

HISPANIC SCHOLARSHIP FUND

**Consolidated Financial Statements and
Independent Auditor's Report**

March 31, 2020 and 2019

Hispanic Scholarship Fund
Consolidated Financial Statements and
Independent Auditor's Report

Independent Auditor's Report	1 - 2
-------------------------------------	-------

Financial Statements

Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 27

Supplementary Information

Consolidating Statement of Financial Position	28
Consolidating Statement of Activities	29

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Hispanic Scholarship Fund

We have audited the accompanying consolidated financial statements of Hispanic Scholarship Fund (the Fund), which comprise the consolidated statements of financial position as of March 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hispanic Scholarship Fund as of March 31, 2020 and 2019, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Fund's 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 21, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 28 - 29 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

JLK Rosenberg, LLP

Irvine, California
July 24, 2020

Hispanic Scholarship Fund

Consolidated Statements of Financial Position

<i>March 31,</i>	2020	2019
Assets:		
Cash and cash equivalents	\$ 35,521,534	\$ 34,326,617
Investments	15,931,010	17,684,126
Contributions receivable, net	26,477,650	20,818,059
Property and equipment, net	1,683,675	1,817,972
Prepaid expenses and other assets	1,661,575	1,706,313
Total assets	\$ 81,275,444	\$ 76,353,087
Liabilities and Net Assets		
Liabilities:		
Line of credit	\$ -	\$ 3,470,000
Scholarships payable	251,953	146,793
Accounts payable and accrued expenses	852,317	976,439
Deferred rent	454,849	473,948
Total liabilities	1,559,119	5,067,180
Net Assets:		
Without donor restrictions	1,390,926	(1,289,313)
With donor restrictions:		
Perpetual in nature	13,473,971	13,494,002
Purpose restricted	38,602,413	31,769,350
Time-restricted for future periods	26,249,015	27,311,868
Total net assets	79,716,325	71,285,907
Total liabilities and net assets	\$ 81,275,444	\$ 76,353,087

The accompanying notes are an integral part of these consolidated financial statements.

Hispanic Scholarship Fund

Consolidated Statements of Activities

Year Ended March 31, 2020 (with comparative totals for 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and Revenues:				
Support:				
Grants and contributions	\$ 3,095,756	\$ 50,612,511	\$ 53,708,267	\$ 75,270,879
Special events (net of direct expenses of \$552,355 for 2020)	334,877		334,877	245,598
Investment income (loss), net		(934,130)	(934,130)	940,459
In-kind contributions	2,557,414		2,557,414	1,606,024
Other Revenue	9,316	-	9,316	71,608
Net assets released from restrictions:				
Satisfaction of program restrictions	42,933,531	(42,933,531)	-	-
Satisfaction of equipment acquisition restrictions	130,600	(130,600)	-	-
Satisfaction of special event restrictions	864,071	(864,071)	-	-
Total support and revenues	49,925,565	5,750,179	55,675,744	78,134,568
Expenses:				
Program services:				
Scholarships	36,386,348		36,386,348	36,939,668
Education and information	7,150,126		7,150,126	4,921,171
Total program services	43,536,474	-	43,536,474	41,860,839
Support services:				
Administration	2,929,317		2,929,317	3,971,823
Fund raising	779,535		779,535	1,974,351
Total support services	3,708,852	-	3,708,852	5,946,174
Total expenses	47,245,326	-	47,245,326	47,807,013
Change in Net Assets	2,680,239	5,750,179	8,430,418	30,327,555
Net Assets, beginning of year	(1,289,313)	72,575,220	71,285,907	40,958,352
Net Assets, end of year	\$ 1,390,926	\$ 78,325,399	\$ 79,716,325	\$ 71,285,907

The accompanying notes are an integral part of these consolidated financial statements.

Hispanic Scholarship Fund

HSF Statement of Functional Expenses

Year Ended March 31, 2020 (with comparative totals for 2019)

	2020						2019 Total
	Program Activities		Supporting Activities			Total	
	Scholarship	Education and Information	Administration	Fund Raising	Total		
Program Distributions:							
Scholarships awarded	\$ 30,908,117	\$ -	\$ -	\$ -	\$ 30,908,117	\$ 31,692,580	
Total program distributions	30,908,117	-	-	-	30,908,117	31,692,580	
Personnel Expenses:							
Salaries	1,832,142	1,781,063	726,933	530,424	4,870,562	5,054,765	
Payroll taxes	140,773	125,361	56,958	40,777	363,869	372,385	
Employee benefits	291,350	264,363	80,559	63,562	699,834	836,929	
Recruiting and temporary workers	5,452	5,933	67,309	92	78,786	576,494	
Total personnel expenses	2,269,717	2,176,720	931,759	634,855	6,013,051	6,840,573	
Other Expenses:							
Professional fees	149,369	310,546	692,181	28,744	1,180,840	1,090,404	
Occupancy	147,251	7,295	521,958	-	676,504	618,807	
Dues and subscriptions	4,310	282	32,182	2,086	38,860	47,523	
Interest, fees and taxes	42,318	10,586	3,633	6,845	63,382	77,689	
Newsletters, printing and postage	24,973	57,061	3,441	6,151	91,626	174,029	
Office expense and equipment	243,272	108,344	625,932	19,660	997,208	813,324	
Telephone	34,168	44,548	34,214	1,529	114,459	115,533	
Insurance	1,077	-	70,315	-	71,392	66,058	
Equipment rental and maintenance	3,675	-	39,614	-	43,289	42,501	
Travel and conferences	355,589	804,375	90,374	173,341	1,423,679	1,612,130	
Outreach events	414,043	1,020,900	41,138	214,128	1,690,209	1,630,843	
Marketing	143,358	303,476	20,829	23,881	491,544	565,944	
Legal	-	-	26,700	-	26,700	-	
In-kind goods & services	551,405	1,670,462	324,838	9,723	2,556,428	1,625,462	
Depreciation	498,200	-	359,838	-	858,038	793,613	
Total other expenses	2,613,008	4,337,875	2,887,187	486,088	10,324,158	9,273,860	
Overhead allocation	595,506	635,531	(889,629)	(341,408)	-	-	
Total Expenses	\$ 36,386,348	\$ 7,150,126	\$ 2,929,317	\$ 779,535	\$ 47,245,326	\$ 47,807,013	
Expense Allocation	77%	15%	6%	2%	100%	100%	

The accompanying notes are an integral part of these consolidated financial statements.

Hispanic Scholarship Fund
Consolidated Statements of Cash Flows

<i>Year Ended March 31,</i>	2020	2019
Operating Activities:		
Change in net assets	\$ 8,430,418	\$ 30,327,555
Adjustments to reconcile net change to net cash from operating activities:		
Depreciation	858,039	793,613
Realized and unrealized gain on investments	1,402,698	(612,254)
Changes in assets and liabilities:		
Contributions receivable	(5,659,591)	(4,985,913)
Prepaid expenses and other assets	44,738	(72,829)
Scholarships payable	105,160	6,195
Accounts payable and accrued expenses	(124,122)	48,979
Deferred rent	(19,099)	(14,903)
Net cash flows from operating activities	5,038,241	25,490,443
Investing Activities:		
Purchase of investments	(473,710)	(428,752)
Proceeds from sale of investments	824,128	762,218
Purchase of property and equipment	(723,742)	(907,942)
Net cash flows from investing activities	(373,324)	(574,476)
Financing Activities:		
Net advances on line of credit	(3,470,000)	3,470,000
Net cash used by financing activities	(3,470,000)	3,470,000
Increase in Cash	1,194,917	28,385,967
Cash and Cash Equivalents, beginning of year	34,326,617	5,940,650
Cash and Cash Equivalents, end of year	\$ 35,521,534	\$ 34,326,617
Supplemental Cash Flow Information:		
Interest paid	\$ -	\$ -
In-kind contributions	\$ 2,557,414	\$ 1,606,024

The accompanying notes are an integral part of these consolidated financial statements.

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 1 - Organization:

The Hispanic Scholarship Fund (the “Fund” or “HSF”) is a non-profit, tax-exempt 501(c)(3) corporation founded in 1975. The Hispanic Scholarship Fund empowers families with the knowledge and resources to successfully complete a higher education, while providing scholarships and support services to as many exceptional students as possible. HSF strives to make college education a top priority for every family across the nation, mobilizing communities to proactively advance that goal—each individual, over a lifetime, in every way they can. HSF also seeks to give its Scholars all the tools they need to do well in their course work, graduate, enter, and excel in a profession, help lead our nation going forward, and mentor the generations to come. As one of the nation’s largest nonprofit organizations supporting higher education, HSF has awarded over \$650 million in scholarships and provides a range of programs and support services for parents, K-12 students, college students, HSF Scholars, and HSF Alumni. For more information about HSF, please visit HSF.net.

The Fund is headquartered in Gardena, California and has a regional presence in Washington DC. The majority of the Fund’s revenue comes from donations by foundations, corporations, and individuals.

The Fund’s activities fall into three major categories—scholarships, programs, and information:

Scholarships – The Fund administers scholarships funded by donations from foundations, corporations, and individuals.

Programs – The Fund provides free, bilingual, two hour and half-day, college preparation workshops held in various cities across the country, designed to help middle and high school students and their parents prepare, plan, and pay for college. Additional multi-day programs for selected HSF Scholars provide leadership training, networking, professional development and opportunities to interview for internships and full-time employment positions.

Information and Resources – Through its online portal, HSF provides free information and resources to visitors, including potential scholarship applicants and their parents, current Scholars, and Alumni, on a range of topics related to college and the transition from college to profession.

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 1 - Organization (continued):

The Fund's current significant programs are as follows:

The Gates Scholarship Program

During fiscal year ending March 31, 2016, HSF received a \$417 million grant from the Bill & Melinda Gates Foundation to develop and implement a new scholarship program—The Gates Scholarship® (“TGS”). The Gates Foundation named HSF as the program's sole administrator. Funded by the Bill & Melinda Gates Foundation and launched in 2018, this program covers the cost of an undergraduate education for 300 Pell-eligible minority students per year, over a 10-year period, with the intent of promoting their academic excellence, through college graduation.

Gates Millennium Scholars Program

During fiscal year ending March 31, 2020, HSF again received a sub award of approximately \$21.5 million from the Bill & Melinda Gates Foundation by way of the United Negro College Fund for the Gates Millennium Scholarship (“GMS”) Program. This program was established in 1999 to provide outstanding minority students with an opportunity to complete an undergraduate college education in any discipline area of interest. This program is funded by a historic grant of more than 1 billion dollars to the United Negro College Fund (“UNCF”) as the program's administrator and HSF is named as one of the sub awardees, responsible for selecting the Hispanic students for the program. There are 1000 awards each year with 350 allocated to HSF, and each individual award is to support for cost of education by covering unmet need and self-help aid, including graduate school funding for continuing scholars.

Wells Fargo Academic Leaders Fellowship Program

During fiscal year ending March 31, 2018, HSF received a \$4 million grant from the Wells Fargo Foundation named The Wells Fargo Academic Leaders Fellowship Program (“WFALFP”). This is a highly selective, full scholarship for Pell-eligible high school seniors. Fellowships were awarded to 20 student leaders in 2018, with the intent of promoting their academic excellence and leadership development, through college graduation. Selected Fellows are eligible for up to five years of funding to complete their bachelor's programs. Fellows receive funding for the full cost of attendance not already covered by other financial aid, as determined by the Free Application for Federal Student Aid (FAFSA).

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 1 - Organization (continued):

Hispanic Career Pathways Initiative Program

During fiscal year ending March 31, 2019, HSF received a \$25 million grant from the Lilly Endowment Inc. to create the Hispanic Career Pathways Initiative (“HCPI” or “the Initiative”). HCPI looks to improve the education to employment pathway for thousands of Hispanic students at colleges and universities across the United States. This program seeks to improve career pathways and employment success for Hispanic students by focusing on the following key areas: (i) career planning and preparation, (ii) career discernment, exploration and guidance, and (iii) the transition from college to a quality job. HSF will work with its higher education, employer and community partners as well as its large network of advisers and alumni to build a best in class program that supports Hispanic students at each stage of the journey from college to career.

Note 2 - Summary of Significant Accounting Policies:

a. Principles of Consolidation

The consolidated financial statements include the Fund and its wholly owned subsidiary HSFI. All inter-entity transactions have been eliminated upon consolidation.

b. Basis of Presentation and Description of Net Assets

On 4/1/2018, the Fund adopted ASC 2016-14, *Not-for-Profit Entities (Topic 958)* issued by the Financial Accounting Standards Board. This update was effective for annual financial statements issued for fiscal years beginning after December 15, 2017.

On the Statement of Financial Position, the existing three-classification net asset reporting was replaced with two classes of net assets. The consolidated financial statements continue to be prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations.

Net Assets without Donor Restrictions – The portion of net assets that are not subject to donor imposed restriction or the donor imposed restriction has expired.

Net Assets with Donor Restrictions – The portion of net assets that are subject to donor-imposed restrictions. Restrictions may include donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Fund or may be restricted by the donor in perpetuity for a specific purpose. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, net assets are reclassified from Net Assets with Donor Restrictions to Net Assets without Donor Restrictions and reported in the statement of activities as net assets released from restrictions.

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies (continued):

Intra-fund Borrowing of Net Assets – Periodically operating shortfalls are funded utilizing money borrowed from Donor Restricted Net Assets. There is no interest charged on these borrowings as they are generally expected to be short-term in nature.

Expiration of Capital Restrictions – A change was made in fiscal year end March 31, 2019 to comply with ASC 2016-14, Not-for-Profit Entities (Topic 958). Restrictions on long-lived assets, if any, or cash to acquire or construct long-lived assets are considered to have expired when the assets are placed in service as opposed to over their estimated useful life.

c. Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include the Fund's operating and checking accounts, exclusive of cash and cash equivalents held as part of the Fund's investments.

d. Contributions Receivables

Contributions are recognized as revenue when received or unconditionally promised. Contributions of assets other than cash are recorded at their estimated fair value. Restricted contributions and grants are reported as increases in Net Assets with Donor Restrictions depending on the nature of the restrictions.

Long term contributions receivable are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using market interest rates applicable in the years in which those promises are received. Amortization of the discounts is included in contributed income.

The Fund reviews the individual receivable balances at year end to evaluate the appropriate allowance for uncollectible contributions. Contributions receivable are written off when deemed uncollectable. At March 31, 2020 and 2019, the allowance was \$91,400 and \$95,860, respectively.

e. Investments

Investments in debt and equity securities are carried at fair value based upon quoted market prices, with changes in unrealized gain and losses reflected in the consolidated statement of activities. Historically, alternative investments were valued at net asset value per unit or percentage of ownership as reported by the funds at the end of the fiscal year.

Realized gains and losses resulting from sales of securities are calculated on an adjusted cost based on the trade date for publicly traded investments or upon closing of the transaction for private investments. Dividends and interest income are accrued when earned.

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies (continued):

f. Fair Value Measurements

The Fund carries certain assets and liabilities at fair value. 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. The Fund classifies its financial assets and liabilities according to three levels and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 - Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 - Observable inputs other than quoted prices included within Level 1 such as quoted prices for similar securities or quoted prices in inactive markets.

Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data.

g. Property and Equipment

Furniture and equipment are recorded at cost. Depreciation is computed on a straight-line basis over the useful lives of the assets, ranging from three to seven years. The Fund capitalizes property and equipment with cost or donated fair value over \$5,000.

h. Capitalized Software

Certain development costs associated with software to be used internally are capitalized during the application development stage or upon installation. Internally developed software costs are amortized using the straight-line method over the estimated useful life of the software. Capitalized software at March 31, 2020 and 2019 is included in the property and equipment in the accompanying consolidated statements of financial position.

i. Scholarships Payable

The Fund reports scholarship awards payable at the total value of the awards granted to the identified scholars. The Fund records the payable based on the value of the award that is due in the current year to be paid in the subsequent year.

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies (continued):

j. Endowment Funds

The Fund follows the guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958-205 “Endowments of Not-for-Profit Organizations – Net Assets Classification of Funds Subject to Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds.” The State of California adopted a version of the Uniform Prudent Management of Institutional Funds Act as its State Prudent Management of Institutional Funds Act (“SPMIFA”).

Underwater Endowment Funds – If a donor-restricted endowment fund is an underwater endowment fund, the accumulated losses shall be included together with that fund in net assets with donor restrictions. An NFP shall disclose the required information. The HSF Endowment was not underwater as of the year-ended March 31, 2020 and is therefore, not applicable.

Board-Designated Net Assets – Net assets without donor restrictions subject to self-imposed limits by action of the governing board. Net assets may be earmarked for future programs, investment, contingencies, purchase of construction of fixed assets, or other uses. These assets may be invested to provide income for generally a long but not necessarily specified period. In rare circumstances, funds functioning as endowment also can include a portion of net assets with donor restrictions. For example, if an NFP is unable to spend donor-restricted contributions in the near term, the board sometimes considers the long-term investment of these funds. (Sometimes referred to as a quasi-endowment or board-designated endowment fund.) The governing board has the right to decide at any time to expend such funds, contingent upon any donor restrictions. The Fund’s governing board has not earmarked any portion of its net assets as a Board-Designated Endowment Fund as of the fiscal year ended March 31, 2020.

Interpretation of Relevant Law

The Board of Directors of the Funds, with the advice of legal counsel, has determined it holds net assets that meet the definition of endowment funds under SPMIFA. As a result of this interpretation, the Fund classifies as permanently restricted net assets both the original value of the gifts donated plus all subsequent gifts to the donor restricted endowment funds. Appropriation for expenditure for endowed funds is made in a manner consistent with the standards of prudence prescribed by SPMIFA, which include: (1) The duration and preservation of the fund, (2) The purposes of the organization and the donor-restricted endowment fund, (3) General economic conditions, (4) The possible effect of inflation and deflation, (5) The expected total return from income and the appreciation of investment, (6) Other resources of the Fund, (7) The investment policies of the Fund.

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies (continued):

From time to time, the fair value of the assets associated with individual donor restricted net endowment funds may fall below the level classified as permanently restricted net assets.

Investment and Spending Policies

The Fund has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported while seeking to maintain the purchasing power of the endowment assets. The Fund's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current return objective is to return a percentage in excess of the annual rate of inflation, net of investment fees. Actual returns in any given year may vary from this amount. To satisfy its long-term return objective, the Fund relies on a total return strategy, in which investment returns are achieved through both capital appreciation of equity securities (realized and unrealized) and current yield (dividends and interest). The Fund uses a diversified asset allocation to support the long-term return objective within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Fund's endowed funds for scholarships and administration. The current scholarship spending policy is to distribute an amount equal to 5% of the average of the closing market value of the preceding twelve quarters, provided that accumulated total returns are sufficient to allow expenditures without drawing upon the principal of the original contributions, including any matching funds. This is consistent with the Fund's objective of maintaining purchasing power of endowed assets as well as to provide additional real growth through new gifts and investment returns.

k. Functional Allocation of Expenses

The Fund's Consolidated Statement of Functional Expenses reports expenses by nature and by function. Expenses are disaggregated into program and supporting activities as well as by functional area such as salaries, rent, electricity, etc. Investment and fundraising event expenses are not included in the functional expense schedule, as they have been presented on a net basis in the Consolidated Statement of Activities.

The Fund's expense allocations are based on the amount of unfunded activities (development, operations, etc.) and pooled occupancy related costs less all revenues that cover these activities (interest, unrestricted funds, etc.). The remaining balance is called "unfunded overhead". This "unfunded overhead" is allocated across all funded employees (scholarships, programs, etc.) in order to allocate the overhead of supporting these funded employees. Certain costs have been allocated among programs on a direct cost basis specified by donors.

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies (continued):

l. Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results may differ from those estimates.

m. Donated Goods and Services

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

During the years ended March 31, 2020 and 2019, the Fund recorded in-kind donations, consisting primarily of legal and consulting services. These contributions are reflected in the consolidated financial statements as both in-kind donations and expenses or contributed assets, as applicable.

n. Comparative Information and Reclassifications

The consolidated financial statements include certain comparative information for which the prior year information is summarized in total but not by net asset class. Accordingly, such information should be read in conjunction with the Fund's consolidated financial statements for the year ended March 31, 2019, from which the summarized information is derived.

o. Income Taxes

The Fund and Institute are tax-exempt organizations under the Internal Revenue Code, Section 501(c)(3).

The Fund follows the guidance on accounting for uncertainty in income taxes issued by FASB ASC Topic 740. As of March 31, 2020, management evaluated the Fund's tax positions and concluded that the Fund had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to the consolidated financial statements. In December 2017, the Tax cuts and Jobs Act was enacted, which may result in additional unrelated business taxable income on certain fringe benefits. The Fund had nominal unrelated business income requiring recognition for the year ended March 31, 2020. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements.

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies (continued):

p. Subsequent Events

Management of the Fund has evaluated subsequent events for the period of time from its fiscal year ended March 31, 2020 through July 24, 2020, the date the consolidated financial statements were available to be issued. There were no material subsequent events that required recognition in these consolidated financial statements, however, subsequent events related to the federal Payment Protection Program (PPP) loan and a major donor contribution are disclosed in footnote 19.

q. Recently Issued Accounting Pronouncements

In June 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2020-05, covering Revenue from Contracts with Customers, (Topic 606) and Leases (Topic 842). This standard defers the effective date of ASU 2014-09, Revenue from Contracts with Customers for privately owned companies and nonprofits that have not yet adopted the standard and ASU 2016-02, Leases for all private companies, private not-for-profit organizations, and public not-for-profits that have not yet adopted the standards.

Under the deferral, not-for-profit organizations that qualify can choose to apply revenue recognition rules to annual reporting periods beginning after December 15, 2019, and interim reporting period within annual reporting periods after December 15, 2020.

For leases private not-for-profit organizations can apply the standard to fiscal years beginning after December 15, 2021, and to interim periods within fiscal years beginning after December 15, 2022. Public not-for-profit organizations that have not yet issued (or made available to issue) financial statements reflecting the adoption of the leases guidance can apply the standard to fiscal years beginning after December 15, 2019, including periods within those fiscal years.

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies (continued):

Under ASU 2014-09, Revenue from Contracts with Customers, provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 requires entities to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This update creates a five-step model that requires entities to exercise judgment when considering the terms of the contract(s) which include (i) identifying the contract(s) with the customer, (ii) identifying the separate performance obligations in the contract, (iii) determining the transaction price, (iv) allocating the transaction price to the separate performance obligations, and (v) recognizing revenue when each performance obligation is satisfied. Management believes the Fund qualifies to defer the adoption of this standard as allowed under ASU 2020-05 and therefore plans to adopt this ASU beginning in fiscal year 2021. The Fund is evaluation the potential impact to the consolidated financial statements of adopting this standard.

Under ASU 2016-02, Leases, requires entities to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. ASU 2016-02 offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. As noted above, the required adoption date for this standard has been delayed to fiscal years beginning after December 31, 2021. The Fund is evaluating the potential impact to the consolidated financial statements of adopting this standard.

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 3 - Investments and Fair Value Measurements:

Investments:

Investments are summarized below as of March 31, 2020:

	Cost	Fair Value	Unrealized Gain (loss)
Money market accounts	\$ 133,868	\$ 133,868	\$ -
Fixed income	4,320,965	4,392,093	71,128
U.S. equity ETFs	6,184,572	8,612,531	2,427,959
International equity ETFs	3,357,678	2,792,518	(565,160)
	\$ 13,997,083	\$ 15,931,010	\$ 1,933,927

Investments are summarized below as of March 31, 2019:

	Cost	Fair Value	Unrealized Gain (loss)
Money market accounts	\$ 125,981	\$ 125,981	\$ -
Fixed income ETFs	1,724,805	1,723,533	(1,272)
U.S. equity ETFs	6,346,768	10,084,026	3,737,258
International equity ETFs	3,238,669	3,342,555	103,886
Mutual funds	2,460,377	2,408,031	(52,346)
	\$ 13,896,600	\$ 17,684,126	\$ 3,787,526

Net investment income consists of the following at March 31, 2020 and 2019:

	2020	2019
Interest and dividends	\$ 541,086	\$ 396,880
Realized gain	414,747	373,042
Unrealized (loss) gain	(1,817,445)	239,212
Less: investment fees	(72,518)	(68,675)
	\$ (934,130)	\$ 940,459

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 3 - Investments and Fair Value Measurements (continued):

Fair Value Measurements:

The table below presents investments measured at fair value on a recurring basis at March 31, 2020.

	Total	Level 1	Level 2	Level 3
Money market accounts	\$ 133,868	\$ 133,868	\$	\$
Exchange Trade Funds:				
U.S. equity ETFs	8,612,531	8,612,531		
U.S. fixed income ETFs	4,392,093	4,392,093		
International equity ETFs	2,792,518	2,792,518		
	\$ 15,931,010	\$ 15,931,010	\$ -	\$ -

The table below presents investments measured at fair value on a recurring basis at March 31, 2019.

	Total	Level 1	Level 2	Level 3
Money market accounts	\$ 125,981	\$ 125,981	\$	\$
Exchange Trade Funds:				
U.S. equity ETFs	10,084,026	10,084,026		
U.S. fixed income ETFs	1,723,533	1,723,533		
International equity ETFs	3,342,555	3,342,555		
Mutual funds:				
Fixed income	2,408,031	2,408,031		
	\$ 17,684,126	\$ 17,684,126	\$ -	\$ -

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 4 - Contributions Receivable:

Contributions receivable consisted primarily of commitments made by corporations and foundations. Contributions receivable are due as follows at March 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 23,438,176	\$ 16,647,428
Receivable in more than one year	3,636,567	4,724,567
Less discounts to net present value	(505,693)	(458,076)
Allowance for doubtful accounts	(91,400)	(95,860)
Total Contributions Receivable	\$ 26,477,650	\$ 20,818,059

The present value of estimated future cash flows on unconditional promises to give was determined using a discount rate of 3.2% for the year ended March 31, 2020 and 2.1% for the year ended March 31, 2019.

Note 5 - Property and Equipment:

Property and equipment consist of the following at March 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Equipment and furniture	\$ 783,679	\$ 457,630
Software	3,292,394	2,990,852
Leasehold improvement	359,752	263,602
Subtotal	4,435,825	3,712,084
Less: accumulated depreciation and amortization	(2,752,151)	(1,894,112)
Total Property and Equipment	\$ 1,683,674	\$ 1,817,972

Depreciation and amortization expense was \$858,039 and \$793,613 for the years ended March 31, 2020 and 2019, respectively.

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 6 - The Gates Scholarship:

During fiscal year ending March 31, 2016, HSF received a \$417 million grant from the Bill & Melinda Gates Foundation to develop and implement a new scholarship program—The Gates Scholarship®. The Gates Foundation named HSF as the program’s sole administrator. Funded by the Bill & Melinda Gates Foundation and launched in 2018, this program covers the cost of an undergraduate education for 300 Pell-eligible minority students per year, over a 10-year period, with the intent of promoting their academic excellence, through college graduation, and providing them the opportunity to reach their full potential. The grant is conditioned on the Fund’s successful annual administration of the Program as determined by the administration agreement with the Foundation.

The Program funds are invested and held in a separate account by the Fund and all investment interest earned is restricted to the purpose of the grant. Returns on the Program investments are recognized as revenue and an increase in net assets with donor restrictions in the period such returns are generated by the underlying investments.

In accordance with FASB ASC Topic 958-605-25, revenue recognition is based on the unconditional/conditional promise to give. The grant agreement requires the Fund to abide by specific performance targets, milestones, and/or reporting deliverables. If the requirements are not met, the grant agreement may be terminated, and any unspent funds, including the accumulated returns on invested assets, will be returned to the Foundation.

Note 7 - Gates Millennium Scholars Program:

During fiscal year ending March 31, 2020, HSF again received a sub award of approximately \$21.5 million from the Bill & Melinda Gates Foundation by way of the United Negro College Fund for the Gates Millennium Scholarship (“GMS”) Program. This program was established in 1999 to provide outstanding minority students with an opportunity to complete an undergraduate college education in any discipline area of interest. This program is funded by a historic grant of more than 1 billion dollars to the United Negro College Fund (“UNCF”) as the program’s administrator and HSF is named as one of the sub awardees. There are 1000 awards each year with 350 allocated to HSF, and each individual award is to support for cost of education by covering unmet need and self-help aid, including graduate school funding for continuing scholars. Continuing Gates Millennium Scholars may request funding in any of the following discipline areas: computer science, education, engineering, library science, mathematics, public health or science.

In accordance with FASB ASC Topic 958-605-25, revenue for this sub-grant was recognized in fiscal year ended March 31, 2020. The sub-grant agreement requires the Fund to abide by specific performance targets, milestones, and/or reporting deliverables. At the end of the grant period, grant funds not expended or dedicated as required in the sub-grant agreement are to be reported to the grantee and applied to the subsequent grant disbursement including all interest earned on the aforementioned funds.

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 8 - Wells Fargo Academic Leaders Fellowship Program:

During fiscal year ending March 31, 2018, HSF received a \$4 million grant from the Wells Fargo Foundation named The Wells Fargo Academic Leaders Fellowship Program (“WFALFP”). This is a highly selective, full scholarship for Pell-eligible high school seniors. Fellowships were awarded to 20 student leaders in 2018, with the intent of promoting their academic excellence and leadership development, through college graduation. Selected Fellows are eligible for up to five years of funding to complete their bachelor’s programs. Fellows receive funding for the full cost of attendance not already covered by other financial aid, as determined by the Free Application for Federal Student Aid (FAFSA).

In accordance with FASB ASC Topic 958-605-25, revenue recognition is based on the unconditional/conditional promise to give. The grant agreement requires the Fund to abide by specific performance targets, milestones, and/or reporting deliverables. At the end of the grant period, grant funds not expended or dedicated as required in the grant agreement cannot be repurposed for other educational activities.

Note 9 - Hispanic Career Pathways Initiative:

During fiscal year ending March 31, 2019, HSF received a \$25 million grant from Lilly Endowment Inc. to create the Hispanic Career Pathways Initiative (“HCPI” or “the Initiative”). HCPI will improve the education to employment pathway for thousands of Hispanic students at colleges and universities across the United States. Since Hispanic graduates will account for a significant majority of employment growth over the coming decade, it is essential that these graduates are equipped with the knowledge and skills to find and succeed in high quality jobs. This proposal seeks to improve career pathways and employment success for Hispanic students by focusing on the following key areas: (i) career planning and preparation, (ii) career discernment, exploration and guidance, and (iii) the transition from college to a quality job. HSF will work with its higher education, employer and community partners as well as its large network of advisers and alumni to build a best in class program that supports Hispanic students at each stage of the journey from college to career.

In accordance with FASB ASC Topic 958-605-25, revenue for this multi-year grant was recognized in fiscal year ended March 31, 2019. The grant agreement requires the Fund to abide by specific performance targets, milestones, and/or reporting deliverables. At the end of the grant period, grant funds not expended or dedicated as required in the grant agreement are subject to reversion unless the Endowment has extended the grant period in writing. Under no circumstances may grant funds be expended, borrowed (inter-fund), pledged or transferred for reasons unassociated with the stated purpose of the grant.

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 9 - Hispanic Career Pathways Initiative (continued):

The Lilly Endowment Inc. has also promised to give an additional \$5 million in matching funds conditioned upon the Fund's procurement of additional promised donations up to \$5 million by January 31, 2021. These promises to give will be matched by the Lilly Endowment Inc. on a \$1(grantor)-for-\$1(grantee) basis. The purpose of the additional amount is to establish an endowment to sustain the Hispanic Career Pathways Initiative. Qualifying matching funds must be paid to the Fund no later than December 31, 2022. During the year ended March 31, 2020, the Fund received promises to give of \$25,000 and \$25,000 was matched by Lilly Endowment Inc.

Note 10 - Endowments:

Changes in Endowment Net Asset for the years ended March 31, 2020 and 2019 are as follows:

	2020	2019
Endowment Net Assets, beginning of year	\$ 18,586,589	\$ 18,401,046
Investment return:		
Income	469,465	460,981
Investment fees	(72,518)	(68,675)
Realized and unrealized (loss) gain on investments	(1,402,698)	612,254
Total investment (loss) return	(1,005,751)	1,004,560
Contributions	(4,500)	26,513
NPV adjustment	(70,034)	(49,680)
Transfer to release donor endowment	(747,365)	(795,850)
Change in endowment net assets	(1,827,650)	185,543
Endowment Net Assets, end of year	\$ 16,758,938	\$ 18,586,589

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 11 - Net Assets with Donor Restrictions:

Donor restricted net assets are available for the following specified purposes as of March 31, 2020 and 2019:

	2020	2019
TGS	\$ 27,316,769	\$ 14,204,976
GMS	1,082,155	785,398
WFALFP	2,712,553	3,236,760
HCPI	22,411,158	24,879,470
HSF Scholarships	7,490,936	9,352,092
HSF Programs and Other	3,837,857	6,622,522
	\$ 64,851,428	\$ 59,081,218

Net assets were released in accordance with the donors' intent by incurring expenses satisfying the restricted purposes; the releases were as follows in 2020 and 2019:

	2020	2019
TGS	\$ 7,774,782	\$ 2,056,009
GMS	22,180,493	24,549,216
WFALFP	524,208	207,855
HCPI	2,468,313	884,200
HSF Scholarships	4,517,500	4,879,500
HSF Programs and Other	6,462,906	11,822,308
	\$ 43,928,202	\$ 44,399,088

Donor restricted net assets of \$13,473,971 and \$13,494,002 are restricted to investment in perpetuity, the income from which supports scholarships of the Fund as of March 31, 2020 and 2019, respectively.

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 12 - Liquidity and Availability:

	2020	2019
Current Assets:		
Cash and cash equivalents	\$ 35,521,533	\$ 34,326,617
Contributions receivable	23,795,621	17,119,337
Prepaid and inventory	1,249,305	1,175,079
Endowment	15,931,010	17,684,126
Less:		
L/T assets restricted for scholarships	(4,772,143)	(9,383,730)
L/T assets restricted for major grants programs	(15,204,241)	(20,302,166)
L/T assets timing restricted for events sponsorship	(3,208,887)	(632,053)
L/T endowment restricted in perpetuity	(13,473,967)	(13,494,002)
Total current available assets	39,838,231	26,493,208
Short-Term Liabilities:		
Accounts payable and other accrued expenses	1,104,271	1,122,463
Line of credit	-	3,470,000
Scholarship disbursements projected for 2020	25,807,731	14,064,591
Major grant program expenses projected for 2020	8,179,291	8,218,059
Event expenses projected for 2020	1,025,172	3,598,614
Total short-term liabilities and commitments	36,116,465	30,473,727
Financial assets available to meet cash needs for general operating expenses within one year	\$ 3,721,766	\$ (3,980,519)

HSF's goal is to maintain financial assets which consist of cash and short-term investments on hand to meet two months of normal operating expenses which are, on average, approximately \$430,000 a month excluding event expenses which are paid for with timing restricted funds.

HSF expects to meet cash flow needs in fiscal year 2020 by raising \$51 million in revenue. In fiscal years 2019 and 2020, HSF established new practices to optimize the delivery of all programs to minimize both personnel and events expenses. Also, existing foundation grants will continue to fund a growing portion of HSF's staffing, programmatic, and technology infrastructure needs. As an additional resource, HSF maintains a \$4 million line of credit.

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 12 - Liquidity and Availability (continued):

Funds for The Gates Millennium Scholarship and The Gates Scholarship are held in separate bank accounts and fund programmatic expenses specific to each program. Also, funding for the Hispanic Career Pathways Initiative provided by the Lilly Endowment, Inc. is restricted and used to fund associated program expenses.

Efforts to optimize the organization's personnel structure and operating expense model, as well as funding from foundation grants, has resulted in a year over year improvement in HSF's liquidity position.

Note 13 - Commitments:

Office Agreement and Equipment Leases

The Fund maintains lease agreements for office space, copiers and office equipment. Future aggregate lease payments are as follows:

Fiscal Year Ending	Operating Leases
2021	\$ 675,881
2022	695,175
2023	701,497
2024	719,025
2025	645,236
Thereafter	-
Total future minimum lease commitments	\$ 3,436,814

The Fund has a ten-year lease with a third party. Over the term of the lease, monthly payments range between \$40,107 and \$53,818.

Note 14 - Line of Credit:

On December 1, 2019, the Fund renewed the revolving line of credit with a bank. The line allows for maximum borrowings up to \$4,000,000 with interest at the Prime Rate (the Prime Rate was 3.25% at March 31, 2020). The Fund had no balance outstanding under this line of credit as of March 31, 2020. The line of credit expires on December 1, 2020.

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 15 - Retirement Plan:

The employees of the Fund participate in a simplified Employee Pension Plan established under the Section 401(k) of the Internal Revenue Code. The contributions made by the Fund are matched to a maximum of 4% of the annual salary of eligible employees up to a maximum salary of \$265,000. For the years ended March 31, 2020 and 2019, the Fund's contribution to the plan totaled \$106,253 and \$137,133, respectively.

Note 16 - Contingencies:

The Fund is involved from time to time in routine matters of litigation or other claims. Management does not believe there are any such matters that could materially affect its financial position.

Note 17 - Concentrations of Risk:

The Fund has defined its financial instruments which are potentially subject to risk as cash, contributions receivable, and investments.

In order to mitigate credit and market risk, the Fund maintains a formal investment policy that sets out performance criteria, investment guidelines and requires review of the individual investment manager's performance. The investment custodian is Morgan Stanley.

Three donors comprised approximately 43% and two donors comprised approximately 65% of the contribution revenue for the years ended March 31, 2020 and 2019, respectively. Two donors comprised approximately 82% and 74% of the contributions receivable as of March 31, 2020 and 2019, respectively.

The Fund may be adversely affected by health epidemics including the recent coronavirus outbreak. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the U.S., including California, where the Fund is headquartered, have declared a state of emergency.

Potential impacts to the Fund include disruptions or restrictions on their employees' ability to work. This may include travel restrictions imposed by governments, and the inability to access the office and training facilities. COVID-19 could adversely affect the economies and financial health of many federal, state, and local governments resulting in an economic downturn that could affect demand for their services. Any of the foregoing could harm the Fund and management cannot anticipate all of the ways in which health epidemics such as COVID-19 could adversely impact the Fund. Management continues to monitor and assess the effects of the pandemic on the Fund, the ultimate impact of the outbreak or a similar health epidemic is highly uncertain and subject to change.

Hispanic Scholarship Fund

Notes to the Consolidated Financial Statements

Note 18 - Related Parties:

Certain board members and their employers made contributions on an individual basis as well as through corporations by whom they are employed. For the years ended March 31, 2020 and 2019, such total contributions were approximately \$9,079,319 and \$8,622,000, respectively. Included in the years ended March 31, 2020 and 2019 is approximately \$1,215,585 and \$586,000 of in-kind donations, respectively.

Note 19 - Subsequent Events:

On April 10, 2020, the Fund obtained a PPP loan with its bank in the amount of approximately \$1,071,000 with an annual fixed interest rate of 1% due in 24 months. If the Fund utilizes the loan in accordance with certain criteria established by the CARES Act, a portion or all of the loan may be forgiven.

On July 17, 2020, the Fund received a major gift without donor restrictions in the amount of \$50 million.

Hispanic Scholarship Fund

Consolidating Statement of Financial Position (See Independent Auditor's Report)

Schedule 1

March 31, 2020

	Hispanic Scholarship Fund		Hispanic Scholarship Fund Institute		Eliminations	Total		Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		Without Donor Restrictions	With Donor Restrictions	
Assets:								
Cash and cash equivalents	\$ (370,946)	\$ 35,892,480	\$	\$	\$	\$ (370,946)	\$ 35,892,480	\$ 35,521,534
Investments	-	15,931,010				-	15,931,010	15,931,010
Contributions receivable, net	300,804	26,176,846				300,804	26,176,846	26,477,650
Property and equipment, net	1,683,675					1,683,675		1,683,675
Prepaid expenses and other assets	1,336,512	325,063				1,336,512	325,063	1,661,575
(Due to)/due from	102,781	-			(102,781)	-	-	-
Total assets	\$ 3,052,826	\$ 78,325,399	-	\$ -	\$ (102,781)	\$ 2,950,045	\$ 78,325,399	\$ 81,275,444
Liabilities and Net Assets:								
Liabilities:								
Scholarships payable	\$ 251,953	\$	\$	\$	\$	\$ 251,953	\$	\$ 251,953
Accounts payable and accrued expenses	852,317					852,317		852,317
Deferred rent	454,849					454,849		454,849
Total liabilities	1,559,119	-	-	-	-	1,559,119	-	1,559,119
Net assets:	1,493,707	78,325,399	-	-	(102,781)	1,390,926	78,325,399	79,716,325
Total liabilities and net assets	\$ 3,052,826	\$ 78,325,399	-	\$ -	\$ (102,781)	\$ 2,950,045	\$ 78,325,399	\$ 81,275,444

Hispanic Scholarship Fund

Consolidating Statement of Activities
(See Independent Auditor's Report)

Schedule 2

Year Ended March 31, 2020

	Hispanic Scholarship Fund		Hispanic Scholarship Fund Institute		Eliminations		Consolidated Totals		Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
Support and Revenues:									
Support:									
Grants and contributions	\$ 3,095,756	\$ 50,612,511	\$	\$	\$	\$	\$ 3,095,756	\$ 50,612,511	\$ 53,708,267
Special events (net of direct expenses of \$552,355 for 2020)	334,877						334,877		334,877
Investment income (loss), net		(934,130)						(934,130)	(934,130)
In-kind contributions	2,557,414						2,557,414		2,557,414
Other Revenue	9,316						9,316		9,316
Net assets released from restrictions:									
Satisfaction of program restrictions	42,933,531	(42,933,531)					42,933,531	(42,933,531)	-
Satisfaction of equipment acquisition restrictions	130,600	(130,600)					130,600	(130,600)	-
Satisfaction of special event restrictions	864,071	(864,071)					864,071	(864,071)	-
Total support and revenues	49,925,565	5,750,179	-	-	-	-	49,925,565	5,750,179	55,675,744
Expenses and Losses:									
Program services:									
Scholarships	36,386,348						36,386,348		36,386,348
Education and information	7,150,126						7,150,126		7,150,126
Total program services	43,536,474	-	-	-	-	-	43,536,474	-	43,536,474
Support services:									
Administration	2,929,317		(102,781)		102,781		2,929,317		2,929,317
Fund raising	779,535						779,535		779,535
Total support services	3,708,852	-	(102,781)	-	102,781	-	3,708,852	-	3,708,852
Total expenses	47,245,326	-	(102,781)	-	102,781	-	47,245,326	-	47,245,326
Change in Net Assets	2,680,239	5,750,179	102,781	-	(102,781)	-	2,680,239	5,750,179	8,430,418
Net Assets, beginning of year	(1,186,532)	72,575,220	(102,781)	-	-	-	(1,289,313)	72,575,220	71,285,907
Net Assets, end of year	\$ 1,493,707	\$ 78,325,399	\$ -	\$ -	\$ (102,781)	\$ -	\$ 1,390,926	\$ 78,325,399	\$ 79,716,325