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SCHOLARSHIP AMERICA, INC.
Financial Statements and Supplemental Schedules
June 30, 2008 and 2007
(With Independent Auditors' Report Thereon)

SCHOLARSHIP AMERICA, INC.

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KPMG LLP
4200 Wells Fargo Center
90 South Seventh Street
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Independent Auditors' Report

The Board of Trustees
Scholarship America, Inc.
St. Peter, Minnesota:

We have audited the accompanying statements of financial position of Scholarship America, Inc. (Scholarship America) as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Scholarship America's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Scholarship America's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scholarship America as of June 30, 2008 and 2007, and its changes in net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP

September 7, 2008

SCHOLARSHIP AMERICA, INC.

Statements of Financial Position

June 30, 2008 and 2007

Assets	<u>2008</u>	<u>2007</u>
Current assets:		
Cash and cash equivalents	\$ 33,547,932	31,338,725
Accounts, interest, and other receivables	2,941,225	3,011,270
Contributions receivable, net (note 3)	903,353	914,293
Prepaid expenses and other assets	236,705	159,856
Total current assets	<u>37,629,215</u>	<u>35,424,144</u>
Contributions receivable, less current portion, net (note 3)	<u>756,963</u>	<u>1,009,604</u>
Investments (note 4)	<u>151,013,448</u>	<u>154,327,452</u>
Cash value of life insurance	<u>242,525</u>	<u>269,551</u>
Property and equipment:		
Land	329,436	329,436
Building and improvements	4,578,663	4,524,543
Furniture and equipment	3,284,250	3,190,862
	<u>8,192,349</u>	<u>8,044,841</u>
Less accumulated depreciation	<u>5,011,425</u>	<u>4,712,043</u>
Property and equipment, net	<u>3,180,924</u>	<u>3,332,798</u>
Total assets	<u>\$ 192,823,075</u>	<u>194,363,549</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 652,536	624,030
Accrued expenses	219,053	182,553
Current portion of long-term debt (note 6)	79,524	82,020
Scholarships payable	18,055,341	20,113,674
Refundable deposits	19,982,698	17,260,127
Total current liabilities	<u>38,989,152</u>	<u>38,262,404</u>
Long-term debt (note 6)	<u>1,873,542</u>	<u>1,952,329</u>
Total liabilities	<u>40,862,694</u>	<u>40,214,733</u>
Commitments (note 7)		
Net assets:		
Unrestricted:		
Designated for endowment	1,173,698	1,259,954
Undesignated	7,143,367	6,120,052
Total unrestricted	<u>8,317,065</u>	<u>7,380,006</u>
Temporarily restricted (note 5)	124,517,661	129,307,273
Permanently restricted (note 5)	19,125,655	17,461,537
Total net assets	<u>151,960,381</u>	<u>154,148,816</u>
Total liabilities and net assets	<u>\$ 192,823,075</u>	<u>194,363,549</u>

See accompanying notes to financial statements.

SCHOLARSHIP AMERICA, INC.

Statements of Activities

Years ended June 30, 2008 and 2007

	2008	2007
Changes in unrestricted net assets:		
Total scholarships raised	\$ 144,513,035	145,342,295
Less scholarships designated by donors for specific beneficiaries	(65,986,338)	(58,821,722)
Scholarship revenue	78,526,697	86,520,573
Program management fees	9,318,457	8,535,306
Investment income (note 4)	1,528,686	1,696,793
Contributions	439,062	449,351
Other income	498,688	444,070
Dollars for Scholars®	367,454	402,199
ScholarShop®	34,843	12,380
Revenues and support	90,713,887	98,060,672
Net assets released from restrictions:		
Satisfaction of program restrictions	13,670,706	12,436,001
Total unrestricted revenues and support	104,384,593	110,496,673
Expenses:		
Program services:		
Total scholarship distributions	156,445,331	155,431,923
Less scholarships designated by donors for specific beneficiaries	(65,986,338)	(58,821,722)
Scholarship awards	90,458,993	96,610,201
Scholarship Management Services™	4,299,226	3,943,832
Dollars for Scholars®	2,222,424	2,121,552
ScholarShop®	74,422	199,372
Supporting services:		
General and administration	4,755,266	4,349,690
Fund-raising	1,637,203	1,388,649
Total expenses	103,447,534	108,613,296
Change in unrestricted net assets	937,059	1,883,377
Changes in temporarily restricted net assets:		
Contributions and project grants	8,247,134	7,055,115
Investment income (note 4)	633,960	14,618,036
Net assets released from restrictions:		
Satisfaction of program restrictions	(13,670,706)	(12,436,001)
Change in temporarily restricted net assets	(4,789,612)	9,237,150
Changes in permanently restricted net assets:		
Endowment contributions	1,664,118	647,703
Change in permanently restricted net assets	1,664,118	647,703
Change in net assets	(2,188,435)	11,768,230
Net assets:		
Balance at beginning of year	154,148,816	142,380,586
Balance at end of year	\$ 151,960,381	154,148,816

See accompanying notes to financial statements.

SCHOLARSHIP AMERICA, INC.

Statements of Cash Flows

Years ended June 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Change in net assets	\$ (2,188,435)	11,768,230
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	299,381	329,894
Unrealized losses (gains) on investments	5,929,888	(9,710,024)
Realized gains on sale of investments	(869,875)	(1,556,751)
Scholarships distributed and designated by donors for specific beneficiaries	(65,986,338)	(58,821,722)
Scholarships raised and designated by donors for specific beneficiaries	65,986,338	58,821,722
Permanently restricted contributions	(1,664,118)	(647,703)
Changes in assets and liabilities:		
Accounts, interest, and other receivables	70,045	(322,680)
Contributions receivable	263,581	96,561
Prepaid expenses and other assets	(76,849)	524,482
Cash value of life insurance	27,026	(17,216)
Accounts payable	28,506	203,414
Scholarships payable	(2,058,333)	4,637,842
Accrued expenses	36,500	(319,649)
Refundable deposits	2,722,571	1,784,081
Net cash provided by operating activities	2,519,888	6,770,481
Cash flows from investing activities:		
Purchase of investments	(13,832,005)	(10,191,130)
Proceeds from sale of investments	12,085,996	10,370,829
Purchase of property and equipment	(147,507)	(124,217)
Net cash (used in) provided by investing activities	(1,893,516)	55,482
Cash flows from financing activities:		
Contributions received	1,664,118	647,703
Repayments of long-term debt	(81,283)	(88,248)
Net cash provided by financing activities	1,582,835	559,455
Increase in cash and cash equivalents	2,209,207	7,385,418
Cash and cash equivalents at beginning of year	31,338,725	23,953,307
Cash and cash equivalents at end of year	\$ 33,547,932	31,338,725
Supplemental cash flow information:		
Cash paid during the year for interest	\$ 113,992	118,131

See accompanying notes to financial statements.

SCHOLARSHIP AMERICA, INC.

Notes to Financial Statements

June 30, 2008 and 2007

(1) Organization

Scholarship America, Inc. (Scholarship America) is a nonprofit corporation organized under the laws of the Commonwealth of Massachusetts to mobilize America through scholarships and educational support to make postsecondary education possible for all students. Until January 2003, the corporation was known as Citizens' Scholarship Foundation of America.

The financial statements include the Dollars for Scholars® regional offices that provide national support to Dollars for Scholars® chapters. The financial statements do not include assets, liabilities, revenues, or expenses of the individual Dollars for Scholars® chapters, because these chapters are treated as independent organizations.

In fiscal year 2002, the Families of Freedom Scholarship Fund (the Fund) was created to provide education assistance for postsecondary study to financially needy dependents of those killed or permanently disabled as a result of the terrorist attacks on September 11, 2001, and during the rescue activities related to those attacks. The Fund is intended for children and spouses of the victims, including airplane crew and passengers, World Trade Center and Pentagon workers and visitors, and rescue workers, including firefighters, emergency medical personnel, and law enforcement personnel. Assistance from the Fund must be used to defray costs of education at accredited colleges, universities, or vocational-technical schools based in the United States. Scholarship America may from time to time assess a charge to income of the Fund in an amount reasonably calculated to reimburse Scholarship America's direct and indirect costs incurred in the administration of the Fund.

(2) Summary of Significant Accounting Policies

The accounting policies of Scholarship America conform to U.S. generally accepted accounting principles. The significant accounting policies followed by Scholarship America are set forth below.

(a) *Basis of Presentation*

The financial statements of Scholarship America have been prepared on the accrual basis of accounting.

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

Unrestricted Net Assets

This classification contains net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets

This classification includes net assets that have been restricted by donors for specific purposes or are not available for use until a specific time. These consist primarily of contributions, project grants, and investment income.

SCHOLARSHIP AMERICA, INC.

Notes to Financial Statements

June 30, 2008 and 2007

Permanently Restricted Net Assets

This classification includes net assets that have been restricted by donors who stipulate the resources be maintained permanently by Scholarship America.

(b) Accounting for Scholarships

Scholarship America follows the guidance of Statement of Financial Accounting Standards (SFAS) No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, for its scholarship programs. Under SFAS No. 136, scholarship programs where the beneficiary has been specified by the donor or the determination of the beneficiary is under the control of another third party are treated as agency transactions and are not reported as scholarship revenues or scholarship distribution expenses in the statements of activities unless Scholarship America has variance power with respect to the determination of the beneficiary. Variance power is the unilateral ability to redirect the use of the transferred assets to another beneficiary.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in bank accounts and temporary investments with original maturities of less than three months when purchased.

(d) Investments

Investments are reported at fair value based on quoted market prices or net asset values for mutual funds at the report date with certificate of deposits reported at cost, which approximates fair value.

(e) Property and Equipment

Expenditures for the acquisition of property and equipment are capitalized at cost. Donated property and equipment is capitalized at fair value on the date of receipt. Depreciation is provided using the straight-line method over estimated useful lives as follows:

	<u>Years</u>
Building and improvements	35
Furniture and equipment	3-12

(f) Contributed Services

A number of volunteers have made significant donations of their time to program and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected in the accompanying financial statements.

(g) Contributions

Contributions, which include unconditional promises to give, are recognized as revenues in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor.

SCHOLARSHIP AMERICA, INC.

Notes to Financial Statements

June 30, 2008 and 2007

Promises to give are recorded as contributions receivable using a discount rate of 5%. Additionally, an allowance for uncollectible contributions is provided based on management's judgment, including factors such as prior collection history and nature of fundraising activity.

Contributions with donor-imposed restrictions, such as time or purpose restrictions, are recorded as temporarily restricted net assets. When a donor-imposed time restriction expires, or a donor-imposed purpose restriction is fulfilled, the temporarily restricted net assets are reclassified to unrestricted net assets. This reclassification is reported as net assets released from restriction on the statements of activities.

Contributions of land, buildings, and equipment are recorded as unrestricted net assets unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Scholarship America reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

(h) *Scholarships Payable and Refundable Deposits*

Scholarships payable represent awards that have been made that Scholarship America has not yet distributed to the beneficiaries. Refundable deposits represent amounts held by Scholarship America for scholarship programs that, under terms of the program agreement, are refundable or revocable at the discretion of the resource provider. Refundable deposits also include amounts held by Scholarship America in connection with agreements that have stipulations that the assets be passed on to specific beneficiaries.

(i) *Program Management Fees*

Program management fees are recognized as revenue as the fees are earned. Approximately two-thirds of the program management fees are recognized as the program is developed and applications are processed, with the remaining one-third being recognized after final scholarship distributions have been made.

(j) *Grants*

Restricted grants are recognized as revenue and support only to the extent that expenses have been incurred during the period for the purpose specified.

(k) *Functional Expenses*

Scholarship America's financial statements segregate expenses by function, including general, administration, and fund-raising. Expenses are charged directly to specific functions when practicable. Expenses not identified as relating to specific functions are allocated primarily based on direct salary costs.

SCHOLARSHIP AMERICA, INC.

Notes to Financial Statements

June 30, 2008 and 2007

(l) Estimates

The preparation of 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 the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(m) Income Tax Status

Scholarship America is a nonprofit organization exempt from federal income tax under Internal Revenue Code Section 501(c)(3), is a publicly supported organization under Internal Revenue Code Section 170(b)(1)(A)(vi), and is not a private foundation as defined in Section 509(a) of the Internal Revenue Code.

(n) Retirement Plan

Scholarship America has a 403(b) annuity retirement plan that covers substantially all employees. Employee participation is optional. Scholarship America contributes an amount equal to 4% of the employee's annual salary, which resulted in Scholarship America's contributions to the plan totaling \$241,463 and \$203,315 for the years ended June 30, 2008 and 2007, respectively.

(o) Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents; accounts, interest, and other receivables; accounts payable and accrued expenses; scholarships payable; and refundable deposits approximate fair value because of the short maturity of these financial instruments. The fair value of cash surrender values of insurance policies is based upon market information provided from the respective insurance companies. Contributions receivable are recorded at fair value, using an appropriate discount rate. Investments are carried at fair value, as indicated in note 2(d).

(p) New Accounting Pronouncements

In August 2008, the FASB issued FASB Staff Position No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (the FSP). The FSP provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006. A key component of the FSP is a requirement to classify the portion of investment return from donor-restricted endowment funds that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure. Scholarship America does not expect the adoption of the FSP will have a material impact on the measurement of amounts reported in the statements of financial position or statements of activities. The FSP also requires expanded disclosures for all endowment funds.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 provides enhanced guidance for using fair value to measure assets and liabilities. SFAS 157 provides a common definition of fair value and establishes a framework to make the

SCHOLARSHIP AMERICA, INC.

Notes to Financial Statements

June 30, 2008 and 2007

measurement of fair value in U.S. generally accepted accounting principles more consistent and comparable. SFAS 157 also requires expanded disclosures to provide information about the extent to which fair value is used to measure assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings. SFAS 157 is effective for the fiscal year beginning July 1, 2008. Scholarship America does not expect the adoption of SFAS 157 will have a material impact on the measurement of amounts reported in the statements of financial position or statements of activities.

(3) Contributions Receivable

Contributions are to be collected during the following periods at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Less than one year	\$ 950,898	962,413
One to five years	380,000	672,818
Greater than five years	750,000	750,000
	<u>2,080,898</u>	<u>2,385,231</u>
Less:		
Discounts for the time value of money	333,197	360,076
Allowance for uncollectible contributions	87,385	101,258
	<u>\$ 1,660,316</u>	<u>1,923,897</u>

(4) Investments and Investment Income

Investments consisted of the following at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
U.S. government obligations	\$ 14,455,409	13,411,613
Municipal bonds	650,000	—
Equity mutual funds	45,899,441	53,415,056
Bond mutual funds, bonds, and commercial paper	81,088,623	78,198,441
Money market and certificates of deposit	8,919,975	9,302,342
	<u>\$ 151,013,448</u>	<u>154,327,452</u>

SCHOLARSHIP AMERICA, INC.

Notes to Financial Statements

June 30, 2008 and 2007

Investment income is recorded in the statements of activities and is comprised of the following for the years ended June 30, 2008 and 2007:

	Interest and dividends	Unrealized gain (loss)	Realized gain (loss)	Total
2008:				
Unrestricted	\$ 1,651,665	(84,812)	(38,167)	1,528,686
Temporarily restricted	5,570,994	(5,845,076)	908,042	633,960
2007:				
Unrestricted	\$ 1,639,282	(143,944)	201,455	1,696,793
Temporarily restricted	3,408,772	9,853,968	1,355,296	14,618,036

(5) Net Assets

Temporarily restricted net assets are available at June 30, 2008 and 2007 for the following purposes:

	2008	2007
Scholarships	\$ 121,729,977	126,830,694
Regions	670,607	896,911
Other projects	2,117,077	1,579,668
Total	\$ 124,517,661	129,307,273

Permanently restricted net asset balances at June 30, 2008 and 2007 and the purposes for which the income can be used are as follows:

	2008	2007
Scholarships	\$ 17,447,925	15,783,807
Regions	1,677,730	1,677,730
Total	\$ 19,125,655	17,461,537

SCHOLARSHIP AMERICA, INC.

Notes to Financial Statements

June 30, 2008 and 2007

(6) Long-Term Debt

A summary of long-term debt as of June 30, 2008 and 2007 is as follows:

	2008	2007
Note payable to The First National Bank of St. Peter with interest at 5.75%, payable in semi-annual installments of \$90,000 through September 2025. Such payments are secured by a mortgage and security interest granted to the creditor by Scholarship America.	\$ 1,943,077	2,007,548
Note payable to the City of St. Peter with interest at 3.00%, payable in monthly installments of \$1,448 through January 2009. Such payments are secured by a mortgage and security interest granted to the creditor by Scholarship America.	9,989	26,801
	1,953,066	2,034,349
Less current maturities	(79,524)	(82,020)
	\$ 1,873,542	1,952,329

Aggregate annual maturities of long-term debt are as follows:

2009	\$ 79,524
2010	73,332
2011	77,610
2012	81,915
2013	87,132
Thereafter	1,553,553
	\$ 1,953,066

SCHOLARSHIP AMERICA, INC.

Notes to Financial Statements

June 30, 2008 and 2007

(7) Leases

Rental expense for office space was \$438,678 and \$258,189 for the years ended June 30, 2008 and 2007, respectively. Lease agreements having an original term of more than one year expire on various dates through fiscal year 2014. Minimum annual payments under terms of these operating leases are as follows:

Year ending June 30:		
2009	\$	245,906
2010		213,210
2011		91,132
2012		92,368
2013		95,278
Thereafter		98,188
	\$	<u>836,082</u>

(8) Supporting Services Expense Ratios

Scholarship America's supporting services expense ratios as a percentage of unrestricted revenues and support, excluding scholarships designated by donors for specific beneficiaries, for the years ended June 30, 2008 and 2007 are as follows:

	2008		2007	
General and administration	\$ 4,755,266	4.56%	\$ 4,349,690	3.94%
Fund-raising	<u>1,637,203</u>	<u>1.57</u>	<u>1,388,649</u>	<u>1.26</u>
Total	<u>\$ 6,392,469</u>	<u>6.13%</u>	<u>\$ 5,738,339</u>	<u>5.20%</u>
Unrestricted revenues and support, excluding scholarships designated by donors for specific beneficiaries	<u>\$ 104,384,593</u>		<u>\$ 110,496,673</u>	

Fund-raising costs also include costs related to the generation of scholarships raised and designated by donors for specific beneficiaries.

SCHOLARSHIP AMERICA, INC.
Families of Freedom Scholarship Fund
Schedule of Financial Position
June 30, 2008

Assets

Current assets:		
Cash and cash equivalents		\$ 474,469
Contributions receivable, net		<u>617,500</u>
Total current assets		1,091,969
Contributions receivable, less current portion, net		731,091
Investments		<u>104,927,008</u>
Total assets		<u>\$ 106,750,068</u>

Liabilities and Net Assets

Refundable deposits		\$ 6,137,079
Net assets:		
Temporarily restricted		<u>100,612,989</u>
Total liabilities and net assets		<u>\$ 106,750,068</u>

See accompanying independent auditors' report.

SCHOLARSHIP AMERICA, INC.
 Families of Freedom Scholarship Fund
 Schedule of Activities
 Year ended June 30, 2008

Changes in unrestricted net assets:	
Net assets released from restrictions:	
Satisfaction of program restrictions	\$ <u>8,077,643</u>
Total unrestricted revenues and support	<u>8,077,643</u>
Expenses:	
Program services:	
Scholarship awards	7,835,845
Scholarship Management Services™	110,454
Supporting services:	
General and administration	130,264
Fund-raising	<u>1,080</u>
Total expenses	<u>8,077,643</u>
Change in unrestricted net assets	<u>—</u>
Changes in temporarily restricted net assets:	
Contributions for scholarships	1,581,912
Investment income	599,989
Net assets released from restrictions:	
Satisfaction of program restrictions	<u>(8,077,643)</u>
Change in temporarily restricted net assets	<u>(5,895,742)</u>
Change in net assets	<u>(5,895,742)</u>
Net assets:	
Balance at beginning of year	<u>106,508,731</u>
Balance at end of year	<u>\$ <u>100,612,989</u></u>

See accompanying independent auditors' report.

SCHOLARSHIP AMERICA, INC.

Schedule of Functional Expenses
Year ended June 30, 2008

	Scholarship awards	Program services			Supporting services		Total
		Scholarship Management Services™	Dollars for Scholars®	ScholarShop®	General and administrative	Fund-raising	
Scholarship awards	\$ 90,458,993						90,458,993
Personnel	—	3,067,888	1,294,424	39,506	2,043,340	—	7,506,723
Meetings and travel	—	132,047	279,011	2,423	426,214	1,061,565	994,294
Telephone	—	39,429	33,882	1,515	26,092	25,799	126,717
Printing	—	149,490	58,545	797	39,585	9,973	258,390
Professional services	—	108,696	188,316	—	1,652,886	221,880	2,171,778
Publications and promotions	—	4,007	135,644	351	22,748	28,528	191,278
Cost of sales	—	—	1,559	7,657	—	—	9,216
Postage	—	215,566	37,994	3,220	18,424	4,525	279,729
Occupancy	—	139,098	94,618	5,024	290,973	92,409	622,122
Insurance	—	41,195	16,560	1,583	15,693	6,732	81,763
Supplies and equipment	—	126,897	39,216	2,857	62,493	4,331	235,794
Dues and subscriptions	—	2,556	7,790	100	15,203	13,324	38,973
Depreciation	—	168,133	27,258	6,110	88,388	9,492	299,381
Miscellaneous	—	104,224	7,607	3,279	53,227	4,046	172,383
Total expenses	\$ 90,458,993	4,299,226	2,222,424	74,422	4,755,266	1,637,203	103,447,534

See accompanying independent auditors' report.

SCHOLARSHIP AMERICA, INC.

Dollars for Scholars® Chartered Regions Financial Report

Year ended June 30, 2008

	New England	Iowa	New York	Northwest	California	Minnesota	Indiana	Illinois	Total
Revenues:									
Grants and contributions	\$ 35,353	57,651	6,323	103,042	108,550	—	187,941	260,325	759,185
Dues	49,170	27,870	26,048	23,370	11,035	—	14,660	11,930	164,083
Interest and gains	17,746	8,105	982	1,093	1,855	—	20,543	5,951	56,275
Total revenues	102,269	93,626	33,353	127,505	121,440	—	223,144	278,206	979,543
Expenses:									
Staff	144,185	84,154	89,296	193,861	156,888	—	153,683	76,379	898,446
Travel	2,134	7,312	6,278	5,289	4,575	—	5,439	21,252	52,279
Program	22,984	17,232	6,784	29,994	24,090	—	103,183	142,693	346,960
Office	23,925	16,657	9,955	34,324	25,716	—	3,973	8,392	122,942
Total expenses	193,228	125,355	112,313	263,468	211,269	—	266,278	248,716	1,420,627
(Deficit) excess	(90,959)	(31,729)	(78,960)	(135,963)	(89,829)	—	(43,134)	29,490	(441,084)
Transfer to national office	—	—	—	—	—	(1,619)	—	—	(1,619)
Net assets at beginning of year	1,680,563	210,820	(3,112)	18,029	78,637	1,619	629,982	139,836	2,756,374
Net assets at end of year	\$ 1,589,604	179,091	(82,072)	(117,934)	(11,192)	—	586,848	169,326	2,313,671

See accompanying independent auditors' report.