

**MONICA J. STERN, CPA, PLLC**  
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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Arizona Private Education Scholarship Fund, Inc. and Affiliate  
Scottsdale, Arizona

I have audited the accompanying consolidated financial statements of Arizona Private Education Scholarship Fund, Inc. (a nonprofit organization) and Affiliate, which comprise the Statements of Assets, Liabilities and Net Assets - Modified Cash Basis as of June 30, 2021 and 2020 and the related Statements of Revenues, Expenses, and Other Changes in Net Assets - Modified Cash Basis, and Statements of Cash Flows - Modified Cash Basis for the years then ended, and the related Statement of Functional Expenses - Modified Cash Basis for the year ended June 30, 2021 with summarized comparative totals for the year ended June 30, 2020, 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 consolidated financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

**Auditor's Responsibility**

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## INDEPENDENT AUDITOR'S REPORT (continued)

### **Opinion**

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Arizona Private Education Scholarship Fund, Inc. and Affiliate as of June 30, 2021 and 2020, and its support, revenue, expenses and cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

### **Basis of Accounting**

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

### **Summarized Comparative Information**

I previously audited Arizona Private Education Scholarship Fund, Inc. and Affiliate's June 30, 2020 financial statements and in my opinion dated December 17, 2020, stated that based on my audit, the financial statements present fairly, in all material respects, the assets, liabilities, and net assets of Arizona Private Education Scholarship Fund, Inc. and Affiliate as of June 30, 2020, and its support, revenue, expenses and cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 1. I am not aware of any material modifications that should be made to the statement of functional expenses summarized comparative information presented herein for the year ended June 30, 2020, for it to be consistent with the audited financial statement from which it has been derived.

*Monica J. Stern, CPA, PLLC*

November 29, 2021

Arizona Private Education Scholarship Fund, Inc. and Affiliate  
Consolidated Statements of Assets, Liabilities and  
Net Assets - Modified Cash Basis  
June 30, 2021 and 2020

	June 30,	
<b>Assets</b>	2021	2020
Cash and cash equivalents	\$4,456,456	\$3,898,312
Equipment, net	19,082	13,176
	-----	-----
Total Assets	\$4,475,538	\$3,911,488
	=====	=====
<b><u>Liabilities and Net Assets</u></b>		
Credit card liability	-	1,087
PPP loan payable	-	60,000
	-----	-----
Total liabilities	-	61,087
	-----	-----
Net Assets:		
Without donor restrictions	4,473,607	3,850,037
With donor restrictions	1,931	364
	-----	-----
Total net assets	4,475,538	3,850,401
	-----	-----
Total liabilities and net assets	\$4,475,538	\$3,911,488
	=====	=====

See accompanying notes to the consolidated financial statements.

Arizona Private Education Scholarship Fund, Inc. and Affiliate  
Consolidated Statements of Revenues, Expenses, and Other Changes in Net Assets -  
Modified Cash Basis  
For the years ended June 30, 2021 and 2020

	Year ended June 30, 2021			Year ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions	\$6,855,971	\$ 6,494	\$6,862,465	\$7,553,215	\$ 10,481	\$7,563,696
SBA grant income (PPP)	60,000	-	60,000	-	-	-
Interest income	15,840	-	15,840	45,791	-	45,791
Loss on sale of assets	(5,414)	-	(5,414)	-	-	-
	-----	-----	-----	-----	-----	-----
Total support and revenue	6,926,397	6,494	6,932,891	7,599,006	10,481	7,609,487
Net assets released from restrictions:						
Satisfaction by expenditure	4,927	(4,927)	-	101,267	(101,267)	-
	-----	-----	-----	-----	-----	-----
	6,931,324	1,567	6,932,891	7,700,273	(90,786)	7,609,487
	-----	-----	-----	-----	-----	-----
Expenses:						
Program services:						
Tax credit scholarships to students	5,613,785	-	5,613,785	6,811,201	-	6,811,201
Non-tax credit awards to students	6,000	-	6,000	101,009	-	101,009
Other program costs	195,639	-	195,639	134,714	-	134,714
Charitable contributions	6,027	-	6,027	7,746	-	7,746
	-----	-----	-----	-----	-----	-----
Total program services	5,821,451	-	5,821,451	7,054,670	-	7,054,670
	-----	-----	-----	-----	-----	-----
Support services:						
Administration	323,918	-	323,918	345,303	-	345,303
Fundraising	162,385	-	162,385	183,754	-	183,754
	-----	-----	-----	-----	-----	-----
Total support services	486,303	-	486,303	529,057	-	529,057
	-----	-----	-----	-----	-----	-----
Total expenses	6,307,754	-	6,307,754	7,583,727	-	7,583,727
	-----	-----	-----	-----	-----	-----
Change in net assets	623,570	1,567	625,137	116,546	(90,786)	25,760
Net assets, beginning	3,850,037	364	3,850,401	3,733,491	91,150	3,824,641
	-----	-----	-----	-----	-----	-----
Net assets, ending	\$4,473,607	\$ 1,931	\$4,475,538	\$3,850,037	\$ 364	\$3,850,401
	=====	=====	=====	=====	=====	=====

See accompanying notes to the consolidated financial statements.

Arizona Private Education Scholarship Fund, Inc. and Affiliate  
Consolidated Statement of Functional Expenses - Modified Cash Basis  
For the year ended June 30, 2021  
(with summarized comparative totals for the year ended June 30, 2020)

	Program Services				Support Services			Totals		
	Tax Credit Scholarships to Students	Non-Tax Credit Awards	Other Program Costs	Charitable Contrib- utions	Total	Admin- istration	Fund- raising	Total	June 30, 2021	2020
Salaries and wages	\$ -	\$ -	\$104,434	\$ -	\$ 104,434	\$ 89,266	\$ 87,948	\$177,214	\$ 281,648	\$ 294,544
Other employee benefits	-	-	16,576	-	16,576	26,832	16,467	43,299	59,875	51,145
Payroll taxes	-	-	7,861	-	7,861	6,720	6,620	13,340	21,201	22,531
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<b>TOTAL EMPLOYEE RELATED EXPENSES</b>	-	-	128,871	-	128,871	122,818	111,035	233,853	362,724	368,220
Scholarships/grants to students	5,613,785	6,000	-	-	5,619,785	-	-	-	5,619,785	6,912,210
Grants to organizations	-	-	-	6,027	6,027	-	-	-	6,027	7,746
Accounting	-	-	-	-	-	27,437	-	27,437	27,437	39,220
Legal	-	-	-	-	-	1,652	-	1,652	1,652	12,837
Advertising and promotion	-	-	8,892	-	8,892	4,628	4,575	9,203	18,095	30,445
Bank fees	-	-	-	-	-	104,592	-	104,592	104,592	99,399
Office expense	-	-	13,702	-	13,702	9,748	8,940	18,688	32,390	22,219
Professional services	-	-	4,800	-	4,800	14,326	4,673	18,999	23,799	5,625
Information technology	-	-	24,376	-	24,376	20,833	20,531	41,364	65,740	30,735
Travel and Transportation	-	-	-	-	-	-	-	-	-	1,184
Insurance	-	-	166	-	166	5,208	139	5,347	5,513	9,968
Occupancy	-	-	12,551	-	12,551	10,727	10,571	21,298	33,849	37,539
Depreciation	-	-	2,281	-	2,281	1,949	1,921	3,870	6,151	6,380
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>TOTAL EXPENSES</b>	<b>\$5,613,785</b>	<b>\$6,000</b>	<b>\$195,639</b>	<b>\$6,027</b>	<b>\$5,821,451</b>	<b>\$323,918</b>	<b>\$162,385</b>	<b>\$486,303</b>	<b>\$6,307,754</b>	<b>\$7,583,727</b>
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See accompanying notes to the consolidated financial statements.

Arizona Private Education Scholarship Fund, Inc. and Affiliate  
Consolidated Statements of Cash Flows - Modified Cash Basis  
For the years ended June 30, 2021 and 2020

	June 30,	
	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 625,137	\$ 25,760
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Interest added to investments	-	(23,298)
Depreciation	6,151	6,380
Loss on sale of assets	5,414	-
Forgiveness of PPP loan	(60,000)	-
Increase (decrease) in credit card liabilities	(1,087)	(2,827)
Net cash provided by operating activities	575,615	6,015
Cash flows from investing activities:		
Purchases of equipment	(18,171)	(1,939)
Proceeds from sale of equipment	700	-
Proceeds from sale of investments - certificates of deposit	-	1,027,004
Net cash provided by (used in) investing activities	(17,471)	1,025,065
Cash flows from financing activities:		
Proceeds from PPP loan	-	60,000
Net cash provided by financing activities	-	60,000
Net increase in cash, cash equivalents and restricted cash	558,144	1,091,080
Cash, cash equivalents and restricted cash - beginning	3,898,312	2,807,232
Cash, cash equivalents and restricted cash - ending	\$4,456,456	\$3,898,312

See accompanying notes to the consolidated financial statements.

Arizona Private Education Scholarship Fund, Inc. and Affiliate  
Notes to Financial Statements  
For the years ended June 30, 2021 and 2020

(1) **Summary of Significant Accounting Policies**

**BASIS OF ACTIVITIES AND PRESENTATION** - The consolidated financial statements include Arizona Private Education Scholarship Fund, Inc. and STO Management Group, LLC and are collectively referred to in these financial statements as "APESF".

The affiliated entity has common management and shares the primary objective of providing scholarships to qualified students attending private schools in the state of Arizona. Arizona Private Education Scholarship Fund, Inc. is the sole member of STO Management Group, LLC.

The accompanying financial statements have been prepared on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned and certain expenses are recognized when cash is disbursed, rather than when the obligation is incurred. Under the modified cash basis of accounting, APESF capitalizes and depreciates its donated and purchased plant assets and recognizes liabilities for loans and credit cards.

APESF is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with APESF's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

**NATURE OF ACTIVITIES** - Arizona Private Education Scholarship Fund, Inc. is a School Tuition Organization developed under the guidelines provided in the Arizona Private School Tuition Tax Credit Law of 1997 as amended. Founded in 1998 to provide scholarships to qualified students attending private schools in the State of Arizona, its mission is to provide qualified students seeking a choice in their educational careers with the necessary financial support to be successful students and productive citizens in the community.

**CASH AND CASH EQUIVALENTS** - For purposes of the statement of cash flows, APESF considers all highly liquid investments without donor restrictions with an initial maturity of three months or less to be cash equivalents.

**USE OF ESTIMATES** - The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**PLANT ASSETS AND DEPRECIATION** - APESF capitalizes equipment with a cost of over \$1,000. Maintenance and repairs are charged to expense as incurred.

Depreciation is recorded based on the estimated useful life of the asset using the straight-line method.

See independent accountant's audit report.

(1) **Summary of Significant Accounting Policies (continued)**

**SUPPORT WITH DONOR RESTRICTIONS AND WITHOUT DONOR RESTRICTIONS** - Contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence and nature of donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Revenues, Expenses, and Other Changes in Net Assets - Modified Cash Basis as net assets released from restrictions.

**NON-CASH CONTRIBUTIONS** - Contributions of plant assets are recorded as support at their estimated fair value at the date of contribution. Such contributions are reported as support without donor restrictions unless the donor has restricted the asset to a specific purpose. Assets contributed with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those contributed assets must be maintained, APESF reports expirations of donor restrictions when the assets are placed in service as instructed by the donor. APESF reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

**EXPENSE ALLOCATIONS** - The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Support, Revenues and Expenses - Modified Cash Basis and the Statement of Functional Expenses - Modified Cash Basis. Accordingly, certain costs have been allocated among the programs and support services benefitted. Administration expenses include those expenses that are not directly identifiable with any specific program but provide for the overall support and direction of APESF. Fundraising expenses include allocable overhead costs and direct expenses related to soliciting contributions. Certain shared costs, as well as salaries and benefits, are allocated on the basis of estimates of time and effort.

**ADVERTISING COSTS** - Advertising costs are expensed when incurred.

**PAYCHECK PROTECTION PROGRAM (PPP)** - The Paycheck Protection Program (PPP) provided loans to help businesses keep their workforce in place during the Coronavirus (COVID-19) crisis. APESF has chosen to treat the proceeds as a loan and to follow the guidance in FASB ASC 450-30 which places the timing of the recognition of a gain contingency when all of the contingencies related to receipt of the assistance, including the Small Business Administration forgiveness of the loan, have been met and the gain is realized or realizable.

The receipt of any PPP amount will be treated as a loan. The proceeds from the loan will remain recorded as a liability until all contingencies are realized or realizable, at which time the earnings impact will be recognized.

**RECENT ACCOUNTING PRONOUNCEMENTS** - In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in ASU 2018-13 are effective for all nonprofit organizations for fiscal years beginning after December 15, 2019 and modified or removed certain disclosures. There was no effect on net assets from adopting this new accounting principle.

See independent accountant's audit report.



Arizona Private Education Scholarship Fund, Inc. and Affiliate  
Notes to Financial Statements  
For the years ended June 30, 2021 and 2020

(2) **Liquidity and Availability of Financial Assets**

The Organization has the following financial assets available within one year of the balance sheet date to meet cash needs for general expenditures:

	June 30,	
	2021	2020
Cash and cash equivalents	\$ 4,456,456	\$ 3,898,312
Less: amount to be expended or allocated within two years (Note 14)	(3,471,710)	(3,020,739)
	-----	-----
Financial assets available to meet cash needs for general expenditures within one year	\$ 984,746	\$ 877,573
		=====
=====		

Arizona State Law requires the Organization to expend at least 90% of its cumulative tax credit program contributions for grants or scholarships to children to allow them to attend any qualified school of their choice. The remaining 10% is available for general expenditures.

The Organization manages its liquid resources by employing a variety of measures. The Organization focuses on generating adequate contributions to cover the costs of its activities and monitors costs closely.

(3) **Cash and Cash Equivalents**

Cash and cash equivalents consists of the following:

	June 30,	
	2021	2020
Cash in checking accounts	\$ 697,391	\$ 151,059
Cash in money market account	3,759,065	3,310,426
Cash in savings account	-	436,827
	-----	-----
	\$4,456,456	\$3,898,312
	=====	=====

(4) **Federal Deposit Insurance Corporation (FDIC)**

The Organization maintains accounts at three banks. Cash of \$3,348,489 was held in excess of Federal Deposit Insurance Corporation (FDIC) limits at June 30, 2021.

(5) **Equipment, net**

Equipment is recorded at cost and is stated net of accumulated depreciation in the amount of \$63,432 as of June 30, 2021 and \$67,518 as of June 30, 2020. Depreciation expense was \$6,151 for the year ended June 30, 2021 and \$6,380 for the year ended June 30, 2020.

(6) **PPP Loan Payable**

In April 2020, APESF obtained a Small Business Administration Paycheck Protection Program (PPP) loan in the amount of \$60,000. The loan was forgiven in April 2021.

See independent accountant's audit report.

Arizona Private Education Scholarship Fund, Inc. and Affiliate  
Notes to Financial Statements  
For the years ended June 30, 2021 and 2020

(7) **Deductible Gifts and Income Tax Exemption**

Arizona Private Education Scholarship Fund, Inc. is exempt from Federal and State income tax as a 501(c)(3) organization. Bequests, legacies, devises, transfers, and gifts to APESF for which a State tax credit is not received are deductible for Federal estate and gift tax purposes. The Organization is not classified as a private foundation by the Internal Revenue Service. STO Management Group, LLC is a disregarded entity for Federal and State tax purposes and receives exemption from Arizona Private Education Scholarship Fund, Inc.

(8) **Uncertain Tax Positions**

APESF implemented accounting guidance related to uncertain tax positions. Using that guidance, tax provisions initially need to be recognized in the financial statements when it is more-likely-than-not that the position will not be sustained upon examination by the tax authorities.

As of June 30, 2021, APESF had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. APESF will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

(9) **Operating Lease/Subleases (Related Parties)**

APESF relocated in 2021 and leased office space from an unrelated party under a lease expiring June 30, 2026 at a monthly cost of approximately \$3,000. The lease contains two renewal periods, with each term being three years. Total payments under the operating lease were \$43,971 for the year ended June 30, 2021 and \$47,200 for the year ended June 30, 2020.

Future payments on the lease are as follows:

Year ending June 30,	
2022	\$ 35,032
2023	36,083
2024	37,170
2025	38,282
2026	39,429
	-----
	\$189,996
	=====

Under the previous lease, APESF held two subleases with related parties. Total rental income received under the subleases was \$10,582 for the year ended June 30, 2021 and \$18,033 for the year ended June 30, 2020. Both of the subleases were with companies owned by board members. One of the subleases was terminated March 31, 2020 and the other sublease was terminated on February 28, 2021.

(10) **Operating Leases-Equipment**

APESF leases equipment under leases expiring through March 2025 at a monthly cost of \$635. Total payments under the operating leases were \$8,627 for the year ended June 30, 2021 and \$8,682 for the year ended June 30, 2020.

See independent accountant's audit report.

Arizona Private Education Scholarship Fund, Inc. and Affiliate  
Notes to Financial Statements  
For the years ended June 30, 2021 and 2020

(10) **Operating Leases-Equipment (continued)**

Future payments on the leases are as follows:

<u>Year ending</u> <u>June 30,</u>	
2022	\$ 6,435
2023	2,878
2024	2,878
2025	1,919
	-----
	\$14,110
	=====

(11) **Related Party Transactions**

Office space was used by APESF and a board member's company. The board member's company paid for a proportionate share of telephone expenses for the space. The board member's company owed APESF \$573 as of June 30, 2020 for reimbursable expenses. The shared office space and telephone expenses ended on February 28, 2021.

(12) **Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted to further the educational efforts for students in Arizona outside of the tax credit program as of June 30, 2021 and June 30, 2020.

(13) **Contributions**

For the years ended June 30, 2021 and June 30, 2020, APESF received contributions under the following programs:

	June 30,	
	2021	2020
Total individual income tax credit contributions	\$2,597,506	\$2,620,215
Total switcher individual income tax credit contributions	1,990,217	1,939,159
Total low-income corporate income tax credit contributions	2,151,300	2,140,000
Total disabled/displaced corporate income tax credit contributions	10,000	780,900
	-----	-----
	\$6,749,023	\$7,480,274
Other contributions	113,442	83,422
	-----	-----
Total	\$6,862,465	\$7,563,696
	=====	=====

See independent accountant's audit report.

Arizona Private Education Scholarship Fund, Inc. and Affiliate  
Notes to Financial Statements  
For the years ended June 30, 2021 and 2020

(14) **Commitments, Contingencies and Concentrations**

Under Arizona State Law for Student Tuition Organizations, Arizona Private Education Scholarship Fund, Inc. is required to expend or allocate at least 90% of each program's tax credit contributions within two years for educational scholarships or tuition grants to children to allow them to attend any qualified school of their choice. As of June 30, 2021, the Organization had spent over 90% of its cumulative revenues as required under state law. A total of \$3,471,710 must be expended or allocated by June 30, 2023.

A law change reducing the donors' State tax credit or changing other aspects of the law related to contributions to Student Tuition Organizations could have a significant effect on the ability of APESF to raise funds.

Substantially all contributions come from donors located in Arizona.

(15) **Subsequent Events**

Subsequent events were evaluated by management through November 29, 2021 which is the date the financial statements were available to be issued.

See independent accountant's audit report.

# SUPPLEMENTARY INFORMATION

**MONICA J. STERN, CPA, PLLC**  
CERTIFIED PUBLIC ACCOUNTANT  
11225 NORTH 28<sup>TH</sup> DRIVE, SUITE A-100  
PHOENIX, ARIZONA 85029

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION**

Board of Directors  
Arizona Private Education Scholarship Fund, Inc. and Affiliate

I have audited the consolidated financial statements of Arizona Private Education Scholarship Fund, Inc. and Affiliate as of and for the years ended June 30, 2021 and 2020, and have issued my reports thereon dated November 29, 2021 and December 17, 2020, which contained an unmodified opinion on those financial statements. My audits were performed for the purpose of forming an opinion on the financial statements as a whole.

The Consolidating Statements of Assets, Liabilities and Net Assets - Modified Cash Basis and the Consolidating Statements of Revenues, Expenses, and Other Changes in Net Assets - Modified Cash Basis are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with the modified cash basis of accounting. In my opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Monica J. Stern, CPA, PLLC*

November 29, 2021

Arizona Private Education Scholarship Fund, Inc. and Affiliate  
Consolidating Statement of Assets, Liabilities and  
Net Assets - Modified Cash Basis  
June 30, 2021

<b><u>Assets</u></b>	Arizona Private Education Scholarship Fund	STO Management Group, LLC	<u>Eliminations</u>	<u>Total</u>
Cash and cash equivalents	\$3,475,483	\$ 980,973	\$ -	\$4,456,456
Due from STO Management Group, LLC	1,369,521	-	(1,369,521)	-
Equipment, net	-	19,082	-	19,082
	-----	-----	-----	-----
Total assets	\$4,845,004	\$1,000,055	\$(1,369,521)	\$4,475,538
	=====	=====	=====	=====
 <b><u>Liabilities and Net Assets</u></b>				
Due to Arizona Private Education Scholarship Fund, Inc.	\$ -	\$1,369,521	\$(1,369,521)	\$ -
	-----	-----	-----	-----
Total liabilities	-	1,369,521	(1,369,521)	-
	-----	-----	-----	-----
Net Assets:				
Without donor restrictions	4,843,073	(369,466)	-	4,473,607
With donor restrictions	1,931	-	-	1,931
	-----	-----	-----	-----
Total net assets (deficit)	4,845,004	(369,466)	-	4,475,538
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Total liabilities and net assets	\$4,845,004	\$1,000,055	\$(1,369,521)	\$4,475,538
	=====	=====	=====	=====

See independent accountant's audit report on supplementary information.

Arizona Private Education Scholarship Fund, Inc. and Affiliate  
Consolidating Statement of Revenues, Expenses, and Other Changes in Net Assets -  
Modified Cash Basis - Totals Only  
For the year ended June 30, 2021

	Arizona Private Education Scholarship Fund	STO Management Group, LLC	Elimination	Total
Support and Revenue:				
Contributions	\$6,862,465	\$ -	\$ -	\$6,862,465
SBA grant income (PPP)	60,000	-	-	60,000
Management service fee	-	564,694	(564,694)	-
Interest income	13,848	1,992	-	15,840
Loss on sale of assets	-	(5,414)	-	(5,414)
	-----	-----	-----	-----
Total support and revenue	\$6,936,313	\$ 561,272	\$(564,694)	\$6,932,891
	-----	-----	-----	-----
Expenses:				
Program services:				
Tax credit scholarships to students	5,613,785	-	-	5,613,785
Non-tax credit awards to students	-	6,000	-	6,000
Other program costs	-	195,639	-	195,639
Charitable contributions	4,927	1,100	-	6,027
	-----	-----	-----	-----
Total programs	5,618,712	202,739	-	5,821,451
	-----	-----	-----	-----
Support services:				
Administration	668,874	219,738	(564,694)	323,918
Fundraising	-	162,385	-	162,385
	-----	-----	-----	-----
Total support services	668,874	382,123	(564,694)	486,303
	-----	-----	-----	-----
Total expenses	6,287,586	584,862	(564,694)	6,307,754
	-----	-----	-----	-----
Change in net assets	648,727	(23,590)	-	625,137
Net assets, beginning	4,196,277	(345,876)	-	3,850,401
	-----	-----	-----	-----
Net assets, ending	\$4,845,004	\$(369,466)	\$ -	\$4,475,538
	=====	=====	=====	=====

See independent accountant's audit report on supplementary information.



Arizona Private Education Scholarship Fund, Inc. and Affiliate  
Consolidating Statement of Assets, Liabilities and  
Net Assets - Modified Cash Basis  
June 30, 2020

<b>Assets</b>	Arizona Private Education Scholarship Fund	STO Management Group, LLC	Eliminations	Total
Cash and cash equivalents	\$2,907,756	\$ 990,556	\$ -	\$3,898,312
Due from STO Management Group, LLC	1,348,521	-	(1,348,521)	-
Equipment, net	-	13,176	-	13,176
	-----	-----	-----	-----
Total assets	\$4,256,277	\$1,003,732	\$(1,348,521)	\$3,911,488
	=====	=====	=====	=====
 <b>Liabilities and Net Assets</b>				
Due to Arizona Private Education Scholarship Fund, Inc.	\$ -	\$1,348,521	\$(1,348,521)	\$ -
Credit card liability	-	1,087	-	1,087
PPP loan payable	60,000	-	-	60,000
	-----	-----	-----	-----
Total liabilities	60,000	1,349,608	(1,348,521)	61,087
	-----	-----	-----	-----
Net Assets:				
Without donor restrictions	4,196,277	(346,240)	-	3,850,037
With donor restrictions	-	364	-	364
	-----	-----	-----	-----
Total net assets (deficit)	4,196,277	(345,876)	-	3,850,401
	-----	-----	-----	-----
Total liabilities and net assets	\$4,256,277	\$1,003,732	\$(1,348,521)	\$3,911,488
	=====	=====	=====	=====

See independent accountant's audit report on supplementary information.

Arizona Private Education Scholarship Fund, Inc. and Affiliate  
Consolidating Statement of Revenues, Expenses, and Other Changes in Net Assets -  
Modified Cash Basis - Totals Only  
For the year ended June 30, 2020

	Arizona Private Education Scholarship Fund	STO Management Group, LLC	Elimination	Total
Support and Revenue:				
Contributions	\$7,563,696	\$ -	\$ -	\$7,563,696
Management service fee	-	565,000	(565,000)	-
Interest income	32,910	12,881	-	45,791
	-----	-----	-----	-----
Total support and revenue	\$7,596,606	\$ 577,881	\$(565,000)	\$7,609,487
	-----	-----	-----	-----
Expenses:				
Program services:				
Tax credit scholarships to students	6,811,201	-	-	6,811,201
Non-tax credit awards to students	9,859	91,150	-	101,009
Other program costs	-	134,714	-	134,714
Charitable contributions	-	7,746	-	7,746
	-----	-----	-----	-----
Total programs	6,821,060	233,610	-	7,054,670
	-----	-----	-----	-----
Support services:				
Administration	663,415	246,888	(565,000)	345,303
Fundraising	-	183,754	-	183,754
	-----	-----	-----	-----
Total support services	663,415	430,642	(565,000)	529,057
	-----	-----	-----	-----
Total expenses	7,484,475	664,252	(565,000)	7,583,727
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Change in net assets	112,131	(86,371)	-	25,760
Net assets, beginning	4,084,146	(259,505)	-	3,824,641
	-----	-----	-----	-----
Net assets, ending	\$4,196,277	\$(345,876)	\$ -	\$3,850,401
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See independent accountant's audit report on supplementary information.