	463,585	—	—	463,585	245,326
Other grants	420,351	—	—	420,351	135,000
Program administration:					
Scholarship programs	310,368	—	—	310,368	391,560
Other programs	223,922	—	—	223,922	167,591
Total program services	<u>13,223,045</u>	<u>—</u>	<u>—</u>	<u>13,223,045</u>	<u>12,511,891</u>
Supporting services:					
General and administrative	809,657	—	—	809,657	730,037
Development:					
Donor relations	661,296	—	—	661,296	528,579
Advertising and communications	771,909	—	—	771,909	812,079
Special events supporting services	155,760	—	—	155,760	149,449
Total development	<u>1,588,965</u>	<u>—</u>	<u>—</u>	<u>1,588,965</u>	<u>1,490,107</u>
Total supporting services	<u>2,398,622</u>	<u>—</u>	<u>—</u>	<u>2,398,622</u>	<u>2,220,144</u>
Total expenses	<u>15,621,667</u>	<u>—</u>	<u>—</u>	<u>15,621,667</u>	<u>14,732,035</u>
Increase (decrease) in net assets	1,252,831	82,031	100,000	1,434,862	(972,199)
Net assets at beginning of year	<u>3,738,165</u>	<u>7,222,373</u>	<u>5,847,332</u>	<u>16,807,870</u>	<u>17,780,069</u>
Net assets at end of year	<u>\$ 4,990,996</u>	<u>7,304,404</u>	<u>5,947,332</u>	<u>18,242,732</u>	<u>16,807,870</u>

See accompanying notes to financial statements.

INNER-CITY SCHOLARSHIP FUND, INC.

Statement of Cash Flows

Year ended August 31, 2014

(with comparative financial information for the year ended August 31, 2013)

	2014	2013
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 1,434,862	(972,199)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Net (gain) loss on investments	(731,009)	475,480
Depreciation	24,077	24,076
Contributions for endowment	(100,000)	—
Changes in operating assets and liabilities:		
Contributions receivable	490,450	1,255,943
Other assets	(146,790)	(11,905)
Accounts payable and accrued expenses	34,117	(58,274)
Grants payable	418,119	12,460
Payable to the Archdiocese of New York	(107,273)	(251,081)
Payable to the Department of Education of the Archdiocese of New York	25,000	—
Net cash provided by operating activities	1,341,553	474,500
Cash flows from investing activities:		
Increase in loans to Parish Assistance Corporation	(1,350,845)	—
Repayments of loans to Parish Assistance Corporation	—	1,570,680
Purchase of investments	(11,638,362)	(2,729,400)
Proceeds from sale of investments	13,068,653	304,040
Net cash provided by (used in) investing activities	79,446	(854,680)
Cash flows from financing activities:		
Contributions for endowment	100,000	—
Net cash provided by financing activities	100,000	—
Net increase (decrease) in cash and cash equivalents	1,520,999	(380,180)
Cash and cash equivalents at beginning of year	1,766,828	2,147,008
Cash and cash equivalents at end of year	\$ 3,287,827	1,766,828

See accompanying notes to financial statements.

INNER-CITY SCHOLARSHIP FUND, INC.

Notes to Financial Statements

August 31, 2014

(with summarized comparative financial information
as of and for the year ended August 31, 2013)

(1) Organization

Inner-City Scholarship Fund, Inc. (ICSF) is a not-for-profit organization exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. ICSF provides families with demonstrable financial need the opportunity to give their children a values-based K-12 Catholic education within the Archdiocese of New York. ICSF exists to ensure that the gift of a Catholic school education continues to be a viable option for current and future generations of students of all faiths.

ICSF's scholarship programs are all need based. The Be A Student's Friend (BASF) program matches a willing sponsor with a low-income student. BASF supporters can opt to be anonymous and receive periodic reports on a student's progress or they can choose to get to know the student personally.

In addition, ICSF uses a portion of the funds raised to help underwrite a scholarship program administered by the Children's Scholarship Fund, an unaffiliated not-for-profit organization, that was established to address the decline in enrollment at Catholic schools by providing scholarships to students who transfer into an Archdiocese of New York inner city school from a public school.

As each family awarded a scholarship must qualify for continued support annually, no liability has been reflected in the financial statements for ICSF's commitment to share in the on-going cost associated with children who continue to qualify for the scholarship in the future. ICSF has conditionally committed approximately \$5.7 million for the 2014-2015 academic year.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables and payables. Other significant accounting policies are set forth below.

(b) Basis of Presentation

ICSF's net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of ICSF and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of ICSF or by the passage of time. ICSF follows the provisions of Accounting Standards Codification (ASC) 958, Section 205-45, *Classification of Donor Restricted Endowment Funds Subject to UPMIFA*, which requires the portion of a donor restricted endowment fund that is not classified as permanently restricted to be classified as temporarily restricted net assets until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by New York Prudent Management of Institutional Funds Act (NYPMIFA).

INNER-CITY SCHOLARSHIP FUND, INC.

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Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by ICSF. Generally, the donors of these assets permit ICSF to use all or part of the income earned on related investments to support financial aid grants.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

(c) *Cash and Cash Equivalents*

ICSF considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents except for those short-term instruments, if any, maintained in the investment portfolio (see note 4).

(d) *Contributions*

Contributions, including unconditional promises to give, are recognized when received. Unconditional promises are recorded net of an allowance for amounts deemed uncollectible and a present value discount.

(e) *Fair Value Measurements*

Fair value is defined as 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. Inputs to the valuation techniques used to measure fair value are prioritized by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 – valuation inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that ICSF has the ability to access at measurement date.

Level 2 – valuation inputs are inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.

Level 3 – valuation inputs are unobservable inputs for the assets or liabilities.

With respect to those investments reported at estimated fair value based upon net asset values provided by investment managers, classification in Level 2 or 3 is based on the ICSF's ability to redeem its interest at or near the balance sheet date. If the interest can be redeemed in the near term, the investment is classified as Level 2.

INNER-CITY SCHOLARSHIP FUND, INC.

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The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety. The fair value of investments is discussed in note 4. The carrying value of ICSF's short-term financial instruments approximates fair value because of their short maturity. The carrying value of contributions receivable approximates its fair value. These estimated fair values, however, involve unobservable inputs considered to be Level 3 in the fair value hierarchy.

(f) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingencies 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) Comparative Financial Information

The accompanying statement of activities is presented with 2013 comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with ICSF's 2013 financial statements, from which the summarized information was derived.

(h) Reclassifications

Certain 2013 amounts have been reclassified to conform to the 2014 presentation.

(3) Loans to Parish Assistance Corporation

Amounts loaned to Parish Assistance Corporation earned interest at a rate of 1.5% during fiscal years 2014 and 2013 and are payable on demand. Interest income was \$21,825 and \$30,200 in 2014 and 2013, respectively. The carrying amount approximates fair value.

(4) Investments

Investments are reported at fair value based on quoted market prices, except for the estimated fair value of Ascension Alpha Fund, which as a practical expedient, is based on Net Asset Value (NAV) provided by the fund manager. The value is reviewed and evaluated by management. The reported value may differ significantly from the values that would have been used had a ready market for these investments exist.

INNER-CITY SCHOLARSHIP FUND, INC.

Notes to Financial Statements

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Investments at August 31, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
PIMCO All Asset Fund	\$ —	11,802,236
Archdiocesan Common Investment Fund (the Fund)	—	514,982
Ascension Alpha Fund	<u>11,617,936</u>	<u>—</u>
	<u>\$ 11,617,936</u>	<u>12,317,218</u>

Ascension Alpha Fund (Ascension) goal is to allow its investors to achieve risk-adjusted returns while attempting to preserve capital in adverse market conditions through the implementation of diversified investment strategies. Ascension offers its investors an opportunity to invest only in those strategies/asset classes selected. In addition, the investments selected within each strategy conform to socially responsible investment guidelines that promote Catholic Values. The investment strategies are classified into three categories: growth, inflation, and deflation/recession achieved through investments in equity and fixed income securities and alternative investment vehicles. ICSF has selected a targeted allocation of 65% equities and 35% fixed income. ICSF has the right to redeem all or a portion of its shares in Ascension on a daily basis with one trading day prior written notice. The investment is classified as Level 2 in the fair value hierarchy.

The PIMCO All Asset Fund invests all of its assets in other PIMCO funds and seeks maximum real return, consistent with preservation of real capital. Fair value is based on quoted market price and was classified as Level 1 in the fair value hierarchy as of August 31, 2013.

In fiscal year 2013, ICSF participated with other Archdiocesan entities in the Fund, which allows for additions and redemptions monthly. The Fund is invested in structured fixed income and equity portfolios managed by the Bank of New York Mellon and designed to replicate the Barclays Aggregate Bond Index and the S&P 500 Index, respectively, of which the underlying investments are screened for compliance with the Archdiocesan Socially Responsible Investing Policy, and valued by the Fund based on the value of its underlying investments, which are readily marketable. Investment income and net gains or losses on sales of securities and unrealized appreciation or depreciation in fair value of investments are credited monthly to ICSF's account based on its pro rata participation in the Fund. The Fund's total investments, which were classified as principally Level 1 in the fair value hierarchy at August 31, 2013 is summarized as follows:

Cash equivalents	\$ 4,986,146
Fixed-income securities	55,129,713
Equity securities	<u>108,642,234</u>
	<u>\$ 168,758,093</u>

INNER-CITY SCHOLARSHIP FUND, INC.

Notes to Financial Statements

August 31, 2014

(with summarized comparative financial information
as of and for the year ended August 31, 2013)

At August 31, 2013, ICSF's investment in the Fund was allocated as follows:

Cash equivalents	\$	12,398
Fixed-income securities		189,273
Equity securities		313,311
	\$	<u>514,982</u>

(5) Contributions Receivable

Contributions receivable consist of the following at August 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Amounts expected to be collected in:		
Less than one year	\$ 1,030,330	985,087
One to five years	550,000	1,150,000
	<u>1,580,330</u>	<u>2,135,087</u>
Less discount at 5.75%	(31,625)	(95,932)
	<u>\$ 1,548,705</u>	<u>2,039,155</u>

At August 31, 2014 and 2013, contributions receivable from one donor represent approximately 63% and 70% of the gross receivable, respectively.

During 2007, ICSF received a grant not to exceed \$22,500,000 through August 31, 2013, to provide funding for scholarships to students demonstrating financial need in accordance with the guidelines of the Cardinal's Scholarship Program. In fiscal 2013, ICSF received an additional commitment from this funder to provide another \$11.7 million through fiscal 2019 as follows: \$2.5 million in fiscal 2013, \$2.6 million in fiscal 2014, \$2.3 million in fiscal 2015, \$1.9 million in fiscal 2016, \$1.3 million in fiscal 2017, \$0.8 million in fiscal 2018, and \$0.3 million in fiscal 2019. As the receipt of future amounts is conditional, revenue is recognized as conditions are met. ICSF recognized approximately \$2.6 million and \$3.4 million in fiscal 2014 and 2013, respectively under these grant agreements.

(6) Related Parties

The payable to the Archdiocese of New York represents amounts due for items such as salaries, benefits, rent, data services, and other allocated services. The amounts charged for such services approximated \$1,811,000 and \$1,541,000 in 2014 and 2013, respectively. At August 31, 2013, the payable included \$164,000 of leasehold improvement costs paid by the Archdiocese in 2012.

ICSF made grants to the Department of Education, an affiliated organization, of \$370,000 and \$110,000 in 2014 and 2013, respectively. Such expenses are included in other grants in the accompanying statements of activities.

INNER-CITY SCHOLARSHIP FUND, INC.

Notes to Financial Statements

August 31, 2014

(with summarized comparative financial information
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(7) Pension Plan

ICSF employees who satisfy age and service requirements participate in the noncontributory defined benefit Archdiocesan Pension Plan and the Archdiocesan Supplemental Qualified Pension Plan. Total pension expense was \$77,647 and \$64,531 in 2014 and 2013, respectively. Because these operate as multiemployer plans, information as to vested and nonvested earned benefits, as well as plan assets, as they relate ICSF employees, is not readily available.

The following table discloses the name and funded status of the plans as of December 31, 2013 and 2012 (the dates of the last actuarial valuation):

<u>Legal name and plan number</u>	<u>EIN</u>	<u>2013</u>		<u>2012</u>	
		<u>Accumulated benefit obligation</u>	<u>Fair value plan assets</u>	<u>Accumulated benefit obligation</u>	<u>Fair value plan assets</u>
The Archdiocesan Pension Plan for the Archdiocese of New York	25-1926855	\$ 1,388,762,648	1,133,253,414	1,339,498,056	1,022,055,626
The Archdiocesan Supplemental Qualified Pension Plan for the Archdiocese of New York	25-1926855	\$ 4,799,105	1,145,140	3,284,504	692,522

(8) Net Assets

Temporarily restricted net assets at August 31, 2014 and 2013 are available for the following purposes:

	<u>2014</u>	<u>2013</u>
Cardinal's Scholarship Program	\$ 1,055,540	1,450,213
Internally managed scholarships	4,350,390	3,767,556
Financial aid for schools	1,599,577	1,815,347
Gift annuities held by Archdiocese of New York for the benefit of ICSF	298,897	189,257
	<u>\$ 7,304,404</u>	<u>7,222,373</u>

INNER-CITY SCHOLARSHIP FUND, INC.

Notes to Financial Statements

August 31, 2014

(with summarized comparative financial information
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Income on permanently restricted net assets at August 31, 2014 and 2013 is restricted for the following purposes:

	2014	2013
Internally managed scholarships	\$ 5,576,332	5,476,332
Financial aid for schools	371,000	371,000
	\$ 5,947,332	5,847,332

(9) Endowment

ICSF's endowment consists of seven donor-restricted funds, three temporarily restricted board-designated funds, and one unrestricted board-designated fund, and its composition by net asset category as of August 31, 2014 and 2013 is as follows:

		2014			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted	\$	—	1,191,874	5,947,332	7,139,206
Board designated		4,460,148	552,785	—	5,012,933
	\$	4,460,148	1,744,659	5,947,332	12,152,139

		2013			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted	\$	—	871,643	5,847,332	6,718,975
Board designated		3,738,165	509,655	—	4,247,820
	\$	3,738,165	1,381,298	5,847,332	10,966,795

INNER-CITY SCHOLARSHIP FUND, INC.

Notes to Financial Statements

August 31, 2014

(with summarized comparative financial information
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Changes in endowment net assets for the years ended August 31, 2014 and 2013 are as follows:

	2014			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Endowment net assets, August 31, 2013	\$ 3,738,165	1,381,298	5,847,332	10,966,795
Contributions	564,407	8,440	100,000	672,847
Interest and dividend income	181,035	256,187	—	437,222
Net gain on investments	264,109	466,900	—	731,009
Appropriation for expenditure	<u>(287,568)</u>	<u>(368,166)</u>	<u>—</u>	<u>(655,734)</u>
Endowment net assets, August 31, 2014	<u>\$ 4,460,148</u>	<u>1,744,659</u>	<u>5,947,332</u>	<u>12,152,139</u>
	2013			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, August 31, 2012	\$ 4,603,864	1,493,786	5,847,332	11,944,982
Contributions	—	34,460	—	34,460
Interest and dividend income	191,081	411,411	—	602,492
Net loss on investments	(221,166)	(254,314)	—	(475,480)
Appropriation for expenditure	(22,541)	(304,045)	—	(326,586)
Transfer	<u>(813,073)</u>	<u>—</u>	<u>—</u>	<u>(813,073)</u>
Endowment net assets, August 31, 2013	<u>\$ 3,738,165</u>	<u>1,381,298</u>	<u>5,847,332</u>	<u>10,966,795</u>

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's historic dollar value. There were no deficiencies of this nature as of August 31, 2014 or 2013.

The endowment portfolio seeks maximum real return, consistent with preservation of real capital.

Annually, the Board of Trustees approves a spending rate on its donor-restricted endowment funds, which is applied to each fund's average value and is consistent with ICSF's priority of growing the endowment (preservation of purchasing power). For 2014, the Board of Trustees approved spending rates ranging from 3% to 6.5% on the various funds. The board has approved a spending rate of 6% on its board-designated endowment funds in 2015.

INNER-CITY SCHOLARSHIP FUND, INC.

Notes to Financial Statements

August 31, 2014

(with summarized comparative financial information
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(10) Subsequent Events

In connection with the preparation of the financial statements, ICSF evaluated subsequent events after the balance sheet date of August 31, 2014 through February 5, 2015, which was the date the financial statements were available to be issued and has concluded that there are no subsequent events for disclosure.

INNER-CITY SCHOLARSHIP FUND, INC.

Schedule of Grants to Schools

Year ended August 31, 2014

	<u>Total</u>	<u>Financial Aid & YESS Grants</u>	<u>Internally Managed Scholarships</u>
Manhattan Elementary Grants:			
Annunciation	\$ 1,338	—	1,338
Ascension	39,611	1,111	38,500
Blessed Sacrament	29,000	—	29,000
Cornelia Connelly Center for Education	10,000	10,000	—
Corpus Christi	48,024	7,024	41,000
Good Shepherd	46,611	17,336	29,275
Guardian Angel	48,000	—	48,000
Immaculate Conception	26,000	—	26,000
Incarnation	173,700	125,700	48,000
Mt. Carmel/Holy Rosary	31,550	2,250	29,300
Our Lady of Lourdes	214,890	163,890	51,000
Our Lady of Pompeii	8,000	—	8,000
Our Lady Queen of Angels	22,000	—	22,000
Our Lady Queen of Martyrs	23,141	1,141	22,000
Sacred Heart of Jesus	68,611	43,611	25,000
St. Aloysius	10,000	—	10,000
St. Ann	56,000	4,000	52,000
St. Brigid	79,581	46,381	33,200
St. Charles Borromeo	14,000	—	14,000
St. Elizabeth	26,000	—	26,000
St. Gregory the Great	14,500	—	14,500
St. Joseph's School – Yorkville	9,800	—	9,800
St. Mark the Evangelist	14,000	—	14,000
St. Paul – 118th Street	57,700	—	57,700
St. Rose of Lima	16,000	—	16,000
St. Stephen of Hungary	15,000	—	15,000
Transfiguration	18,000	—	18,000
Total Manhattan Elementary Grants	<u>1,121,057</u>	<u>422,444</u>	<u>698,613</u>
Bronx Elementary Grants:			
Christ the King	32,000	—	32,000
Holy Cross	30,000	—	30,000
Holy Family	10,000	—	10,000
Holy Rosary	12,611	3,611	9,000
Immaculate Conception – 151st Street	42,000	—	42,000
Immaculate Conception – Gunhill	40,500	—	40,500
Nativity of Our Blessed Lady	18,000	—	18,000
Our Lady of Grace	24,000	—	24,000
Our Lady of Mt. Carmel	306,811	294,111	12,700
Our Lady of Refuge	9,000	—	9,000
Sacred Heart	44,000	—	44,000
Santa Maria	45,111	4,511	40,600
St. Angela Merici	60,000	—	60,000
St. Ann	28,255	18,255	10,000
St. Anselm	47,500	17,500	30,000
St. Athanasius	15,000	—	15,000
St. Barnabas	12,208	—	12,208
St. Benedict	6,000	—	6,000
St. Brendan	34,685	16,685	18,000
St. Clare of Assisi	14,200	14,200	—
St. Francis of Assisi School	10,200	—	10,200
St. Francis DeChantal	11,604	8,854	2,750
St. Francis Xavier	2,000	—	2,000
St. Helena	23,611	3,611	20,000
St. John	27,000	—	27,000

INNER-CITY SCHOLARSHIP FUND, INC.

Schedule of Grants to Schools

Year ended August 31, 2014

	Total	Financial Aid & YESS Grants	Internally Managed Scholarships
St. John Chrysostom	\$ 43,500	17,500	26,000
St. Joseph	43,000	—	43,000
St. Lucy	16,800	—	16,800
St. Luke	44,000	17,500	26,500
St. Margaret Mary	36,000	—	36,000
St. Margaret of Cortona	10,000	—	10,000
St. Mary	22,611	3,611	19,000
St. Nicholas of Tolentine	23,000	—	23,000
St. Philip Neri	27,111	1,111	26,000
St. Raymond	45,050	—	45,050
St. Simon Stock	19,011	1,011	18,000
St. Theresa	36,410	30,000	6,410
St. Thomas Aquinas	44,000	—	44,000
Sts. Peter and Paul	108,128	61,128	47,000
Sts. Philip and James	29,159	25,159	4,000
Villa Maria Academy	2,000	—	2,000
Visitation School	74,000	21,000	53,000
Total Bronx Elementary Grants	<u>1,530,076</u>	<u>559,358</u>	<u>970,718</u>
Staten Island Elementary Grants:			
Academy of St. Dorothy	1,350	1,350	—
Blessed Sacrament	9,736	5,736	4,000
Holy Rosary	450	450	—
Our Lady of Good Counsel	10,450	10,450	—
Our Lady Help of Christians	1,825	825	1,000
Our Lady of Mt. Carmel/St. Benedicta	20,493	225	20,268
Our Lady Queen of Peace	1,575	1,575	—
Sacred Heart	2,085	2,085	—
St. Adalbert	1,650	1,650	—
St. Ann	7,245	1,245	6,000
St. Charles	825	825	—
St. Christopher	9,759	9,759	—
St. Clare	13,500	10,000	3,500
St. John Villa Academy	15,750	10,000	5,750
St. Joseph Hill Academy	225	225	—
St. Patrick	7,000	—	7,000
Sts. Peter and Paul	24,985	—	24,985
St. Rita	600	600	—
Total Staten Island Elementary Grants	<u>129,503</u>	<u>57,000</u>	<u>72,503</u>
Westchester County Elementary Grants:			
Annunciation	2,000	—	2,000
Corpus Christi/Holy Rosary	4,888	4,888	—
Holy Name of Jesus	6,000	—	6,000
Immaculate Conception	4,000	—	4,000
Kingston School	4,000	—	4,000
Our Lady of Mt. Carmel	2,000	—	2,000
Our Lady of Sorrows	1,000	—	1,000
Our Lady of Victory	37,698	34,168	3,530
Sacred Heart	8,000	—	8,000
St. Ann	10,000	—	10,000
St. Augustine	2,000	—	2,000
St. Columbanus	2,000	—	2,000
St. Elizabeth Ann Seton	2,000	—	2,000
St. Eugene	7,000	—	7,000

INNER-CITY SCHOLARSHIP FUND, INC.

Schedule of Grants to Schools

Year ended August 31, 2014

	Total	Financial Aid & YESS Grants	Internally Managed Scholarships
St. James the Apostle	\$ 8,500	—	8,500
St. John the Baptist	2,000	—	2,000
St. Joseph	24,350	21,000	3,350
St. Patrick	2,000	—	2,000
St. Paul the Apostle	2,000	—	2,000
St. Peter's Regional	20,000	20,000	—
St. Peter	11,550	11,550	—
St. Peter	27,944	15,838	12,106
Sts. John and Paul	3,500	—	3,500
Total Westchester County Elementary Grants	<u>194,430</u>	<u>107,444</u>	<u>86,986</u>
Orange County Elementary Grants:			
Bishop Dunn Memorial	2,500	2,500	—
Sacred Heart/St. Francis	25,000	25,000	—
St. John's	8,000	—	8,000
Total Orange County Elementary Grants	<u>35,500</u>	<u>27,500</u>	<u>8,000</u>
Rockland County Elementary Grants:			
St. Margaret	13,578	13,578	—
St. Paul	4,000	—	4,000
Total Rockland County Elementary Grants	<u>17,578</u>	<u>13,578</u>	<u>4,000</u>
Total Elementary Grants	<u>3,028,144</u>	<u>1,187,324</u>	<u>1,840,820</u>
Manhattan Secondary Grants:			
Cathedral High School	314,700	—	314,700
Cristo Rey	3,200	—	3,200
Dominican Academy	14,250	—	14,250
La Salle Academy	126,700	—	126,700
Mother Cabrini	137,150	—	137,150
Notre Dame	105,216	—	105,216
St. George Academy	2,500	—	2,500
St. Jean Baptiste	210,650	—	210,650
St. Vincent Ferrer	117,560	—	117,560
Total Manhattan Secondary Grants	<u>1,031,926</u>	<u>—</u>	<u>1,031,926</u>
Bronx Secondary Grants:			
Academy of Mount St. Ursula	151,334	—	151,334
All Hallows	333,105	—	333,105
Aquinas High School	377,450	10,000	367,450
Cardinal Hayes High School	332,256	—	332,256
Cardinal Spellman High School	332,100	—	332,100
Fordham Preparatory	1,000	—	1,000
Monsignor Scanlan	167,250	10,000	157,250
Mt. St. Michael Academy	136,280	—	136,280
Preston High School	103,806	—	103,806
St. Barnabas	52,400	—	52,400
St. Catharine Academy	154,650	—	154,650
St. Raymond – Boys	203,965	—	203,965
St. Raymond Girls Academy	186,784	—	186,784
Total Bronx Secondary Grants	<u>2,532,380</u>	<u>20,000</u>	<u>2,512,380</u>

INNER-CITY SCHOLARSHIP FUND, INC.

Schedule of Grants to Schools

Year ended August 31, 2014

	<u>Total</u>	<u>Financial Aid & YESS Grants</u>	<u>Internally Managed Scholarships</u>
Staten Island Secondary Grants:			
Msgr. Farrell	\$ 5,000	—	5,000
Moore Catholic	16,500	—	16,500
Notre Dame	11,750	—	11,750
St. John Villa Academy	13,250	—	13,250
St. Joseph by the Sea	5,000	—	5,000
St. Peter's High School for Boys	26,076	—	26,076
Total Staten Island Secondary Grants	<u>77,576</u>	<u>—</u>	<u>77,576</u>
Westchester County Secondary Grants:			
Sacred Heart	5,500	—	5,500
Maria Regina	2,500	—	2,500
Total Westchester County Secondary Grants	<u>8,000</u>	<u>—</u>	<u>8,000</u>
Rockland County Secondary Grants:			
Albertus Magnus	12,700	—	12,700
Total Rockland County Secondary Grants	<u>12,700</u>	<u>—</u>	<u>12,700</u>
Dutchess County Secondary Grants:			
St. Mary	1,250	—	1,250
Our Lady of Lourdes	10,250	—	10,250
Total Dutchess County Secondary Grants	<u>11,500</u>	<u>—</u>	<u>11,500</u>
Total Secondary Grants	<u>3,674,082</u>	<u>20,000</u>	<u>3,654,082</u>
Total Elementary and Secondary Grants	<u>\$ 6,702,226</u>	<u>1,207,324</u>	<u>5,494,902</u>

See accompanying independent auditors' report.

INNER-CITY SCHOLARSHIP FUND, INC.

Schedule of Special Events Revenue, Program Administration Expenses,
and Supporting Services Expenses

Year ended August 31, 2014

Special events revenue:	
Proceeds from the December 2013 award dinner	\$ 1,809,167
Proceeds from the 2014 spring gala	933,767
Proceeds from the lawyers' lunch	323,750
Proceeds from the YESS reception	63,729
Proceeds from the junior committee	50,369
Proceeds from other events	108,931
	<u>3,289,713</u>
Total special events revenue	<u>3,289,713</u>
Less direct donor benefits:	
December 2013 award dinner	149,787
2014 spring gala	194,162
Lawyers' lunch	42,627
YESS reception	31,713
Junior committee	17,770
Other events	11,125
	<u>447,184</u>
Total direct donor benefits	<u>447,184</u>
Net special events revenue	<u>\$ 2,842,529</u>
Program administration expenses:	
Scholarship programs:	
Salaries and fringe benefits	\$ 278,052
Professional fees	624
Supplies	3,927
Postage and shipping	7,745
Stationery and printing	7,820
Other	12,200
	<u>310,368</u>
Total scholarship programs administration expenses	<u>\$ 310,368</u>
Other programs:	
Salaries and fringe benefits	\$ 163,928
Professional fees	8,769
Supplies	10,374
Postage and shipping	225
Stationery and printing	753
Food and beverage	13,526
Transportation	2,718
Other	23,629
	<u>223,922</u>
Total other programs administration expenses	<u>\$ 223,922</u>

INNER-CITY SCHOLARSHIP FUND, INC.

Schedule of Special Events Revenue, Program Administration Expenses,
and Supporting Services Expenses

Year ended August 31, 2014

General and administrative expenses:		
Salaries and fringe benefits	\$	329,592
Professional fees		79,397
Computer processing costs		70,385
Supplies		30,645
Telephone		14,518
Occupancy costs		99,024
Annual report		49,570
Depreciation		24,077
Postage and shipping		3,116
Stationery and printing		5,476
Other		103,857
Total general and administrative expenses	\$	<u>809,657</u>
Donor relations:		
Salaries and fringe benefits	\$	497,330
Credit card fees		47,689
Professional fees		66,000
Other		50,277
Total donor relations	\$	<u>661,296</u>
Advertising and communications:		
Salaries and fringe benefits	\$	145,058
Direct mail campaign expense		302,875
Advertising campaign expense		322,021
Development and publicity		1,955
Total advertising and communications expenses	\$	<u>771,909</u>
Special events supporting services:		
Salaries and fringe benefits	\$	113,174
Professional fees		3,281
Stationery and printing		25,157
Other office expenses		14,148
Total special events supporting services expenses	\$	<u>155,760</u>

See accompanying independent auditors' report.