

**The BISON Children's
Scholarship Fund, Inc.**

Financial Statements

June 30, 2023 and 2022

The BISON Children's Scholarship Fund, Inc.

Financial Statements

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Independent Auditors' Report

To the Board of Directors of
The BISON Children's Scholarship Fund, Inc.
Buffalo, New York

Opinion

We have audited the accompanying financial statements of The BISON Children's Scholarship Fund, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 the Organization as of June 30, 2023 and 2022, 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 ("U.S. GAAP").

Basis for Opinion

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Tronconi Segarra & Associates LLP

Williamsville, New York
November 15, 2023

The BISON Children's Scholarship Fund, Inc.

Statements of Financial Position

June 30, 2023 and 2022

	2023	2022
Assets		
<i>Current Assets</i>		
Cash	\$ 424,343	\$ 1,901,694
Operating investments	5,641,105	3,383,241
Current maturities of pledges receivable	2,134,220	2,828,508
Prepaid expenses and other current assets	6,241	5,732
	8,205,909	8,119,175
<i>Pledges Receivable, net of current maturities</i>	936,140	1,785,038
<i>Investments - Board Governed</i>	4,580,202	3,318,610
<i>Property and Equipment, net</i>	9,623	21,924
<i>Right-of-use Asset - Operating Lease</i>	14,481	-
	\$ 13,746,355	\$ 13,244,747
Liabilities and Net Assets		
<i>Current Liabilities</i>		
Accounts payable	\$ 5,886	\$ 481
Accrued expenses	5,376	5,147
Deferred revenue	5,000	49,100
Operating lease obligation - current maturities	12,326	-
	28,588	54,728
<i>Operating Lease Obligation - less current maturities</i>	2,155	-
	30,743	54,728
<i>Net Assets</i>		
Without donor restrictions		
Undesignated	3,136,235	2,260,051
Board designated investments	4,580,202	3,318,610
Board designated for scholarships	33,000	100,000
	7,749,437	5,678,661
With donor restrictions		
Restricted for Board governed investments - capital campaign	1,564,235	2,370,579
Restricted for scholarship awards	4,336,940	4,586,958
Restricted for technology initiative	-	458,821
Restricted for general organizational support	65,000	95,000
	5,966,175	7,511,358
	13,715,612	13,190,019
	\$ 13,746,355	\$ 13,244,747

See independent auditors' report and notes to financial statements.

The BISON Children's Scholarship Fund, Inc.
Statements of Activities
For the years ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue						
Special events	\$ 509,673	\$ -	\$ 509,673	\$ 521,801	\$ -	\$ 521,801
Less costs of direct benefits to donors	54,427	-	54,427	50,827	-	50,827
	455,246	-	455,246	470,974	-	470,974
Contributions of cash and other financial assets for:						
Scholarships	-	3,517,719	3,517,719	-	3,904,205	3,904,205
General purposes	1,031,232	-	1,031,232	929,597	100,000	1,029,597
Capital campaign	-	152,580	152,580	-	917,835	917,835
Contributions of nonfinancial assets	43,456	-	43,456	41,076	-	41,076
Investment income (loss), net	692,743	-	692,743	(1,042,804)	-	(1,042,804)
Administrative fee income	-	-	-	2,500	-	2,500
Net assets released from restrictions	5,215,482	(5,215,482)	-	4,636,363	(4,636,363)	-
Total revenue	7,438,159	(1,545,183)	5,892,976	5,037,706	285,677	5,323,383
Expenses						
Program services						
Scholarships	4,537,930	-	4,537,930	4,449,189	-	4,449,189
Technology and other	466,599	-	466,599	133,680	-	133,680
Supporting services						
Management and general	134,294	-	134,294	127,635	-	127,635
Fundraising	228,560	-	228,560	244,088	-	244,088
Total expenses	5,367,383	-	5,367,383	4,954,592	-	4,954,592
Increase (decrease) in net assets	2,070,776	(1,545,183)	525,593	83,114	285,677	368,791
Net Assets, beginning of year	5,678,661	7,511,358	13,190,019	5,595,547	7,225,681	12,821,228
Net Assets, end of year	<u>\$ 7,749,437</u>	<u>\$ 5,966,175</u>	<u>\$ 13,715,612</u>	<u>\$ 5,678,661</u>	<u>\$ 7,511,358</u>	<u>\$ 13,190,019</u>

See independent auditors' report and notes to financial statements.

The BISON Children's Scholarship Fund, Inc.

Statements of Functional Expenses

For the years ended June 30, 2023 and 2022

	2023					2022				
	Program Services		Supporting Services			Program Services		Supporting Services		
	Scholarships	Technology & Other	Management & General	Fundraising	Total Expenses	Scholarships	Technology & Other	Management & General	Fundraising	Total Expenses
Scholarships	\$ 4,407,916	\$ -	\$ -	\$ -	\$ 4,407,916	\$ 4,327,346	\$ -	\$ -	\$ -	\$ 4,327,346
Salaries	91,756	-	23,659	150,884	266,299	88,611	-	22,368	139,977	250,956
Payroll taxes and benefits	21,217	-	4,902	30,035	56,154	19,944	-	4,532	27,455	51,931
Consulting - capital campaign	-	-	-	-	-	-	-	-	16,500	16,500
Depreciation	-	-	12,301	-	12,301	-	-	11,326	-	11,326
Donor cultivation	-	-	-	16,815	16,815	-	-	-	36,268	36,268
Insurance	-	-	5,850	-	5,850	-	-	5,850	-	5,850
Legal and accounting	-	-	55,244	-	55,244	-	-	53,426	-	53,426
Miscellaneous	7,235	-	-	7,235	14,470	3,807	-	-	3,807	7,614
Office expense	-	-	17,256	-	17,256	-	-	15,811	-	15,811
Partner school stewardship	-	-	-	-	-	-	54,000	-	-	54,000
Postage	1,020	-	510	3,572	5,102	793	-	397	2,776	3,966
Printing and reproduction	776	-	1,551	13,184	15,511	573	-	1,146	9,745	11,464
Rent - office	-	-	13,021	-	13,021	-	-	12,779	-	12,779
Software maintenance	5,880	-	-	871	6,751	5,880	-	-	821	6,701
Technology	-	466,599	-	-	466,599	-	79,680	-	-	79,680
Telephone	1,651	-	-	1,651	3,302	1,672	-	-	1,671	3,343
Travel and entertainment	479	-	-	4,313	4,792	563	-	-	5,068	5,631
	<u>\$ 4,537,930</u>	<u>\$ 466,599</u>	<u>\$ 134,294</u>	<u>\$ 228,560</u>	<u>\$ 5,367,383</u>	<u>\$ 4,449,189</u>	<u>\$ 133,680</u>	<u>\$ 127,635</u>	<u>\$ 244,088</u>	<u>\$ 4,954,592</u>

See independent auditors' report and notes to financial statements.

The BISON Children's Scholarship Fund, Inc.

Statements of Cash Flows

For the years ended June 30, 2023 and 2022

	2023	2022
<i>Cash Flows from Operating Activities</i>		
Increase in net assets	\$ 525,593	\$ 368,791
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	12,301	11,326
Net unrealized (gain) loss on investments	(601,282)	1,119,902
Net realized loss on sales of investments	74,948	36,813
Marketable securities received as contributions	(6,194)	(22,836)
Change in present value discount of pledges receivable	(106,952)	(13,006)
(Increase) Decrease in:		
Pledges receivable	1,650,138	(326,259)
Prepaid expenses and other current assets	(509)	(261)
Right of use asset - operating lease	11,313	-
Increase (Decrease) in:		
Accounts payable	5,405	(1,155)
Accrued expenses	229	1,151
Deferred revenue	(44,100)	11,100
Operating lease liability	(11,313)	-
	1,509,577	1,185,566
<i>Cash Flows from Investing Activities</i>		
Purchases of property and equipment	-	(8,369)
Purchases of investments	(7,226,700)	(6,472,149)
Proceeds from sales of investments	4,239,772	5,342,178
	(2,986,928)	(1,138,340)
Net cash used in investing activities	(2,986,928)	(1,138,340)
Net increase (decrease) in cash	(1,477,351)	47,226
<i>Cash, beginning of year</i>	1,901,694	1,854,468
<i>Cash, end of year</i>	\$ 424,343	\$ 1,901,694
<i>Supplemental Disclosure of Non Cash Transactions</i>		
Right of use asset obtained in exchange for operating lease liability	\$ 25,794	\$ -

See independent auditors' report and notes to financial statements.

The BISON Children's Scholarship Fund, Inc.

Notes to Financial Statements

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – The BISON Children's Scholarship Fund, Inc. (the “Organization”), is a not-for-profit organization incorporated in 1995 for the purpose of providing scholarships to attend private schools to low-income school children residing in the eight counties of Western New York. The Organization has an agreement with the Children’s Scholarship Fund (“CSF”), a not-for-profit corporation, to administer the scholarship program in this area. Through June 30, 2014, this agreement, subject to certain guidelines and stipulations, provided a \$1 match in funds for every \$3 in donations that were received. The CSF extended this agreement annually for the 2015-2024 fiscal years providing a 25% match in qualifying donations that are received over the 2015-2021 fiscal years and a 15% match in qualifying donations that are received over the 2021-2024 fiscal years.

In 2014, the Organization established The Children First Scholarship Program which is a privately funded scholarship established for elementary students in the City of Buffalo beginning with the 2014-2015 school year. The scholarship is one-time only assistance for families of students attending low-performing Buffalo Public Schools (the “District”) in grades K through 7 whose transfer requests could not be accommodated by the District. The first scholarships of the program were awarded in the fall of 2014. Students may renew scholarships each year through the student’s eighth grade school year provided they remain eligible, and meet renewal guidelines.

In May 2017, the Organization expanded its program offering and began awarding scholarships to eligible 8th graders for private high school, effective with the 2018-2019 school year.

In 2021, the Organization was approached by a private donor to provide tuition and technology assistance to eligible low-income students attending Catholic schools in the Rochester and Syracuse, NY regions. It is not anticipated that this initiative will be permanent.

Basis of Accounting – The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Basis of Presentation – The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The Organization had both classes of net assets at June 30, 2023 and 2022.

The BISON Children's Scholarship Fund, Inc.
Notes to Financial Statements (continued)

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Operating Investments – Operating investments include money market funds, equities, mutual funds, exchange traded funds, corporate bonds, U.S. treasury securities, and the Organization’s interest in two closely held investment companies. These investments are recorded at fair value as determined by the inputs described below. The difference between the aggregate fair values of the investments at the beginning of the year and the aggregate fair values at the end of the year is recorded as an unrealized gain or loss in the statements of activities. Interest and dividends are recognized when earned or declared. Realized gains and losses are determined on the basis of the specific securities sold.

Investments – Board Governed – In 2019, the Organization began the Capital Campaign fund. Funds received from donors are deposited into a custodial investment account with TD Ameritrade (the “Custodian”). Investments are stated at fair value, as determined by quoted market prices. See Note 4.

Fair Value Measurements – The Organization’s investments are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. The Organization’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment. The three levels of the fair value hierarchy, and its applicability to the Organization’s investments, are described as:

- **Level 1** – Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that are accessible at the measurement date.
- **Level 2** – Quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active. Also includes inputs other than quoted prices that are observable, either directly or indirectly, for substantially the full term through corroboration with observable, independent market data. This includes investments valued at quoted prices adjusted for legal or contractual restrictions specific to the security.
- **Level 3** – Pricing inputs are unobservable for the asset or liability. That is, inputs that reflect the reporting entity’s own assumptions about the assumptions that market participants would use in pricing the asset or liability. Level 3 includes private investments that are supported by little or no market activity. There were no assets or liabilities classified in Level 3 as of June 30, 2023 and 2022.

Risk and Uncertainties – Investments are exposed to various risks, such as interest rate and market risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the Organization’s net assets.

The BISON Children's Scholarship Fund, Inc.
Notes to Financial Statements (continued)

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Pledges Receivable – Unconditional pledges are recorded as receivables in the year made. Pledges receivable expected to be collected in less than one year are reflected as current pledges receivable and are recorded at their net realizable value. Pledges receivable expected to be collected in more than one year are reflected as long-term pledges receivable and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the pledges are received to discount the amounts. Pledges receivable are considered by management to be fully collectible, and accordingly, no allowance for uncollectible pledges was considered necessary at June 30, 2023 and 2022.

Property and Equipment, net – Property and equipment is stated at cost, if purchased, or at estimated fair value, if contributed, net of accumulated depreciation. Depreciation is computed using the straight-line method over the approximate economic useful lives of the assets, which range from three to five years. Amortization of leasehold improvements is computed over the shorter of the lease term or the useful lives of the improvements. The costs of maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized.

Deferred Revenue – Deferred revenue consists of funds received for special events paid in advance. These amounts are recognized as revenue in future periods as the events occur.

Net Assets without Donor Restrictions – Net assets without donor restrictions represent resources whose use is not restricted by donor-imposed stipulations and are available for the general support of the Organization, which includes both scholarship awards and administrative costs. Board designated net assets represent capital campaign fund proceeds and earnings that are earmarked for the Board Governed investment.

Net Assets with Donor Restrictions – Net assets with donor restrictions represent contributions and other inflows of assets for use towards a specific program or purpose, whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as without donor restrictions in the statements of activities.

Income and Gains on Contributions and Gifts – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

The BISON Children's Scholarship Fund, Inc.
Notes to Financial Statements (continued)

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Amounts received that are designated for future periods, or restricted by the donor for specific purposes are reported as with donor restrictions support that increases that net asset class. In the absence of donor specifications that income and gains on donated funds are restricted, such income and gains are reported as without donor restrictions support. It is the Organization's policy to record contributions of gifts when it is determined that they are unconditional.

Contributions of Nonfinancial Assets – For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included the following:

	2023	2022
Accounting services	\$ 40,425	\$ 40,180
Printing services	3,031	432
Postage	-	464
	\$ 43,456	\$ 41,076

The Organization recognized contributed nonfinancial assets within revenues, including services and postage. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed services recognized comprise professional accounting services, as well as printing services for various special events held during the years ended June 30, 2023 and 2022. Contributed services are reported at their estimated fair values based on time incurred and rates for similar services.

Contributed postage during the year ended June 30, 2022 was utilized for various purposes, including scholarship and fundraising efforts, and is recorded by the Organization at the estimated cost at the date received.

Functional Allocation of Expenses – The costs of providing the Organization's programs have been summarized on a functional basis in the statements of functional expenses. Certain costs have been allocated among the program services and supporting services that benefited, including salaries and payroll taxes and benefits that are allocated based on estimates of time and effort. Costs for postage, printing and reproduction, software maintenance, telephone, and travel and entertainment have been allocated based on estimated usage.

The BISON Children's Scholarship Fund, Inc.
Notes to Financial Statements (continued)

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Income Taxes – The Organization is a 501(c)(3) corporation exempt from federal income taxes under Section 501(a) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

Recently Adopted Accounting Pronouncement – In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases*, which requires organizations that lease assets to recognize on the statement of financial position the assets and liabilities related to the rights and obligations created by those leases. In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, which deferred the effective date of ASU 2016-02 for the Organization for years beginning after December 15, 2021.

The Organization adopted the guidance of ASU 2016-02 on July 1, 2022, using the modified retrospective approach. Accordingly, prior period balances and disclosures have not been restated. The Organization elected the package of transition practical expedients for expired or existing contracts, which retains prior conclusions regarding lease identification, classification, and initial direct costs incurred.

The adoption of this guidance resulted in the recognition of an operating lease right-of-use asset and operating lease liability of \$25,794 as of July 1, 2022, and did not have a material impact on the Organization’s results of operations or liquidity. See Note 7 for further details.

Management Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and financial statement disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications – In order to facilitate comparison of financial information, certain amounts reported in the prior year have been reclassified to conform to current-year presentation.

Subsequent Events – Management of the Organization has evaluated subsequent events, for recognition or disclosure, through November 15, 2023, the date the accompanying financial statements were available to be issued and determined that no additional recognition or disclosure was required.

The BISON Children's Scholarship Fund, Inc.
Notes to Financial Statements (continued)

2. Significant Concentrations

Cash deposits at financial institutions potentially subject the Organization to concentrations of credit risk as cash may exceed federally insured limits at various times throughout the year.

Major contributors accounted for more than 10% of the Organization's revenue or outstanding pledges receivable. The Organization had revenue from one major contributor and four major contributors in 2023 and 2022, respectively, which accounted for \$2,000,000 or 34%, and \$3,878,000, or 73%, of total revenue for the years ended June 30, 2023 and 2022, respectively. Pledges receivable outstanding from these contributors accounted for \$880,952, or 29%, and \$2,291,802, or 50%, of total pledges receivable at June 30, 2023 and 2022, respectively.

3. Liquidity and Availability of Financial Assets

The Organization primarily generates financial assets through pledges, donations, special events, and through investment income. The financial assets are acquired throughout the year to help meet the Organization's cash needs for general expenditures.

The following table presents the Organization's financial assets available for general expenditures within one year of the statement of financial position date:

	2023	2022
Current assets at June 30, excluding non-financial assets:		
Cash	\$ 424,343	\$ 1,901,694
Operating investments	5,641,105	3,383,241
Current maturities of pledges receivable	2,134,220	2,828,508
	8,199,668	8,113,443
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:		
	5,030,035	5,726,320
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,169,633	\$ 2,387,123

The Organization has Board designated funds of \$4,580,202 and \$3,318,610 at June 30, 2023 and 2022, respectively, set aside that can be used to meet obligations of the Organization, should the need arise, as they become due.

The BISON Children's Scholarship Fund, Inc.
Notes to Financial Statements (continued)

4. Investments

The following summarizes the Organization's investment portfolio as of June 30, 2023 and 2022 by fair value hierarchy levels:

	2023	2022
<i>Current - Operating</i>		
Level 1		
Money market funds	\$ 51,370	\$ 299,796
Equities	188,867	95,756
Exchange traded funds	310,272	281,109
Mutual funds	608,387	522,151
U.S. treasury securities	3,481,174	1,323,652
Corporate bonds	911,516	771,525
	5,551,586	3,293,989
Level 2		
Closely held corporation	56,870	58,422
Closely held partnership	32,649	30,830
	89,519	89,252
	\$ 5,641,105	\$ 3,383,241
<i>Non-Current - Board Governed</i>		
Level 1		
Money market funds	\$ 91,019	\$ 273,178
Equities	1,763,018	1,080,876
Exchange traded funds	949,506	622,463
Corporate bonds	1,776,659	1,342,093
	\$ 4,580,202	\$ 3,318,610

The BISON Children's Scholarship Fund, Inc.
Notes to Financial Statements (continued)

4. Investments (continued)

The following summarizes net investment income (loss) included in the statements of activities for the years ended June 30, 2023 and 2022:

	2023	2022
Operating investments		
Interest and dividend income	\$ 99,674	\$ 80,731
Net unrealized gain (loss)	194,021	(352,515)
Net realized gain (loss)	(27,207)	16,044
Investment fees	(12,970)	(13,428)
Net investment gain (loss) - operating investments	253,518	(269,168)
Board Governed Investments		
Interest and dividend income	108,115	73,420
Net unrealized gain (loss)	407,261	(767,387)
Net realized loss	(47,741)	(52,857)
Investment fees	(28,410)	(26,812)
Net investment gain (loss) - Board Governed investments	439,225	(773,636)
Investment income (loss), net	\$ 692,743	\$ (1,042,804)

The BISON Children's Scholarship Fund, Inc.
Notes to Financial Statements (continued)

5. Pledges Receivable

The Organization has received unconditional pledges for the purpose of awarding scholarships, the administration costs of such awards, and the general support of the Organization. Pledges receivable consists of the following at June 30, 2023 and 2022:

	2023	2022
Receivable in:		
Less than one year	\$ 2,134,220	\$ 2,828,508
One to five years	1,017,000	1,922,850
More than five years	-	50,000
	3,151,220	4,801,358
Less discounts to present value	80,860	187,812
	\$ 3,070,360	\$ 4,613,546

The discount rate used on long-term pledges receivable was 5% at June 30, 2023 and 2022. Increases of \$106,952 and \$13,006 were recognized in scholarship contribution revenue that were the result of the decreases in the present value discount of the long-term pledges receivable for the years ended June 30, 2023 and 2022, respectively.

During the years ended June 30, 2015 and 2016, the Organization received conditional grants related to the Children First Scholarship Program. These grants award up to a maximum of \$385,000 annually for the eight-year period beginning July 1, 2015. The total amount awarded will be based upon the number of students enrolled in the program that meet the specific requirements as detailed in the grant agreements. The Organization received Children First Scholarship Program grants totaling \$29,300 and \$44,910 for the years ended June 30, 2023 and 2022, respectively, which are included in contributions - scholarships revenue in the statements of activities.

6. Property and Equipment, net

Property and equipment, net, as of June 30, 2023 and 2022, consists of the following:

	2023	2022
Equipment	\$ 49,561	\$ 49,561
Leasehold improvements	15,603	15,603
Software	22,490	22,490
	87,654	87,654
Less accumulated depreciation	78,031	65,730
	\$ 9,623	\$ 21,924

The BISON Children's Scholarship Fund, Inc.
Notes to Financial Statements (continued)

6. Property and Equipment, net (continued)

Depreciation expense totaled \$12,301 and \$11,326 for the years ended June 30, 2023 and 2022, respectively.

7. Lease Commitments

The Organization primarily leases office space through August 2024. The Organization assesses service arrangements to determine if an asset is explicitly or implicitly specified in the agreement and if the Organization has the right to control the use of the identified asset.

The right-of-use asset is initially measured at cost, which is primarily comprised of the initial amount of the lease liability, plus initial direct costs and lease payments at or before the lease commencement date, less any lease incentives received, and is amortized on a straight-line basis over the remaining lease term. All right-of-use assets are reviewed periodically for impairment. The lease liability is initially measured at the present value of lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate risk-free interest rate.

The right-of-use asset and lease liability are calculated including options to extend or to terminate the lease when management determines that it is reasonably certain that the Organization will exercise those options. In making that determination, management considers various existing economic and market factors, business strategies as well as the nature, length, and terms of the agreement.

Total operating lease cost for the years ended June 30, 2023 and 2022 was \$13,021 and \$12,779, respectively.

As of June 30, 2023, minimum payments due for the operating lease obligation for the succeeding fiscal years are as follows:

Year ending June 30,		
2024	\$	13,062
2025		<u>2,177</u>
Total lease payments		15,239
Less amount representing interest		<u>758</u>
 Total operating lease obligation	 \$	 <u><u>14,481</u></u>

The weighted-average remaining operating lease term is 1.09 years, and the weighted-average discount rate is 8.25%.

The BISON Children's Scholarship Fund, Inc.
Notes to Financial Statements (continued)

8. Net Assets with Donor Restrictions

Net assets with donor restrictions are pledges receivable or funds that were received that have not yet been designated for expenditure based upon the intent of the donor's gift. At June 30, 2023 and 2022, net assets with donor restrictions consisted of the following:

	<u>2023</u>	<u>2022</u>
Board governed investments - capital campaign	\$ 1,564,235	\$ 2,370,579
Scholarship awards	4,336,940	4,586,958
Technology initiative	-	458,821
General organizational support	<u>65,000</u>	<u>95,000</u>
	<u>\$ 5,966,175</u>	<u>\$ 7,511,358</u>

Net assets were released from restrictions due to the passage of time and the satisfaction of donor designations, as follows:

	<u>2023</u>	<u>2022</u>
Board governed investments - capital campaign (time restrictions)	\$ 958,924	\$ 799,471
Scholarship awards	3,767,737	3,752,212
Technology initiative	458,821	79,680
General organizational support	<u>30,000</u>	<u>5,000</u>
	<u>\$ 5,215,482</u>	<u>\$ 4,636,363</u>

9. Related Party Transactions

Certain members of the Organization's Board of Directors have made contributions to the Organization. Additionally, certain members of the Organization's Board of Directors are also directors of other entities which contribute to the Organization. Contributions from these related parties amounted to \$636,378 and \$503,240 for the years ended June 30, 2023 and 2022, respectively. Pledges receivable associated with these related party donors amounted to \$586,468 and \$862,597 at June 30, 2023 and 2022, respectively.

In March 2019, the Organization transferred their investments held with Key Private Bank to TD Ameritrade. These investments are now managed by a company for which a Board member of the Organization is a Partner. The Organization incurs fees associated with managing the investment options which amounted to \$41,380 and \$40,240 for the years ended June 30, 2023 and 2022, respectively.