

**SCHOLARS OF FINANCE  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Scholars of Finance  
Minneapolis, Minnesota

### ***Opinion***

We have audited the accompanying financial statements of Scholars of Finance (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scholars of Finance as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Scholars of Finance and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

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



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
July 22, 2022

**SCHOLARS OF FINANCE  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 1,438,831
Contributions Receivable, Net	440,568
Prepaid Expenses	<u>11,630</u>
Total Assets	<u><u>\$ 1,891,029</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable	\$ 757
Accrued Liabilities	<u>6,107</u>
Total Liabilities	6,864

**NET ASSETS**

Without Donor Restrictions	1,424,477
With Donor Restrictions	<u>459,688</u>
Total Net Assets	<u>1,884,165</u>
Total Liabilities and Net Assets	<u><u>\$ 1,891,029</u></u>

See accompanying Notes to Financial Statements.

**SCHOLARS OF FINANCE  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Support:			
Contributions	\$ 1,582,761	\$ 533,708	\$ 2,116,469
Net Assets Released from Restrictions	<u>256,224</u>	<u>(256,224)</u>	<u>-</u>
Total Support and Revenue	1,838,985	277,484	2,116,469
 <b>EXPENSES</b>			
Program Services	421,624	-	421,624
Management and General	45,341	-	45,341
Fundraising	<u>119,093</u>	<u>-</u>	<u>119,093</u>
Total Expenses	<u>586,058</u>	<u>-</u>	<u>586,058</u>
 <b>CHANGE IN NET ASSETS</b>	1,252,927	277,484	1,530,411
Net Assets - Beginning of Year	<u>171,550</u>	<u>182,204</u>	<u>353,754</u>
 <b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 1,424,477</u></u>	<u><u>\$ 459,688</u></u>	<u><u>\$ 1,884,165</u></u>

See accompanying Notes to Financial Statements.

**SCHOLARS OF FINANCE  
STATEMENT OF FUNCTIONAL EXPENSE  
YEAR ENDED DECEMBER 31, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 328,009	\$ 16,543	\$ 71,999	\$ 416,551
Payroll Taxes	23,325	1,169	5,508	30,002
Employee Benefits	22,083	1,365	2,046	25,494
Total Personnel Costs	<u>373,417</u>	<u>19,077</u>	<u>79,553</u>	<u>472,047</u>
Professional Services	-	6,401	-	6,401
Information Technology	16,508	10,982	14,815	42,305
Meetings and Conferences	2,976	-	-	2,976
Marketing	19,618	-	2,147	21,765
Occupancy	-	-	-	-
Travel	7,462	-	7,391	14,853
Insurance	-	1,608	-	1,608
Dining	-	-	2,074	2,074
Executive Coaching	-	-	10,075	10,075
Corporate Real Estate	-	2,386	-	2,386
Other	1,643	4,887	3,038	9,568
Total Expenses by Function	<u>\$ 421,624</u>	<u>\$ 45,341</u>	<u>\$ 119,093</u>	<u>\$ 586,058</u>

See accompanying Notes to Financial Statements.

**SCHOLARS OF FINANCE  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 1,530,411
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:	
Effects of Changes in Operating Assets and Liabilities:	
Accounts Receivable	(265,214)
Prepaid Expenses	(11,042)
Deferred Sponsorship Revenue	
Accounts Payable	(1,899)
Accrued Liabilities	3,101
Net Cash Provided by Operating Activities	<u>1,255,357</u>

**NET CHANGE IN CASH AND CASH EQUIVALENTS**

1,255,357

Cash and Cash Equivalents - Beginning of Year

183,474

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 1,438,831

*See accompanying Notes to Financial Statements.*



**SCHOLARS OF FINANCE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Scholars of Finance (the Organization) is a rapidly growing organization on a mission to inspire character and integrity in the finance leaders of tomorrow. We seek to solve the world's largest problems by investing in undergraduate students through leadership development, mentorship, and the active support of hundreds of purpose-driven finance executives and investors. Our members then join top firms, funds, and a life-long support community that empowers them to spend their careers serving the greater good using the biggest lever in the world: finance.

**Financial Statement Presentation**

Net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Basis of Accounting**

The Organization uses the accrual basis of accounting whereby revenue and support are recognized when earned and expenses are recognized when incurred.

**Income Tax Status**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. The Organization files Form 990 in the U.S. federal jurisdiction and the state of Minnesota.

**Cash and Cash Equivalents**

The Organization considers checking accounts and a money market account to be cash equivalents. The Organization maintains its cash and cash equivalents with high credit quality financial institutions. From time to time, the Organization's balances in its bank accounts exceed Federal Deposit Insurance Corporation limits. The Organization has not experienced any losses with regards to balances in excess of insured limits or as a result of other concentrations of credit risk.

**SCHOLARS OF FINANCE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements**

The Organization follows the accounting standard on fair value measurements. Fair value measurements defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

**Revenue Recognition**

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**Contributions**

Contributions, including unconditional promises to give, are recognized as without donor restrictions or with donor restrictions support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restrictions net assets are reclassified to without donor restrictions net assets and reported in the statement of activities as Net Assets Released from Restrictions.

**Functional Allocation of Expense**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 22, 2022, which is the date the financial statements were available to be issued.

**SCHOLARS OF FINANCE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 2 MAJOR SOURCE AND CONCENTRATION OF SUPPORT**

Contribution revenue for the year ended December 31, 2021 consists of approximately 49% from one donor.

**NOTE 3 CONTRIBUTIONS RECEIVABLE**

Contributions receivable at December 31, 2021 represent the present value of receivables due. The present value for the year ended December 31, 2021, was determined using a discount rate of 2%. The expected collection periods of the pledges receivable at December 31, 2021 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 235,413
2023	175,000
2024	35,000
Subtotal	<u>445,413</u>
Discount on Long-term Pledge Receivables	(4,845)
Total	<u><u>\$ 440,568</u></u>

**NOTE 4 TEMPORARILY RESTRICTED NET ASSETS**

At December 31, 2021, net assets were temporarily restricted for the following:

Restricted for Purpose	\$ 19,120
Restricted for Time	440,568
Total Temporarily Restricted Net Assets	<u><u>\$ 459,688</u></u>

**NOTE 5 LIQUIDITY AND AVAILABILITY**

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments. As of December 31, 2021, the following assets could be made readily available within one year to meet general expenditures.

Cash and Contributions Receivable as of December 31	\$ 1,879,399
Less: Net Assets with Restrictions	(459,688)
Net Available Assets at Year-End	<u><u>\$ 1,419,711</u></u>

**NOTE 6 RELATED PARTY TRANSACTIONS**

The Organization's board members and staff make donations to the Organization throughout the year. During the year ended December 31, 2021, board members contributed \$30,269.



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