



**INNER-CITY SCHOLARSHIP FUND, INC.**

Financial Statements

August 31, 2024

(With summarized comparative financial information  
as of and for the year ended August 31, 2023)

(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.:

### *Opinion*

We have audited the financial statements of Inner-City Scholarship Fund, Inc. (the Organization), which comprise the balance sheet as of August 31, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of August 31, 2024, 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.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### *Auditors' 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 auditors' 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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*KPMG LLP*

New York, New York  
March 20, 2025

**INNER-CITY SCHOLARSHIP FUND, INC.**

Balance Sheet

August 31, 2024

(With comparative financial information as of August 31, 2023)

<b>Assets</b>	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 14,774,546	13,221,526
Contributions receivable, net (note 4)	19,916,706	18,155,741
Investments (note 3)	83,487,462	73,227,979
Other assets (note 5)	3,121,515	2,539,130
Fixed assets, net of accumulated depreciation of \$239,200 and \$218,930 in 2024 and 2023, respectively	30,406	50,676
Total assets	<u>\$ 121,330,635</u>	<u>107,195,052</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 84,450	124,447
Grants payable	—	1,900
Payable to the Archdiocese of New York (note 5)	640,847	357,275
Deferred income	502,800	243,200
Total liabilities	<u>1,228,097</u>	<u>726,822</u>
Net assets (note 7):		
Net assets without donor restrictions	12,319,757	8,908,201
Net assets with donor restrictions:		
Purpose restricted	17,110,075	14,745,938
Endowment fund	90,672,706	82,814,091
Total net assets with donor restrictions	<u>107,782,781</u>	<u>97,560,029</u>
Total net assets	<u>120,102,538</u>	<u>106,468,230</u>
Total liabilities and net assets	<u>\$ 121,330,635</u>	<u>107,195,052</u>

See accompanying notes to financial statements.

**INNER-CITY SCHOLARSHIP FUND, INC.**

Statement of Activities

Year ended August 31, 2024

(With summarized financial information for the year ended August 31, 2023)

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>2024 Total</b>	<b>2023 Total</b>
Operating revenues and other support:				
Contributions and bequests (notes 4 and 5)	\$ 11,625,590	5,853,268	17,478,858	15,088,160
Special events, net of direct donor benefits of \$997,610 and \$737,653 in 2024 and 2023, respectively (note 9)	2,788,490	—	2,788,490	2,424,638
Change in value of gift annuities	—	582,385	582,385	271,386
Net investment return appropriated for spending (note 7)	288,462	2,922,508	3,210,970	3,880,541
Other	477,798	—	477,798	146,936
Net assets released from restrictions	6,994,024	(6,994,024)	—	—
Total operating revenues and other support:	22,174,364	2,364,137	24,538,501	21,811,661
Operating expenses (notes 5 and 9):				
Program services:				
Grants and scholarships:				
Internally managed scholarships	7,955,507	—	7,955,507	7,575,326
Externally managed scholarships (primarily administered by Children's Scholarship Fund)	8,650,479	—	8,650,479	8,165,474
Grants to others	751,925	—	751,925	655,987
Total grants and scholarships	17,357,911	—	17,357,911	16,396,787
Program administration expenses:				
Scholarship programs	421,606	—	421,606	450,854
Other programs	65,696	—	65,696	121,599
Total program administration expenses	487,302	—	487,302	572,453
Total program services	17,845,213	—	17,845,213	16,969,240
Supporting services:				
General and administrative	1,143,128	—	1,143,128	1,003,048
Development:				
Donor relations	1,317,793	—	1,317,793	1,139,405
Advertising and communications	943,681	—	943,681	857,832
Special events supporting services	115,090	—	115,090	89,713
Total development	2,376,564	—	2,376,564	2,086,950
Total supporting services	3,519,692	—	3,519,692	3,089,998
Total operating expenses	21,364,905	—	21,364,905	20,059,238
Change in net assets from operating activities	809,459	2,364,137	3,173,596	1,752,423
Nonoperating activities:				
Endowment contributions (notes 4 and 7)	1,579,017	889,021	2,468,038	1,732,904
Write off of endowment receivable (note 7)	—	(400,000)	(400,000)	—
Net investment return in excess of spending rate (note 7)	1,023,080	7,369,594	8,392,674	1,677,949
Increase in net assets	3,411,556	10,222,752	13,634,308	5,163,276
Net assets at beginning of year	8,908,201	97,560,029	106,468,230	101,304,954
Net assets at end of year	\$ 12,319,757	107,782,781	120,102,538	106,468,230

See accompanying notes to financial statements.

**INNER-CITY SCHOLARSHIP FUND, INC.**

Statement of Cash Flows

Year ended August 31, 2024

(With comparative financial information for the year ended August 31, 2023)

	<b>2024</b>	<b>2023</b>
Cash flows from operating activities:		
Increase in net assets	\$ 13,634,308	5,163,276
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net gain on investments	(10,155,765)	(5,558,490)
Depreciation	20,270	20,270
Contributions for endowment	(2,468,038)	(1,732,904)
Write off of endowment receivable	400,000	—
Change in value of gift annuities	(582,385)	271,386
Changes in operating assets and liabilities:		
Contributions receivable	(17,927)	2,682,285
Other assets	—	(290,086)
Accounts payable and accrued expenses	(39,997)	(258,459)
Grants payable	(1,900)	(331,990)
Payable to the Archdiocese of New York	283,572	63,083
Deferred income	259,600	132,135
Net cash provided by operating activities	1,331,738	160,506
Cash flows from investing activities:		
Purchase of investments	(159,448,191)	(786,625)
Proceeds from sale of investments	159,344,473	3,880,541
Net cash (used in) provided by investing activities	(103,718)	3,093,916
Cash flows from financing activities:		
Contributions received for endowment	325,000	298,475
Net cash provided by financing activities	325,000	298,475
Net increase in cash and cash equivalents	1,553,020	3,552,897
Cash and cash equivalents at beginning of year	13,221,526	9,668,629
Cash and cash equivalents at end of year	\$ 14,774,546	13,221,526

See accompanying notes to financial statements.

## INNER-CITY SCHOLARSHIP FUND, INC.

### Notes to Financial Statements

August 31, 2024

(With summarized comparative financial information  
as of and for the year ended August 31, 2023)

#### **(1) Organization**

Inner-City Scholarship Fund, Inc. (Inner-City) is a not-for-profit organization exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Inner-City 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. Inner-City 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.

Inner-City'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, Inner-City 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 Inner-City's commitment to share in the ongoing cost associated with children who continue to qualify for the scholarship in the future. Inner-City has conditionally committed approximately \$3 million in grants for scholarships for the 2024–2025 academic year. In addition, Inner-City has conditionally agreed to help underwrite scholarships over the next three academic years for students in the Partnership Schools that transitioned to the Archdiocese of New York. For the 2024 – 2025 academic year, the scholarships awarded will be approximately \$7 million.

#### **(2) Summary of Significant Accounting Policies**

##### **(a) Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles (U.S. GAAP), accordingly, reflect all significant receivables and payables. Other significant accounting policies are set forth below.

##### **(b) Basis of Presentation**

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

Without donor restrictions – Net assets that are free of donor-imposed restrictions, as well as net assets designated by the Board of Trustees (the Board). All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenses are reported as decreases in net assets without donor restrictions.

With donor restrictions – Net assets that are subject to donor-imposed restrictions. These net assets include donor restricted contributions that are subject to time or purpose restrictions and donor restricted endowments. Generally, the donors' imposed restrictions on the endowment fund

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permit Inner-City to use all or part of the income earned on related investments for certain general or specific purposes.

Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of donor 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. Inner-City has adopted a simultaneous release policy for donor-restricted contributions that are recognized and used within the same reporting period, such contributions are reported as net assets without donor restrictions.

**(c) Cash and Cash Equivalents**

Inner-City 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 (note 3). Cash consists of amounts held in operating bank accounts at a financial institution, which, at times, exceed the federally insured limits.

**(d) Contributions**

Contributions, including unconditional promises to give, are recognized when received. Unconditional promises are recorded net of an allowance for amounts deemed uncollectible, if needed, and a present value discount. Contributions are conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. Conditional contributions are recognized as revenue when the barriers on which they depend are met.

**(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 unadjusted quoted or published prices in active markets for identical assets or liabilities that Inner-City has the ability to access at measurement date.
- *Level 2* – Valuation inputs are inputs other than quoted or published 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.

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.



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**(f) Fixed Assets**

Fixed asset acquisitions are capitalized at cost, when purchased, or at fair value at date of gift, when donated. Fixed assets are depreciated using the straight-line method over estimated remaining useful lives ranging from 3 to 10 years (or life of lease, if shorter) for equipment and leasehold improvements.

**(g) Operating Activities**

Operating activities in the statement of activities include all revenues and all expenses incurred by Inner-City, except for capital campaign contributions, investment return in excess of spending rate on the endowment and amounts designated by the board for the endowment fund.

**(h) Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP 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.

**(i) Functional Allocation of Expenses**

Inner-City presents expenses by function on the statement of activities and by natural classification in note 9. Expenses directly attributable to a specific functional area of Inner-City are reported as expenses of those functional areas. If expenses benefit multiple functional areas, they have been allocated using cost allocation techniques such as square footage and time and effort. Natural expenses are accounted for on a direct cost basis to the program or function upon which the expense is incurred.

**(j) Comparative Financial Information**

The accompanying statement of activities is presented with 2023 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. GAAP. Accordingly, such information should be read in conjunction with Inner-City's 2023 financial statements, from which the summarized information was derived.

**(3) Investments**

- *Marketable securities* – Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based on quoted market prices or published values with realized and unrealized gains and losses included in the accompanying financial statements of activities.
- *Investments at net asset value* – Reported at readily determinable fair value and level 1 in the fair value hierarchy. The investment in Ascension Alpha Fund (Ascension) is reflected at the net asset value (NAV) provided by the fund manager. The NAV is reviewed and evaluated by management for reasonableness. The reported value may differ significantly from the value that would have been used had a ready market for these investments existed.

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Investments at August 31, 2024 and 2023 consist of the following:

	<b>2024</b>	<b>2023</b>
Investments at fair value (Level 1):		
Marketable securities:		
Short-term investments	\$ 1,863,434	—
Domestic equities	54,478,393	—
International equities	3,638,950	—
Fixed income	23,433,282	—
Ascension Alpha Fund	73,403	73,227,979
	\$ 83,487,462	73,227,979

Inner-City's investments conform to socially responsible investment guidelines that promote Catholic values. Inner-City has the right to redeem its investments on a daily basis. The shares in Ascension require one trading day prior written notice. Ascension's 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 the ability to invest only in those strategies/asset classes selected. 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. Inner-City has the following allocation within Ascension as of August 31, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Ascension Alpha Fund asset allocation:		
U.S. equity	—	35
International equity	—	20
Emerging markets equity	—	7
Hedged equity	100	5
Inflation Protection Financial instruments	—	5
Liquid real assets	—	5
Core fixed income	—	18
Cash plus	—	4
	—	1
	100 %	100 %

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**(4) Contributions Receivable**

Contributions receivable consist of the following at August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Amounts expected to be collected in:		
Less than one year	\$ 1,833,973	1,660,073
One to five years	21,449,436	20,803,251
Greater than five years	<u>1,076,482</u>	<u>—</u>
	24,359,891	22,463,324
Less discount at rates ranging from 3.2% to 4.91%	<u>(4,443,185)</u>	<u>(4,307,583)</u>
	<u>\$ 19,916,706</u>	<u>18,155,741</u>

At August 31, 2024, contributions from three donors, and in 2023, contributions from two donors, represent 95% and 97%, respectively, of the gross receivable balance.

**(5) 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 items were \$2,699,857 and \$2,343,192 in 2024 and 2023, respectively. The payable outstanding at August 31, 2024 and 2023 is \$640,847 and \$357,275, respectively.

The Archdiocese of New York holds split-interest agreements for the benefit of Inner-City. The value of Inner-City's interest in such agreements at August 31, 2024 and 2023 is \$3,121,515 and \$2,539,130, respectively, and is included in other assets in the accompanying balance sheet.

During 2024 and 2023, contribution revenue included related party contributions of \$2,079,954 and \$1,920,482, respectively, from Alfred E. Smith Foundation and New York Catholic Foundation.

**(6) Pension Plan**

Inner-City 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 expenses were \$104,795 and \$110,116 in 2024 and 2023, respectively. Because these plans operate as multiemployer plans, information as to vested and nonvested earned benefits as well as plan assets, as they relate to Inner-City employees, is not readily available.

**INNER-CITY SCHOLARSHIP FUND, INC.**

Notes to Financial Statements

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The following table discloses the name and funded status of the plans as of December 31, 2022 and 2021 (the dates of the last actuarial valuation):

<u>Legal name and plan number</u>	<u>EIN</u>	<u>2022</u>		<u>2021</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	\$ 1,650,486,723	1,058,899,067	1,667,081,619	1,287,178,261
The Archdiocesan Supplemental Qualified Pension Plan for the Archdiocese of New York	25-1926855	\$ 10,536,780	9,898,432	9,663,652	10,599,754

**(7) Net Assets**

Net assets with donor restrictions at August 31, 2024 and 2023 are available for the following purposes:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose or periods:		
Scholarships and financial aid	\$ 13,988,560	12,206,808
Gift annuities held by Archdiocese of New York for the benefit of Inner-City	3,121,515	2,539,130
Donor restricted endowments subject to Inner-City spending policy:		
Investment in perpetuity – original corpus amount of \$79,246,801 in 2024 and \$78,757,780 in 2023	90,672,706	82,814,091
Total net assets with donor restrictions	\$ <u>107,782,781</u>	<u>97,560,029</u>

**INNER-CITY SCHOLARSHIP FUND, INC.**

Notes to Financial Statements

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Inner-City's endowment by net asset category as of August 31, 2024 and 2023 is as follows:

	<b>2024</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Donor restricted	\$ —	90,672,706	90,672,706
Board designated	10,866,268	—	10,866,268
	<u>\$ 10,866,268</u>	<u>90,672,706</u>	<u>101,538,974</u>
	<b>2023</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Donor restricted	\$ —	82,814,091	82,814,091
Board designated	8,264,171	—	8,264,171
	<u>\$ 8,264,171</u>	<u>82,814,091</u>	<u>91,078,262</u>

Changes in endowment net assets for the years ended August 31, 2024 and 2023 are as follows:

	<b>2024</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Endowment net assets, August 31, 2023	\$ 8,264,171	82,814,091	91,078,262
Contributions	1,579,017	889,021	2,468,038
Write off of endowment receivable	—	(400,000)	(400,000)
Investment return, net	1,311,542	10,292,102	11,603,644
Appropriation for expenditure	(288,462)	(2,922,508)	(3,210,970)
Endowment net assets, August 31, 2024	<u>\$ 10,866,268</u>	<u>90,672,706</u>	<u>101,538,974</u>

**INNER-CITY SCHOLARSHIP FUND, INC.**

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	<b>2023</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Endowment net assets, August 31, 2022	\$ 6,589,690	81,077,719	87,667,409
Contributions	1,428,770	304,134	1,732,904
Investment return, net	558,442	5,000,048	5,558,490
Appropriation for expenditure	<u>(312,731)</u>	<u>(3,567,810)</u>	<u>(3,880,541)</u>
Endowment net assets, August 31, 2023	<u>\$ 8,264,171</u>	<u>82,814,091</u>	<u>91,078,262</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. As of August 31, 2024, there was one endowment fund with a total endowment corpus of \$121,476 and a total market value of \$68,812. Inner-City has a policy that permits spending on the underwater funds in accordance with the prudent measures required under the law and as permitted by the donors. As of August 31, 2023, there were two endowment funds with a total endowment corpus of \$163,406 and a total market value of \$103,622.

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

Annually, the Board of Trustees approves a spending rate on the liquid and available endowment funds, which is applied to each fund's average value for the past six trailing quarters. The spending rate is consistent with Inner-City's priority of growing the endowment (preserve of purchasing power). For 2024 and 2023, the Board of Trustees approved spending a maximum spending rate of 5% and 4.5%, respectively.

**(8) Liquidity and Availability**

Financial assets available for general expenditure within one year of August 31 are as follows:

	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 14,774,546	13,221,526
Endowment appropriation	3,563,788	3,210,970
Contributions receivable	<u>1,833,973</u>	<u>1,660,073</u>
	<u>\$ 20,172,307</u>	<u>18,092,569</u>

Inner-City maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. General expenditures include grants and supporting expenses exclusive of endowment related amounts. In addition, Inner-City invests cash in excess of monthly requirements in short-term investments or fixed-income securities.

## INNER-CITY SCHOLARSHIP FUND, INC.

### Notes to Financial Statements

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In effort to help manage unanticipated liquidity needs, Inner-City has board-designated endowment of \$10,866,268 and \$8,264,171 as of August 31, 2024 and 2023, respectively. Although Inner-City does not intend to spend from its board-designated endowment funds, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment funds could be made available if necessary.

#### (9) Functional Allocation of Expense

The composition of expenses for the years ended August 31 is as follows:

	Grants	Salaries and related benefits	Occupancy	Professional service and other	2024 Total	2023 Total
Grants and scholarships	\$ 17,357,911	—	—	—	17,357,911	16,396,787
Program administration	—	404,977	—	82,325	487,302	572,453
General and administrative	—	487,327	382,387	273,414	1,143,128	1,003,048
Direct donor benefits	—	—	—	997,610	997,610	737,653
Development	—	1,258,638	—	1,117,926	2,376,564	2,086,950
	<u>\$ 17,357,911</u>	<u>2,150,942</u>	<u>382,387</u>	<u>2,471,275</u>	<u>22,362,515</u>	<u>20,796,891</u>

#### (10) Subsequent Events

In connection with the preparation of the financial statements, Inner-City evaluated subsequent events after the balance sheet date of August 31, 2024 through March 20, 2025, which was the date the financial statements were available to be issued, and has concluded that there are no subsequent events for disclosure.