

**AAA Scholarship Foundation, Inc.  
and Subsidiaries**

Consolidated Financial Statements,  
Contract Compliance and  
Independent Auditor's Report  
June 30, 2024 and 2023

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## **Independent Auditor's Report**

The Board of Directors  
AAA Scholarship Foundation, Inc. and Subsidiaries  
Tampa, Florida

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of AAA Scholarship Foundation, Inc. and Subsidiaries (collectively "AAA"), a non-profit organization, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of AAA as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are required to be independent of AAA 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 Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 AAA'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AAA'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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024, on our consideration of AAA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AAA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AAA's internal control over financial reporting and compliance.

*Kerkuing Barbano & Co.*

Sarasota, Florida  
October 28, 2024

# AAA Scholarship Foundation, Inc. and Subsidiaries

## Consolidated Statements of Financial Position

June 30, 2024 and 2023

<b>Assets</b>	<b>2024</b>	<b>2023</b>
Current Assets:		
Cash & Cash Equivalents	\$ 6,660,367	\$ 14,251,024
Accounts Receivable (Net)	74,252,934	24,387,979
Other Current Assets	585,316	294,829
Investments, Short-Term	77,886,755	43,900,913
Total Current Assets	159,385,372	82,834,745
Non-Current Assets:		
Refundable Deposits	9,772	17,706
Investments, Long-Term	16,455,816	11,178,448
Right of Use Lease Asset	177,387	159,203
Fixed Assets (Net)	180,871	298,604
Total Non-Current Assets	16,823,846	11,653,961
<b>Total Assets</b>	<b>\$ 176,209,218</b>	<b>\$ 94,488,706</b>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts Payable	\$ 86,077	\$ 48,854
Accrued Expenses	244,268	511,514
Deferred Revenues	2,085,062	389,763
Right of Use Lease Liability, Current Portion	110,426	99,696
Scholarships Payable	68,998,459	33,514,653
Total Current Liabilities	71,524,292	34,564,480
Long-Term Liabilities:		
Right of Use Lease Liability	73,698	67,217
Scholarships Payable	23,075,700	16,175,800
Total Long-Term Liabilities	23,149,398	16,243,017
<b>Total Liabilities</b>	<b>94,673,690</b>	<b>50,807,497</b>
Net Assets:		
Without Donor Restrictions:		
Designated by Board for Scholarships	1,336,738	4,029,922
Undesignated	-	(415,471)
Total Without Donor Restrictions	1,336,738	3,614,451
With Donor Restrictions:		
Restricted for Scholarships	80,198,790	40,066,758
<b>Total Net Assets</b>	<b>81,535,528</b>	<b>43,681,209</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 176,209,218</b>	<b>\$ 94,488,706</b>

See accompanying notes to consolidated financial statements.

## AAA Scholarship Foundation, Inc. and Subsidiaries

Consolidated Statement of Activities

For the Year Ended June 30, 2024

(With Summarized Comparative Totals for 2023)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2024 Total</b>	<b>2023 Total</b>
<b>Revenues:</b>				
Contributions (Net of Allowance)	\$ -	\$ 172,973,575	\$ 172,973,575	\$ 102,601,368
Administrative Allowance	3,154,115	-	3,154,115	3,158,211
Other	9,000	-	9,000	4,851
Interest and Dividends	1,685,503	2,638,078	4,323,581	2,801,815
Net Assets Released from Restrictions	135,479,621	(135,479,621)	-	-
<b>Total Revenues</b>	<b>140,328,239</b>	<b>40,132,032</b>	<b>180,460,271</b>	<b>108,566,245</b>
<b>Expenses:</b>				
<b>Program Services:</b>				
Scholarships	141,664,689	-	141,664,689	129,446,643
<b>Total Program Services</b>	<b>141,664,689</b>	<b>-</b>	<b>141,664,689</b>	<b>129,446,643</b>
<b>Supporting Services:</b>				
Management & General	263,981	-	263,981	241,206
Fundraising	1,081,539	-	1,081,539	1,115,093
<b>Total Supporting Services</b>	<b>1,345,520</b>	<b>-</b>	<b>1,345,520</b>	<b>1,356,299</b>
<b>Total Expenses</b>	<b>143,010,209</b>	<b>-</b>	<b>143,010,209</b>	<b>130,802,942</b>
Investment Return (Net)	404,257	-	404,257	(9,282)
Increase/(Decrease) in Net Assets	(2,277,713)	40,132,032	37,854,319	(22,245,979)
Beginning Net Assets	3,614,451	40,066,758	43,681,209	65,927,188
<b>Ending Net Assets</b>	<b>\$ 1,336,738</b>	<b>\$ 80,198,790</b>	<b>\$ 81,535,528</b>	<b>\$ 43,681,209</b>

See accompanying notes to consolidated financial statements.

## AAA Scholarship Foundation, Inc. and Subsidiaries

Consolidated Statement of Activities

For the Year Ended June 30, 2023

(With Summarized Comparative Totals for 2024)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2023 Total</b>	<b>2024 Total</b>
<b>Revenues:</b>				
Contributions (Net of Allowance)    \$	-	\$ 102,601,368	\$ 102,601,368	\$ 172,973,575
Administrative Allowance	3,158,211	-	3,158,211	3,154,115
Other	4,851	-	4,851	9,000
Interest and Dividends	2,792,193	9,622	2,801,815	4,323,581
Net Assets Released from Restrictions	127,077,574	(127,077,574)	-	-
<b>Total Revenues</b>	<b>133,032,829</b>	<b>(24,466,584)</b>	<b>108,566,245</b>	<b>180,460,271</b>
<b>Expenses:</b>				
<b>Program Services:</b>				
Scholarships	129,446,643	-	129,446,643	141,664,689
<b>Total Program Services</b>	<b>129,446,643</b>	<b>-</b>	<b>129,446,643</b>	<b>141,664,689</b>
<b>Supporting Services:</b>				
Management & General	241,206	-	241,206	263,981
Fundraising	1,115,093	-	1,115,093	1,081,539
<b>Total Supporting Services</b>	<b>1,356,299</b>	<b>-</b>	<b>1,356,299</b>	<b>1,345,520</b>
<b>Total Expenses</b>	<b>130,802,942</b>	<b>-</b>	<b>130,802,942</b>	<b>143,010,209</b>
Investment Return (Net)	(9,282)	-	(9,282)	404,257
Increase/(Decrease) in Net Assets	2,220,605	(24,466,584)	(22,245,979)	37,854,319
Beginning Net Assets	1,393,846	64,533,342	65,927,188	43,681,209
Ending Net Assets                    \$	<b>3,614,451</b>	<b>\$ 40,066,758</b>	<b>\$ 43,681,209</b>	<b>\$ 81,535,528</b>

See accompanying notes to consolidated financial statements.

## AAA Scholarship Foundation, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2024

(With Summarized Comparative Totals for 2023)

Description	Program Services Scholarships	Mgmt & General	Fundraising	2024 Total	2023 Total
Direct Program Costs	\$ 139,455,983	\$ -	\$ -	\$ 139,455,983	\$ 127,516,155
Accounting Fees	-	4,743	-	4,743	4,503
Audit Fees	-	27,250	-	27,250	26,500
Advertising/Marketing	1,863	33	600	2,496	24,799
Bank Service Fees	75,893	3	4	75,900	86,950
Business Registration Fees	1,538	6	5,633	7,177	6,148
Contractor Expenses	523,329	-	1,032,263	1,555,592	1,367,986
Depreciation and Amortization	98,116	12,264	12,264	122,644	66,307
Dues, Fees & Subscriptions	4,120	175	2,612	6,907	8,080
Equipment Rental and Maintenance	21,238	2,076	2,076	25,390	18,112
Facility Expenses	113,304	23,560	-	136,864	138,662
Insurance Expense	150,860	1,983	1,983	154,826	179,571
Interest Expense	-	-	-	-	809
Legal Fees	23,116	3,733	9,155	36,004	17,471
License - Software	36,876	1,563	1,563	40,002	32,974
Office Equipment	1,434	98	98	1,630	6,208
Postage, Mailing Service	922	21	310	1,253	10,941
Printing & Reproduction	202	-	-	202	5,846
Professional Development	514	64	64	642	770
Supplies	2,720	204	204	3,128	6,243
Telephone, Telecommunications	11,364	1,035	1,036	13,435	12,777
Travel & Meetings	12,173	3,399	9,245	24,817	25,725
Uncollectible School Receivable	1,945	-	-	1,945	2,127
Wages and Benefits	1,087,416	179,342	-	1,266,758	1,203,210
Web/Internet Hosting	39,763	2,429	2,429	44,621	34,068
<b>Total</b>	<b>\$ 141,664,689</b>	<b>\$ 263,981</b>	<b>\$ 1,081,539</b>	<b>\$ 143,010,209</b>	<b>\$ 130,802,942</b>

See accompanying notes to consolidated financial statements.



## AAA Scholarship Foundation, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2023

(With Summarized Comparative Totals for 2024)

Description	Program Services Scholarships	Mgmt & General	Fundraising	2023 Total	2024 Total
Direct Program Costs	\$ 127,516,155	\$ -	\$ -	\$ 127,516,155	\$ 139,455,983
Accounting Fees	-	4,503	-	4,503	4,743
Audit Fees	-	26,500	-	26,500	27,250
Advertising/Marketing	19,228	40	5,531	24,799	2,496
Bank Service Fees	85,982	484	484	86,950	75,900
Business Registration Fees	506	6	5,636	6,148	7,177
Contractor Expenses	302,328	-	1,065,658	1,367,986	1,555,592
Depreciation and Amortization	53,069	6,619	6,619	66,307	122,644
Dues, Fees & Subscriptions	4,428	254	3,398	8,080	6,907
Equipment Rental and Maintenance	15,304	1,404	1,404	18,112	25,390
Facility Expenses	116,547	22,115	-	138,662	136,864
Insurance Expense	176,551	1,510	1,510	179,571	154,826
Interest Expense	809	-	-	809	-
Legal Fees	7,688	408	9,375	17,471	36,004
License - Software	30,252	1,361	1,361	32,974	40,002
Office Equipment	5,928	140	140	6,208	1,630
Postage, Mailing Service	10,677	114	150	10,941	1,253
Printing & Reproduction	5,846	-	-	5,846	202
Professional Development	626	72	72	770	642
Supplies	5,757	243	243	6,243	3,128
Telephone, Telecommunications	10,945	916	916	12,777	13,435
Travel & Meetings	10,345	5,430	9,950	25,725	24,817
Uncollectible School Receivable	-	2,127	-	2,127	1,945
Wages and Benefits	1,038,854	164,356	-	1,203,210	1,266,758
Web/Internet Hosting	28,818	2,604	2,646	34,068	44,621
<b>Total</b>	<b>\$ 129,446,643</b>	<b>\$ 241,206</b>	<b>\$ 1,115,093</b>	<b>\$ 130,802,942</b>	<b>\$ 143,010,209</b>

See accompanying notes to consolidated financial statements.

## AAA Scholarship Foundation, Inc. and Subsidiaries

Consolidated Statements of Cash Flows  
For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 37,854,319	\$ (22,245,979)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation and Amortization	122,644	66,307
Amortization of Investment Discounts	(2,577,233)	(2,042,387)
Net Unrealized Gain from Investing	(477,974)	(131,806)
Net Change in Right of Use Asset Amortization	(973)	5,971
Change in Operating Assets:		
Accounts Receivable (Net)	(49,864,955)	36,366,683
Other Current Assets	(290,487)	(71,637)
Refundable Deposits	7,934	(8,676)
Change in Operating Liabilities:		
Accounts Payable	37,223	(156,050)
Accrued Expenses	(267,246)	(113,895)
Deferred Revenues	1,695,299	(947,336)
Scholarships Payable	42,383,706	4,598,052
Net Cash Provided by Operating Activities	28,622,257	15,319,247
Cash Flows from Investing Activities:		
(Purchase) of Fixed Assets	(4,911)	(9,792)
(Purchase) of Investments	(95,529,486)	(120,589,051)
Maturity of Investments	59,321,483	107,349,500
Net Cash Used in Investing Activities	(36,212,914)	(13,249,343)
Change in Cash & Cash Equivalents	(7,590,657)	2,069,904
Cash & Cash Equivalents - Beginning of Year	14,251,024	12,181,120
Cash & Cash Equivalents - End of Year	\$ 6,660,367	\$ 14,251,024
Supplemental Disclosure of Cash Flow Information:		
Cash Paid During the Year for Interest	\$ -	\$ 809

See accompanying notes to consolidated financial statements.

# AAA Scholarship Foundation, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2024 and 2023

### I. Description of Organization

AAA Scholarship Foundation, Inc. ("AAA") is a Georgia not-for-profit organization which incorporated March 26, 2010. AAA's charitable mission is: 1) promoting relief to the poor and underprivileged and 2) promoting the advancement of education.

AAA works to ensure families can afford to access the customized K-12 learning options they need to effectively educate their children. AAA believes that educational choice programs spur improvements by equipping parents with the resources to seek the best education for their children. AAA's primary focus is in providing educational scholarships (up to grade 12) to children from low-income and working-class families and to children with disabilities.

AAA Scholarship Foundation - FL, LLC ("AAA-FL") is a wholly owned subsidiary of AAA that commenced operation in December 2013. AAA Scholarship Foundation - NV, LLC ("AAA-NV") is a wholly owned subsidiary that commenced operation in September 2023.

AAA is an approved Scholarship Organization ("SO") in Georgia, Arizona, and Nevada. AAA-FL is an approved SO in Florida. AAA-NV is an approved SO in Nevada. As an SO, AAA, AAA-FL and AAA-NV (together, referred to as "AAA") may receive re-directed taxes from taxpayers, which are then distributed to qualified students in the form of scholarships so they may attend the qualified private school of their parent's choice. Below are tables summarizing the five state tax credit programs administered by AAA during the twelve months ended June 30, 2024:

	Arizona Income-Based	Georgia Income-Based	Arizona Disabled-Displaced
<b>Cap for Current Year</b>	\$158,476,605	\$120,000,000	\$6,000,000
<b>Year for Cap Purposes</b>	July 1 - June 30	January 1 - December 31	July 1 - June 30
<b>Taxes Available for Redirection</b>	Corporate income tax & insurance premium tax	Corporate and individual income tax	Corporate income tax & insurance premium tax
<b>Percentage of Tax Available for Redirection</b>	100% for both taxes	75% for companies; Individuals filing as single or head of household can redirect up to \$1,000 per tax year. Individuals filing jointly can redirect up to \$2,500 per tax year	100% for both taxes
<b>Value of Tax Credit</b>	Dollar-for-dollar	Dollar-for-dollar	Dollar-for-dollar
<b>State Mandated Maximum Annual Scholarship Value</b>	\$6,100 for K-8 <sup>th</sup> grade \$7,900 for 9 <sup>th</sup> -12 <sup>th</sup> grade	\$12,140	90% of the amount of state aid that would otherwise have been computed for the student in Title 15, Chapter 9, Article 15
<b>Scholarship Term</b>	3 years	1 year	3 years
<b>Administrative Allowance</b>	10 percent	8% for first \$1.5 million; 6% for \$1.5 million – 10 million; 5% for \$10 million – 20 million; 4% over \$20 million	10 percent

# AAA Scholarship Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

June 30, 2024 and 2023

## I. Description of Organization (Continued)

	Nevada Income-Based	Florida Income-Based
<b>Cap for Current Year</b>	\$6,655,000	\$1,091,957,093
<b>Year for Cap Purposes</b>	July 1 - June 30	Income Tax: January 1 – Corp FYE Insurance Premium Tax: January 1 – December 31 Alcoholic beverage excise tax, direct pay sales and use tax, oil and/or gas production tax and commercial lease sales tax: July 1 – June 30
<b>Taxes Available for Redirection</b>	Modified Business tax	Income tax, insurance premium tax, alcoholic beverage excise tax, direct pay sales and use tax, oil and/or gas production tax and commercial lease sales tax
<b>Percentage of Tax Available for Redirection</b>	100%	100% for income tax, insurance premium, direct pays sales and use tax and commercial lease sales tax 90% for alcoholic beverage excise tax 50% for oil and /or gas production tax
<b>Value of Tax Credit</b>	Dollar-for-dollar	Dollar-for-dollar
<b>State Mandated Maximum Annual Scholarship Value</b>	\$9,424	100% of the FEFP value + all categorical except ESE For students who remained active in the program since 2018-19 school year, they will be awarded the greater of the value above or: \$6,519 for Kindergarten – 5 <sup>th</sup> grade \$6,815 for 6 <sup>th</sup> – 8 <sup>th</sup> grade \$7,112 9 <sup>th</sup> – 12 <sup>th</sup> grade -or- \$750 transportation to public school outside of the one assigned.
<b>Scholarship Term</b>	1 year	1 year
<b>Administrative Allowance</b>	5 percent	Zero percent for first 3 years then 3 percent

AAA is also an approved administrator of Florida’s two Education Savings Accounts: 1) Family Empowerment Scholarship for Educational Options (“FES-EO”) formerly known as the Family Empowerment Scholarship, and 2) Family Empowerment Scholarship for Students with Unique Abilities (“FES-UA”).

FES-EO was established in 2019 to provide an educational lifeline to students waiting for an opportunity to find the school that will best work for them and puts more parents in the driver’s seat to determine the best educational environments for their children. FES-EO was administered by the Florida Department of Education prior to the 2022-2023 school year. FES-EO is funded through the Florida Education Finance Program.

FES-UA was established in 2014 to provide parents the option to better meet the individual needs of their disabled children. Parents of eligible Florida children may use the accounts to purchase approved education related goods or services. Beginning in the 2022-2023 school year, FES-UA is funded through the Florida Education Finance Program. Prior to July 1, 2022, it was funded by a grant from the FL DOE.

## 2. Summary of Significant Accounting Policies

### Accounts Receivable

Accounts receivable consists primarily of promises to give (pledges) and are recorded as receivable and revenue at fair value when received. Management evaluates the collectability of its unconditional promises to give and records an allowance for estimated uncollectable amounts, if necessary.

# AAA Scholarship Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

June 30, 2024 and 2023

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## 2. Summary of Significant Accounting Policies (Continued)

### Advertising Costs

Advertising costs are expensed as incurred. The amount charged for advertising expense for the twelve months ended June 30, 2024 and 2023 was \$2,496 and \$24,799, respectively.

### Basis of Presentation

The consolidated financial statements of AAA have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. AAA is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of AAA and/or the passage of time. When a restriction is met or expires, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

### Cash and Cash Equivalents

AAA considers currency held in demand deposits with financial institutions to be cash and cash equivalents. AAA maintains its cash accounts at a commercial institution. Deposits on account at commercial banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account. At June 30, 2024 and 2023, cash on deposit at a commercial bank exceeded the \$250,000 FDIC limit by \$6,457,387 and \$16,453,747, respectively.

### Contributions

Contributions received are recorded as net assets with or without donor restrictions depending on the existence and/or nature of any donor imposed stipulations.

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial 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, are recorded at their fair values in the period received. AAA recognized \$0 and \$0 of donated services during the twelve months ended June 30, 2024 and 2023, respectively.

### Estimates

The presentation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

# AAA Scholarship Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

June 30, 2024 and 2023

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## 2. Summary of Significant Accounting Policies (Continued)

### Fair Value

The FASB's Accounting Standards Codification (ASC) 820 defines fair value, establishes a framework for measuring fair value and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities AAA has the ability to access.

Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs would be developed based on the best information available in the circumstances and may include AAA's own data).

### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

### Funds Held for Others

Funds administered for students participating in the Family Empowerment Scholarship Programs are recorded to scholarships payable and cash or other financial assets in order to reflect the agency-type nature of the program under ASC 958. As parents/guardians use the funds in accordance with State of Florida guidelines, the corresponding asset and liability accounts are reduced accordingly.

### Income Taxes

AAA is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, AAA is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. AAA has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. The tax years from 2019 through 2024 remain subject to examination by the Internal Revenue Service.

# AAA Scholarship Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

June 30, 2024 and 2023

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## 2. Summary of Significant Accounting Policies (Continued)

### Investments

AAA invests cash in excess of its immediate needs in Prime and Treasury money market funds, fixed income mutual funds, U.S. government securities, corporate bonds, municipal bonds, asset backed securities and sweep bank deposits. Investments are reported at fair value, with the related gains and losses recorded in the consolidated statement of activities, unless they are classified as held to maturity and reported at amortized cost.

### Principles of Consolidation

The consolidated financial statements include the accounts of AAA Scholarship Foundation, Inc. and its wholly owned subsidiaries, AAA Scholarship Foundation-FL, LLC and AAA Scholarship Foundation-NV, LLC. All significant intercompany transactions have been eliminated in consolidation.

### Property and Equipment

AAA records property and equipment additions over \$2,500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

AAA reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the twelve months ended June 30, 2024 and 2023.

## 3. Liquidity and Financial Asset Availability

AAA regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. AAA has various sources of liquidity at its disposal, including cash and cash equivalents, short-term investments, and a bank line of credit of \$500,000 to help manage unanticipated liquidity needs.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, AAA considers all expenditures related to its ongoing program activities, as well as the services undertaken to fund and support those activities, to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, AAA operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

When practicable, AAA invests cash in excess of daily requirements in short-term investments. Effective July 1, 2016, AAA's governing board designated unrestricted interest and investment income earned on tax credit contributions to be used for any reasonable and appropriate purpose as determined by the President and approved by the board. Prior to that date, unrestricted earnings on tax credit contributions were designated for funding additional scholarships only. Although AAA does not intend to spend these board-designated funds on any general expenditures other than scholarships; if needed, these funds would become available with board approval.

# AAA Scholarship Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

June 30, 2024 and 2023

### 3. Liquidity and Financial Asset Availability (Continued)

As of June 30, the following table shows the total financial assets held by AAA that could readily be made available within one year of the consolidated statement of financial position date to meet general expenditures:

Financial assets available to meet general expenditures over the next twelve months:

	<u>2024</u>	<u>2023</u>
Cash & Cash Equivalents	\$ 6,660,367	\$ 14,251,024
Accounts Receivable (Net)	74,252,934	24,387,979
Other Current Assets	482,297	129,628
Investments, Short-Term	77,886,755	43,900,913
Total	<u>\$ 159,282,353</u>	<u>\$ 82,669,544</u>

### 4. Cash on Deposit for Scholarships

At June 30, cash on deposit for scholarships was as follows:

	<u>2024</u>	<u>2023</u>
Georgia Private School Tax Credit Scholarship Program	\$ 210,620	\$ 1,621,026
Arizona Low-Income Corporate Tax Credit Scholarship Program	1,968,255	4,455,102
Florida Tax Credit Scholarship Program	2,988,973	5,526,320
Florida Empowerment Scholarship for Students with Unique Abilities	432,843	1,005,850
Family Empowerment Scholarship for Educational Options	40	71,971
Nevada Educational Choice Scholarship Program	452,911	1,106,683
Total	<u>\$ 6,053,642</u>	<u>\$ 13,786,952</u>

### 5. Accounts Receivable

Accounts receivable at June 30 consists of the following:

	<u>2024</u>	<u>2023</u>
Promises to Give (Pledges)	\$ 74,214,551	\$ 24,370,115
School Refunds Receivable (Net)	38,383	17,864
Accounts Receivable (Net)	<u>\$ 74,252,934</u>	<u>\$ 24,387,979</u>

At June 30, all pledges receivable are expected to be collected during the next year. Management has determined that the pledges receivable are fully collectable; therefore, no allowance for uncollectable pledges is considered necessary at June 30, 2024 and 2023.

### 6. Investments

AAA determines the appropriate classification of its investments in debt and equity securities at the time of purchase and reevaluates such determinations at each consolidated statement of financial position date. Trading securities are bought and held principally for the purpose of selling them in the near term. Trading securities are stated at fair value on the consolidated statement of financial position, with unrealized gains and losses reported as investment returns. Securities are classified as held-to-maturity when the holder has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are recorded as either short or long-term on the consolidated statement of financial position, based on contractual maturity date and are stated at amortized cost.



## AAA Scholarship Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

June 30, 2024 and 2023

### 6. Investments (Continued)

#### Trading Securities

The following table presents AAA's marketable debt securities that were classified as trading securities and their fair value hierarchy as of June 30, 2024:

Description	Fair Market Value	Level 1	Level 2	Level 3
Sweep Bank Deposits	\$ 35,609,060	\$ 35,609,060	\$ -	\$ -
Asset Backed Securities	8,879	8,879	-	-
Corporate Bonds	7,119,083	7,119,083	-	-
Municipal Bonds	1,613,584	1,613,584	-	-
U.S. Government Securities	3,642,471	3,642,471	-	-
Fixed Income Mutual Funds	4,068,705	4,068,705	-	-
U.S. Treasury Money Market Fund	3,455,837	3,455,837	-	-
Total Investments - Trading	<u>\$ 55,517,618</u>	<u>\$ 55,517,618</u>	<u>\$ -</u>	<u>\$ -</u>

The following table presents AAA's marketable debt securities that were classified as trading securities and their fair value hierarchy as of June 30, 2023:

Description	Fair Market Value	Level 1	Level 2	Level 3
Sweep Bank Deposits	\$ 93,532	\$ 93,532	\$ -	\$ -
Asset Backed Securities	44,805	44,805	-	-
Corporate Bonds	6,641,032	6,641,032	-	-
Municipal Bonds	1,827,404	1,827,404	-	-
U.S. Government Securities	3,617,994	3,617,994	-	-
Fixed Income Mutual Funds	3,993,432	3,993,432	-	-
U.S. Treasury Money Market Fund	3,450,921	3,450,921	-	-
Total Investments - Trading	<u>\$ 19,669,120</u>	<u>\$ 19,669,120</u>	<u>\$ -</u>	<u>\$ -</u>

#### Held to Maturity Securities

At June 30, AAA held investments in marketable securities that were classified as held to maturity and consisted of the following:

	2024 Amortized/Net Carrying Cost	2023 Amortized/Net Carrying Cost
<b>Short-Term</b>		
U.S. Government Securities	\$ 22,369,137	\$ 24,231,793
<b>Long-Term</b>		
U.S. Government Securities	16,455,816	11,178,448
Total Held to Maturity Securities	<u>\$ 38,824,953</u>	<u>\$ 35,410,241</u>
<b>Maturities</b>		
Due in one year or less	\$ 22,369,137	\$ 24,231,793
Due after one year through five years	\$ 16,455,816	\$ 11,178,448

AAA recognized no other-than-temporary impairment in the consolidated statement of activities for the 12 months ended June 30, 2024 and 2023.

## AAA Scholarship Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

June 30, 2024 and 2023

### 7. Fixed Assets

At June 30, fixed assets consisted of the following:

	<b>2024</b>	<b>2023</b>
Computers	\$ 33,062	\$ 28,150
Computer Software	349,755	349,756
Furniture and Equipment	21,081	21,081
Intangible Asset	31,914	31,914
Leasehold Improvements	4,900	4,900
	440,712	435,801
Less: accumulated depreciation and amortization	(259,841)	(137,197)
Net property and equipment	\$ 180,871	\$ 298,604

Depreciation and amortization expense was \$122,644 and \$66,307 for the twelve months ended June 30, 2024 and 2023, respectively.

### 8. Debt

AAA has established an open-ended \$500,000 line of credit with a commercial bank. Interest on draws is charged at a variable rate and therefore is subject to increases or decreases without prior notice. The rate is equal to the Prime Rate plus 2.25% per annum. As of June 30, 2024 and 2023, AAA had no outstanding balance.

Interest expense was \$0 and \$809 for the twelve months ended June 30, 2024 and 2023, respectively.

### 9. Leases

AAA leases certain office spaces and equipment under operating leases which expire at various dates through July 2026. Balances related to operating leases are included in ROU assets and lease liabilities in the consolidated statement of financial position.

The following table provides the components of lease cost recognized in the consolidated statement of activities and changes in net assets for the year ended June 30, 2024 and June 30, 2023, respectively:

	<b>June 30, 2024</b>	<b>June 30, 2023</b>
<b>Lease Expense:</b>		
Finance lease expense:		
Operating lease expense	\$ 111,532	\$ 116,828
Variable lease expense	7,744	5,989
Total	\$ 119,276	\$ 122,817
 <b>Other Information</b>		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 112,265	\$ 108,972
ROU assets obtained in exchange for new operating lease liabilities	122,657	43,370
Weighted-average remaining lease term in years for operating leases	1.70	1.63
Weighted-average discount rate for operating leases	4.85%	4.85%

# AAA Scholarship Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

June 30, 2024 and 2023

## 9. Leases (Continued)

### Maturity Analysis

#### Years Ended June 30:

	<u>Finance Lease</u>	<u>Operating Lease</u>
2025	-	116,485
2026	-	74,719
Total undiscounted cash flows	-	191,204
Less: present value discount	-	(7,080)
Total lease liabilities	\$ -	\$ <u>184,124</u>

Rent expense for the twelve months ended June 30, 2024 and 2023, was \$123,467 and \$125,960, respectively.

## 10. Scholarships Awarded and Payable

AAA scholarships are awarded to qualified students for multi-year periods in Arizona and for a one-year period in Georgia, Florida and Nevada. To qualify for a scholarship, a student and the parents or guardian of that student must meet certain state and AAA requirements and agree to comply with certain other responsibilities.

For multi-year scholarships the parents or guardian must return a completed School Commitment Form by the specified deadline for subsequent years in order to remain eligible.

During the twelve months ending June 30, 2024, AAA recorded the following net scholarship awards/ (forfeits):

Georgia Private School Tax Credit Scholarship Program	\$ 1,914,605
Arizona Low-Income Corporate Tax Credit Scholarship Program	27,181,767
Florida Tax Credit Scholarship Program	34,450,609
Nevada Educational Choice Scholarship	6,059,002
Total	\$ <u>69,605,983</u>

During the twelve months ended June 30, 2023, AAA recorded the following net scholarship awards/ (forfeits):

Georgia Private School Tax Credit Scholarship Program	\$ 2,862,627
Arizona Low-Income Corporate Tax Credit Scholarship Program	16,614,517
Florida Tax Credit Scholarship Program	7,045,984
Nevada Educational Choice Scholarship	4,373,027
Total	\$ <u>30,896,155</u>

## AAA Scholarship Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

June 30, 2024 and 2023

### 10. Scholarships Awarded and Payable (Continued)

The following schedule illustrates the net scholarships awarded but unpaid as of June 30, 2024:

	<u>Payable in 2024-25</u>	<u>Payable in 2025-26</u>	<u>Payable in 2026-27</u>	<u>Total</u>
Georgia Private School Tax Credit Scholarship Program	\$ 3,034,252	\$ -	\$ -	\$ 3,034,252
Arizona Low-Income Corporate Tax Credit Scholarship Program	17,080,200	16,242,600	6,833,100	40,155,900
Florida Tax Credit Scholarship Program	27,967,765	-	-	27,967,765
Family Empowerment Scholarship for Students with Unique Abilities	17,678,077	-	-	17,678,077
Family Empowerment Scholarship for Educational Options	40	-	-	40
Nevada Educational Choice Scholarship	3,238,125	-	-	3,238,125
<b>Total:</b>	<u>\$ 68,998,459</u>	<u>\$ 16,242,600</u>	<u>\$ 6,833,100</u>	<u>\$ 92,074,159</u>

The following schedule illustrates the net scholarships awarded but unpaid as of June 30, 2023:

	<u>Payable in 2023-24</u>	<u>Payable in 2024-25</u>	<u>Payable in 2025-26</u>	<u>Payable in 2026-27</u>	<u>Total</u>
Georgia Private School Tax Credit Scholarship Program	\$ 1,110,000	\$ 1,080,000	\$ -	\$ -	\$ 2,190,000
Arizona Low-Income Corporate Tax Credit Scholarship Program	11,085,400	6,954,300	5,907,600	2,233,900	26,181,200
Florida Tax Credit Scholarship Program	6,826,848	-	-	-	6,826,848
Family Empowerment Scholarship for Students with Unique Abilities	11,840,079	-	-	-	11,840,079
Family Empowerment Scholarship for Educational Options	74,201	-	-	-	74,201
Nevada Educational Choice Scholarship	2,578,125	-	-	-	2,578,125
<b>Total:</b>	<u>\$ 33,514,653</u>	<u>\$ 8,034,300</u>	<u>\$ 5,907,600</u>	<u>\$ 2,233,900</u>	<u>\$ 49,690,453</u>

# AAA Scholarship Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

June 30, 2024 and 2023

## 10. Scholarships Awarded and Payable (Continued)

Tax Credit Scholarships and Family Empowerment Scholarship for Educational Options disbursements are generally disbursed in four installments each school year after receipt of completed verification reports from the schools. The verification reports limit the risk that a scholarship check might be issued for a student who has withdrawn from an eligible private school or the student's parent or guardian has not complied with their responsibilities under the programs.

Family Empowerment Scholarship for Students with Unique Abilities program disbursements are made pursuant to a request from a student's parent or guardian for an authorized education-related good or service. The disbursements are made electronically and may be made to a private school, a vendor or as a reimbursement to a parent or guardian.

## 11. Tax Credit Contributions

As an SO in Arizona, Florida, Georgia, and Nevada, AAA is eligible to receive tax credit contributions from taxpayers that owe certain taxes to the state. In return for their contribution to an eligible SO, the state grants a tax credit to the taxpayer.

During the twelve months ended June 30, 2024, AAA recorded the following re-directed taxes as contributions:

Georgia Private School Tax Credit Scholarship Program	\$	2,827,208
Arizona Low-Income Corporate Tax Credit Scholarship Program		12,903,000
Florida Tax Credit Scholarship Program		153,742,482
Nevada Educational Choice Scholarship Program		6,655,000

Of the re-directed taxes recorded as contributions, the following pledges were outstanding and deemed as collectible as of June 30, 2024:

Georgia Private School Tax Credit Scholarship Program	\$	-
Arizona Low-Income Corporate Tax Credit Scholarship Program		4,593,000
Florida Tax Credit Scholarship Program		69,502,077
Nevada Educational Choice Scholarship Program		-

During the twelve months ended June 30, 2023, AAA recorded the following re-directed taxes as contributions:

Georgia Private School Tax Credit Scholarship Program	\$	2,515,405
Arizona Low-Income Corporate Tax Credit Scholarship Program		20,591,650
Florida Tax Credit Scholarship Program		79,870,035
Nevada Educational Choice Scholarship Program		2,782,489

Of the re-directed taxes recorded as contributions, the following pledges were outstanding and deemed as collectible as of June 30, 2023:

Georgia Private School Tax Credit Scholarship Program	\$	-
Arizona Low-Income Corporate Tax Credit Scholarship Program		11,378,000
Florida Tax Credit Scholarship Program		12,992,115
Nevada Educational Choice Scholarship Program		-

# AAA Scholarship Foundation, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements (Continued)

June 30, 2024 and 2023

### 11. Tax Credit Contributions (Continued)

Each state allows an SO to claim a percentage of its re-directed taxes for reasonable and necessary expenses to administer the program. During the twelve months ended June 30, 2024, AAA claimed the following administrative allowances against re-directed taxes:

Georgia Private School Tax Credit Scholarship Program	\$	199,632
Arizona Low-Income Corporate Tax Credit Scholarship Program		1,290,301
Florida Tax Credit Scholarship Program		918,570
Family Empowerment Scholarship for Students with Unique Abilities		412,862
Nevada Educational Choice Scholarship Program		332,750
Family Empowerment Scholarship for Educational Options		-

During the twelve months ended June 30, 2023, AAA claimed the following administrative allowances against re-directed taxes:

Georgia Private School Tax Credit Scholarship Program	\$	180,924
Arizona Low-Income Corporate Tax Credit Scholarship Program		2,059,165
Florida Tax Credit Scholarship Program		350,916
Family Empowerment Scholarship for Students with Unique Abilities		370,990
Nevada Educational Choice Scholarship Program		139,124
Family Empowerment Scholarship for Educational Options		57,092

During the twelve months ended June 30, 2024, AAA recorded the following net interest, dividends, and realized or unrealized gains or losses on collected contributions:

Georgia Private School Tax Credit Scholarship Program	\$	44,315
Arizona Low-Income Corporate Tax Credit Scholarship Program		1,211,987
Arizona Disabled-Displaced Tax Credit Scholarship Program		-
Florida Tax Credit Scholarship Program		2,767,205
Nevada Educational Choice Scholarship Program		704,331

During the twelve months ended June 30, 2023, AAA recorded the following net interest, dividends, and realized or unrealized gains or losses on collected contributions:

Georgia Private School Tax Credit Scholarship Program	\$	9,622
Arizona Low-Income Corporate Tax Credit Scholarship Program		600,446
Arizona Disabled-Displaced Tax Credit Scholarship Program		243
Florida Tax Credit Scholarship Program		1,772,395
Nevada Educational Choice Scholarship Program		409,808

### 12. Grants Paid

The Florida Tax Credit Scholarship Program requires that net eligible contributions remaining on September 30th of each year that are in excess of 25 percent of net eligible contributions held on the prior June 30th to be transferred to other eligible nonprofit SFOs to provide scholarships for eligible students.

## AAA Scholarship Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

June 30, 2024 and 2023

### 12. Grants Paid (Continued)

AAA paid the following grants to an eligible nonprofit SFOs during the 12 months ended June 30, 2024 and 2023, respectively:

	<b>June 30, 2024</b>	<b>June 30, 2023</b>
Grants Paid to an SFO	\$ 69,850,000	\$ 96,620,000

### 13. Agency Transactions

AAA is acting as an agent for Florida's Family Empowerment Scholarship for Students with Unique Abilities or FES-UA and Family Empowerment Scholarship for Educational Options or FES-EO programs (collectively, the "Family Empowerment Scholarship programs").

The Family Empowerment Scholarship programs are funded through the Florida Education Finance Program. AAA requests funding from the FL DOE once a student is determined eligible for either of the programs. If the student withdraws from the program or is subsequently determined ineligible, the funds are returned to the FL DOE.

AAA recorded the following transactions related to funding of the Family Empowerment Scholarship programs during the 12 months ended June 30, 2024:

	<b>Funding Received</b>	<b>Funding Returned</b>	<b>Net Funded</b>
Family Empowerment Scholarship for Students with Unique Abilities	\$ 18,534,378	\$ (3,929,775)	\$ 14,604,603
Family Empowerment Scholarship for Educations Options	\$ -	\$ (96,120)	\$ (96,120)

AAA recorded the following transactions related to funding of the Family Empowerment Scholarship programs during the 12 months ended June 30, 2023:

	<b>Funding Received</b>	<b>Funding Returned</b>	<b>Net Funded</b>
Family Empowerment Scholarship for Students with Unique Abilities	\$ 14,844,249	\$ (1,923,866)	\$ 12,920,383
Family Empowerment Scholarship for Educations Options	\$ 2,283,626	\$ -	\$ 2,283,626

Interest collected on Family Empowerment Scholarship for Students with Unique Abilities (formerly the Florida Gardiner Scholarship) program funds must be allocated to each active student's account. If the student withdraws from the program or is subsequently determined ineligible, any unused interest is transferred to the FL DOE. If the student transfers to another SFO, any unused interest is transferred along with the student's scholarship funds.

During the twelve months ended June 30, AAA recorded the following transactions related to interest earned on the Family Empowerment Scholarship program accounts:

	<b>2024</b>	<b>2023</b>
Earned Interest Allocated	\$ 628,108	\$ 73,880
Earned Interest Transferred to the FL DOE, Net	(159,032)	(54,637)
Net Interest Allocated / (Transferred)	\$ 469,076	\$ 19,243

## AAA Scholarship Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

June 30, 2024 and 2023

### 13. Agency Transactions (Continued)

The Family Empowerment Scholarship for Students with Unique Abilities (formerly the Florida Gardiner Scholarship) program allows students to transfer their scholarship accounts between eligible SFOs during the year.

During the twelve months ended June 30, 2024, the following transfers occurred:

	<b>Scholarship Balance</b>	<b>Interest</b>
Funds Transferred from an SFO	\$ -	\$ -
Funds Transferred to an SFO	(53,917)	(849)
Net Funds Transferred	\$ (53,917)	\$ (849)

During the twelve months ended June 30, 2023, the following transfers occurred:

	<b>Scholarship Balance</b>	<b>Interest</b>
Funds Transferred from an SFO	\$ -	\$ -
Funds Transferred to an SFO	(210,999)	(579)
Net Funds Transferred	\$ (210,999)	\$ (579)

### 14. Net Assets With Donor Restrictions

As of June 30, net assets with donor restrictions are restricted for the following purposes:

	<b>2024</b>	<b>2023</b>
Georgia Private School Tax Credit Scholarship Program	\$ 168,963	\$ -
Arizona Low-Income Corporate Tax Credit Scholarship Program	-	10,995,133
Florida Tax Credit Scholarship Program	69,602,246	18,901,538
Nevada Educational Choice Scholarship Program	10,427,581	10,170,087
Total	\$ 80,198,790	\$ 40,066,758

During the twelve months ended June 30, net assets were released from donor restrictions by incurring expenses satisfying the conditions specified by donors as follows:

	<b>2024</b>	<b>2023</b>
Georgia Private School Tax Credit Scholarship Program	\$ 2,502,927	\$ 2,344,102
Arizona Low-Income Corporate Tax Credit Scholarship Program	22,607,833	16,517,422
Florida Tax Credit Scholarship Program	104,304,105	103,638,480
Nevada Educational Choice Scholarship Program	6,064,756	4,577,570
Total	\$ 135,479,621	\$ 127,077,574

### 15. Major Donor

Contributions from four major donors accounted for approximately 78 percent of contributions received for the twelve months ended June 30, 2024. Contributions from five major donors accounted for approximately 67 percent of contributions received for the twelve months ended June 30, 2023.



# AAA Scholarship Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

June 30, 2024 and 2023

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## **16. Compliance with State Statutes**

As an SO in multiple states, AAA must comply with certain operational and reporting requirements established and adopted into law by each state. Failure to comply with these statutes may result in sanctions that suspend or revoke operations for that program. For the twelve months ending June 30, 2024 and 2023, AAA believes it is in compliance with all material operating and reporting requirements for each applicable state. AAA has complied with all requirements of Chapter 2A of Title 20 of the Official Code of Georgia Annotated, relating to student scholarship organizations, including, but not limited to, scholarship fund management requirements, operational fund management requirements, other financial requirements, student eligibility requirements, school qualification requirements, and other scholarship management requirements.

## **17. Retirement Plan**

AAA participates in a SIMPLE IRA Retirement Plan. This Plan is available for the benefit of all permanent, full-time employees over the age of twenty-one who have completed at least 30 days of service.

In accordance with the Internal Revenue Code and Plan agreement, AAA makes dollar-for-dollar matching contributions of up to 3% of each participating employee's compensation. AAA's contributions, which are included in wages and benefits in the consolidated statements of functional expenses, were \$21,319 and \$19,655 for the twelve months ended June 30, 2024 and 2023, respectively.

## **18. Functionalized Expenses**

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, utilities, facility security and facility repairs and maintenance which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, interest, insurance, and others, which are allocated on a weighted average of projected student counts.

## **19. Subsequent Events**

AAA has evaluated events and transactions for potential recognition or disclosure through October 28, 2024, which is the date the consolidated financial statements were available to be issued, and none were noted.

## **Contract Compliance**

## **Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

### **Independent Auditor's Report**

The Board of Directors  
AAA Scholarship Foundation, Inc. and Subsidiaries  
Tampa, Florida

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of AAA Scholarship Foundation, Inc. and Subsidiaries (collectively "AAA"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 28, 2024.

#### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered AAA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of AAA's internal control. Accordingly, we do not express an opinion on the effectiveness of AAA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether AAA's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kukuing Barbunio & Co.*

Sarasota, Florida  
October 28, 2024