

**THE LINCOLN-SUDBURY SCHOLARSHIP FUND  
DOLLARS FOR SCHOLARS, INC.  
(F/K/A THE LINCOLN-SUDBURY SCHOLARSHIP FUND, INC)**

Financial Statements

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June 30, 2015

with

Independent Auditor's Report



Walsh & Associates, PC  
Certified Public Accountants

**THE LINCOLN-SUDBURY SCHOLARSHIP FUND DOLLARS FOR SCHOLARS, INC.  
(F/K/A THE LINCOLN-SUDBURY SCHOLARSHIP FUND, INC)**

Financial Statements

June 30, 2015

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Walsh & Associates, PC  
Certified Public Accountants



Walsh & Associates, PC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
The Lincoln-Sudbury Scholarship Fund Dollars for Scholars, Inc.  
(f/k/a The Lincoln-Sudbury Scholarship Fund, Inc.)

We have audited the accompanying financial statements of The Lincoln-Sudbury Scholarship Fund Dollars for Scholars, Inc. (f/k/a The Lincoln-Sudbury Scholarship Fund, Inc.), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lincoln-Sudbury Scholarship Fund Dollars for Scholars, Inc. (f/k/a The Lincoln-Sudbury Scholarship Fund, Inc.) as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Walsh & Associates, P.C.*

Walsh & Associates  
July 30, 2015



**The Lincoln-Sudbury Scholarship Fund Dollars for Scholars, Inc.**  
**(f/k/a The Lincoln-Sudbury Scholarship Fund, Inc.)**

Statement of Financial Position  
June 30, 2015

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**Assets**

Current assets:

Cash	\$ 96,267
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Total current assets	96,267
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Other assets:

Investments	2,163,510
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Total assets	\$ 2,259,777
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**Liabilities and Net Assets**

Liabilities

Scholarships payable	\$ 154,588
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Total liabilities	154,588
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Net Assets

Unrestricted	1,108,034
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Temporarily restricted	11,550
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Permanently restricted	985,605
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Total net assets	2,105,189
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Total liabilities and net assets	\$ 2,259,777
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See accompanying notes to the financial statements.



**The Lincoln-Sudbury Scholarship Fund Dollars for Scholars, Inc.**  
**(f/k/a The Lincoln-Sudbury Scholarship Fund, Inc.)**

Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temp. Restr.</u>	<u>Perm. Restr.</u>	<u>Total</u>
Changes Net Assets				
Revenues				
Matching contributions	\$ 267	\$ 0	\$ 0	\$ 267
Contributions and grants	49,089	18,542	1,000	68,631
Transfers to endowments	0	(57,325)	57,325	0
Total revenues	49,356	(38,783)	58,325	68,898
Expenses				
Scholarships awarded, net of unclaimed awards	130,200	5,000	56,000	191,200
Management and general	32,687	0	0	32,687
Fundraising expenses	319	0	0	319
Total expenses	163,206	5,000	56,000	224,206
Net increase (decrease) in net assets before investment income	(113,850)	(43,783)	2,325	(155,308)
Investment income	26,966	0	19,421	46,387
Net change in net assets	(86,884)	(43,783)	21,746	(108,921)
Net assets, beginning of year	1,196,003	55,333	962,774	2,214,110
Prior year reclassification	(1,085)	0	1,085	0
Net assets, end of year	\$ 1,108,034	\$ 11,550	\$ 985,605	\$ 2,105,189

See accompanying notes to the financial statements.





**The Lincoln-Sudbury Scholarship Fund Dollars for Scholars, Inc.**  
**(f/k/a The Lincoln-Sudbury Scholarship Fund, Inc.)**

Statement of Cash Flows  
For the Year Ended June 30, 2015

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Cash flows from operating activities:	
Change in net assets	\$ (108,921)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Net realized and unrealized investment losses	94,901
Depreciation	404
Changes in:	
Scholarships payable	<u>(169,250)</u>
Net cash used by operating activities	<u>(182,866)</u>
 Cash flows from investing activities:	
Decrease in investments	<u>198,022</u>
Net cash provided by investing activities	<u>198,022</u>
Net increase in cash	15,156
Cash, beginning of year	<u>81,111</u>
Cash, end of year	<u><u>\$ 96,267</u></u>

See accompanying notes to the financial statements.

**THE LINCOLN-SUDBURY SCHOLARSHIP FUND DOLLARS FOR SCHOLARS, INC.  
(F/K/A THE LINCOLN-SUDBURY SCHOLARSHIP FUND, INC.)**

Notes to the Financial Statements  
June 30, 2015

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Organization***

The Lincoln-Sudbury Scholarship Fund Dollars for Scholars, Inc. (The Fund) was established on September 16, 1988 by the Lincoln-Sudbury Regional High School Committee to raise and administer funds for scholarships to institutions of higher learning for graduates of Lincoln-Sudbury Regional High School. The Fund is supported primarily through contributions and grants.

***Revenue Recognition***

The financial statements of The Lincoln-Sudbury Scholarship Fund Dollars for Scholars, Inc. have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

***Property and Equipment***

The Fund capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Property and equipment are depreciated using the straight-line method over estimated useful lives over three years.

***Cash and Cash Equivalents***

For purposes of the statements of cash flows, The Fund considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

***Investments***

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Investment income or loss (including gains and losses on investments, interest, interest, and dividends) is included in the statement of activities and changes in net assets as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor-imposed stipulations or law.



**THE LINCOLN-SUDBURY SCHOLARSHIP FUND DOLLARS FOR SCHOLARS, INC.  
(F/K/A THE LINCOLN-SUDBURY SCHOLARSHIP FUND, INC.)**

Notes to the Financial Statements  
June 30, 2015

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

***Fair Value Measurements***

The Fund determines the fair market values of its financial assets and liabilities, as well as non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis, based on the following fair value hierarchy established in accordance with generally accepted accounting principles.

Level 1: Quoted prices in active markets for identical assets or liabilities The Fund has the ability to access.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of model or other valuation methodologies. Level 2 also includes practical expedient investments with notice periods for redemption of 90 days or less.

Level 3: Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Level 3 also included practical expedient investments with notice periods for redemption of more than 90 days.

The Fund is required to apply the provisions of U.S. generally accepted accounting principles to fair value measurements for nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a non-recurring basis. The Fund has no nonfinancial assets or liabilities required to be accounted for on a non-recurring basis as of June 30, 2015.

Fair values of financial instruments for which The Fund did not elect the fair value option includes cash and cash equivalents, receivables, and accounts payable. Certain of these instruments are short term in nature and accordingly fair values are estimated to approximate carrying values.

***Scholarships Payable***

When students from the graduating class are awarded scholarships, a Scholarships Payable account is created. This account records the total amount of scholarships that will be paid out to those recipients over the next year.

**THE LINCOLN-SUDBURY SCHOLARSHIP FUND DOLLARS FOR SCHOLARS, INC.  
(F/K/A THE LINCOLN-SUDBURY SCHOLARSHIP FUND, INC.)**

Notes to the Financial Statements  
June 30, 2015

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

If awarded scholarships are unused after a reasonable period, the Board may designate that the allocated funds be returned to the general pool of scholarship funds so that they may be used for future awards.

***Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***Contributed Services***

No amounts have been reflected in the financial statements for donated services. The Fund generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist The Fund but these services do not meet the criteria for recognition as contributed services. The Fund receives approximately 2000 volunteer hours per year.

***Net Assets***

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

*Permanently Restricted Net Assets*: Net assets subject to donor-imposed stipulations that they may be maintained in perpetuity by The Fund.

*Temporarily Restricted Net Assets*: Net assets subject to donor-imposed stipulations that may or will be met by actions of The Fund and/or the passage of time.

**THE LINCOLN-SUDBURY SCHOLARSHIP FUND DOLLARS FOR SCHOLARS, INC.  
(F/K/A THE LINCOLN-SUDBURY SCHOLARSHIP FUND, INC.)**

Notes to the Financial Statements  
June 30, 2015

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

*Unrestricted Net Assets:* Net assets not subject to donor-imposed stipulations. All funds over which the Board of Directors has discretionary control have been included in unrestricted net assets.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions and/or time restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets. Expirations of temporary restrictions occur when donor-imposed restriction is fulfilled to the extent of the expense incurred unless the expense is for a purpose that is directly attributable to another specified external source of revenue.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions that are subject to donor-imposed stipulations that are met in the same reporting period are reported as unrestricted support. Unconditional promises to give with due dates scheduled after the balance sheet date are shown as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when the related purpose or time restrictions are met. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift.

***Nonprofit Status and Income Taxes***

The Fund is exempt from income taxes as an organization (not a private foundation) formed for charitable purposes and tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Donors may deduct contributions made to The Fund within Internal Revenue Code regulations. The Fund is subject to federal and state tax on income from any unrelated business.



**THE LINCOLN-SUDBURY SCHOLARSHIP FUND DOLLARS FOR SCHOLARS, INC.  
(F/K/A THE LINCOLN-SUDBURY SCHOLARSHIP FUND, INC.)**

Notes to the Financial Statements  
June 30, 2015

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

The Fund adopted the recognized requirements for uncertain income tax positions as required by generally accepted accounting principles in the United States, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Fund has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Fund believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on The Fund financial condition, results of operations or cash flows. Accordingly, The Fund has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2015. The Fund's policy is to classify income tax related interest and penalties in operating expenses.

The Fund is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Fund's federal and state income tax returns are generally open to examination for three years.

**NOTE 2 - CONCENTRATION OF CREDIT AND MARKET RISK**

Financial instruments that potentially expose The Fund to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at higher quality financial institutions and credit risk is not limited to any one institution. The Fund has not experienced any losses on its cash equivalents. Investment securities are exposed to various risks such as interest rate, market, and credit risk.

**THE LINCOLN-SUDBURY SCHOLARSHIP FUND DOLLARS FOR SCHOLARS, INC.  
(F/K/A THE LINCOLN-SUDBURY SCHOLARSHIP FUND, INC.)**

Notes to the Financial Statements  
June 30, 2015

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**NOTE 3 - INVESTMENTS**

All investments are held by Fidelity Investments. Fidelity Investments is custodian for the purposes of holding investments, collecting associated earnings and making distributions. The Treasurer and a two-member investment committee comprised of experienced investment advisors are responsible for making investments.

The fair market values (FMV) at June 30, 2015 are as follows:

	<b>FMV 2015</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1) 2015</b>
<b>Fidelity Investments</b>		
Mutual Funds: Equities	\$ 1,182,294	\$ 1,182,294
Mutual Funds: Fixed Income	871,588	871,588
Mutual Funds: Foreign Assets	109,628	109,628
<b>SUBTOTAL</b>	<b>\$ 2,163,510</b>	<b>\$ 2,163,510</b>
Investments at Fair Value	<u>\$ 2,163,510</u>	
<b>Total Investments</b>	<u><u>\$ 2,163,510</u></u>	

The market value of investments includes net unrealized appreciation of \$255,990 at June 30, 2015.

**THE LINCOLN-SUDBURY SCHOLARSHIP FUND DOLLARS FOR SCHOLARS, INC.  
(F/K/A THE LINCOLN-SUDBURY SCHOLARSHIP FUND, INC.)**

Notes to the Financial Statements  
June 30, 2015

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**NOTE 3 - INVESTMENTS (CONT.)**

Due to the level of risk associated with investments in securities, it is at least reasonably possible that changes in values will occur in the near term and that such changes could affect the amounts reported on the statement of financial position.

Investment income from cash equivalents and investments is comprised of the following for the year ended June 30, 2015:

Dividends, Interest and	
ST and LT Gains from funds	\$141,296
Net Realized Gains	159,177
Net Unrealized Losses	( 254,086)
	\$ 46,387

**NOTE 4 – SUBSEQUENT EVENTS**

The Fund did not have any recognized or non-recognized subsequent events after June 30, 2015, the date of the statement of financial position. Subsequent events have been evaluated through July 30, 2015, the date the financial statements were available to be issued.

**NOTE 5 – UNCERTAIN TAX POSITIONS**

The Organization's federal tax return, Form 990, is subject to examination by the IRS for up to three years after it has been filed.

**CONCLUDED.**