

Financial Statements  
and Other Financial Information

**Southern Scholarship Foundation, Inc.**

*Year ended December 31, 2018  
with Report of Independent Auditors*



Southern Scholarship Foundation, Inc.

Financial Statements  
and Other Financial Information

Year ended December 31, 2018

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## Report of Independent Auditors

Board of Directors  
Southern Scholarship Foundation, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Southern Scholarship Foundation, Inc. (the Foundation) which comprise the statement of financial position as of December 31, 2018, the related statements of activities and changes in net assets, functional expenses, 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.

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### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern Scholarship Foundation, Inc. as of December 31, 2018, 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.

### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, in 2018, the Foundation adopted new accounting guidance, ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of buildings is presented for purposes of additional analysis and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Thomas Howell Ferguson P.A.*

Tallahassee, Florida  
April 25, 2019

Southern Scholarship Foundation, Inc.

Statement of Financial Position

December 31, 2018

**Assets**

Current assets:

Cash and cash equivalents	\$ 1,591,884
Accounts and contributions receivable	309,062
Prepaid expenses and other assets	29,828
Short-term investments	<u>99,773</u>
Total current assets	2,030,547

Property and equipment, net	4,951,937
Investments	9,503,708
Other long-term receivables	<u>442,985</u>
Total assets	<u>\$ 16,929,177</u>

**Liabilities and net assets**

Current liabilities:

Accounts payable	\$ 50,781
Accrued expenses	25,713
Unearned revenue	184,651
Other current liabilities	<u>180,053</u>
Total current liabilities	441,198

Net assets:

Without donor restrictions	
Undesignated	5,891,840
With donor restrictions	
Perpetual in nature	7,666,923
Restricted for purpose or time	2,989,944
Underwater endowments	<u>(60,728)</u>
	10,596,139
Total net assets	<u>16,487,979</u>
Total liabilities and net assets	<u>\$ 16,929,177</u>

*See accompanying notes.*

Southern Scholarship Foundation, Inc.

Statement of Activities and Changes in Net Assets

Year ended December 31, 2018

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>Changes in net assets:</b>			
Revenues and other support:			
Contribution revenue	\$ 622,919	\$ 539,396	\$ 1,162,315
Investment income, net	(323,991)	(102,660)	(426,651)
Fee revenue	434,392	-	434,392
In-kind contributions	113,578	-	113,578
Miscellaneous income	26,816	1,692	28,508
Grant revenue	14,235	-	14,235
Gain on sale of assets	566,636	-	566,636
Insurance proceeds	43,738	-	43,738
Net assets released from restrictions	<u>988,427</u>	<u>(988,427)</u>	<u>-</u>
Total revenues and other support	<u>2,486,750</u>	<u>(549,999)</u>	<u>1,936,751</u>
Expenses:			
Program services	1,616,627	-	1,616,627
Fundraising	163,638	-	163,638
General and administrative	<u>164,534</u>	<u>-</u>	<u>164,534</u>
Total expenses	<u>1,944,799</u>	<u>-</u>	<u>1,944,799</u>
Change in net assets	541,951	(549,999)	(8,048)
Net assets at beginning of year	<u>5,349,889</u>	<u>11,146,138</u>	<u>16,496,027</u>
Net assets at end of year	<u>\$ 5,891,840</u>	<u>\$10,596,139</u>	<u>\$16,487,979</u>

*See accompanying notes.*

Southern Scholarship Foundation, Inc.

Statement of Functional Expenses

Year ended December 31,  
2018

	Program	Fundraising	General and administrative	Total
<b>Functional expenses:</b>				
Advertising	\$ 402	\$ 592	\$ -	\$ 994
Bank charges	-	-	5,056	5,056
Depreciation	315,235	-	18,354	333,589
Dues and subscriptions	4,010	2,290	606	6,906
Fringe benefits	46,580	10,228	4,671	61,479
Insurance	114,623	1,999	13,006	129,628
In-kind, supplies and other	20,239	635	-	20,874
Legal and licenses	2,130	99	83	2,312
Office supplies and services	3,888	1,496	734	6,118
Bad debt	-	7,888	-	7,888
Other professional fees	34,240	2,323	54,616	91,179
Personnel	423,283	85,634	54,904	563,821
Postage	2,308	892	248	3,448
Printing and copying	1,430	3,606	453	5,489
Repairs and maintenance	201,758	20	7	201,785
Telephone	10,840	1,758	1,321	13,919
Student and alumni events	-	16,788	-	16,788
Travel and meetings	45,657	19,040	2,215	66,912
Utilities	368,760	-	5,106	373,866
Small equipment and furniture	14,682	7,273	2,516	24,471
Wishlist fulfillment	2,768	-	-	2,768
Miscellaneous	3,794	1,077	638	5,509
Total functional expenses	<u>\$ 1,616,627</u>	<u>\$ 163,638</u>	<u>\$ 164,534</u>	<u>\$ 1,944,799</u>

See accompanying notes.

Southern Scholarship Foundation, Inc.

Statement of Cash Flows

Year ended December 31, 2018

<b>Operating activities</b>	
Change in net assets	\$ (8,048)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	333,589
Gain on sale of assets	(566,636)
Unrealized loss on investments	1,078,540
Realized gain on investments	(370,489)
Donation of noncash items	(92,704)
Insurance proceeds	(43,738)
Changes in operating assets and liabilities:	
Prepaid expenses and other assets	(14,046)
Accrued expenses	4,720
Accounts and contributions receivable	(4,409)
Other long-term receivables	(209,728)
Accounts payable	(285)
Other current liabilities	(3,162)
Unearned revenue	<u>184,651</u>
Net cash provided by operating activities	<u>288,255</u>
<b>Investing activities</b>	
Purchases of property and equipment	(530,841)
Proceeds from sale of investments	3,272,668
Purchases of investments	(2,619,984)
Construction in progress	(201,216)
Proceeds from sale of property and equipment	<u>671,812</u>
Net cash provided by investing activities	<u>592,439</u>
<b>Financing activities</b>	
Proceeds from contributions restricted for investment endowments	<u>20,691</u>
Net cash provided by financing activities	<u>20,691</u>
Increase in cash and cash equivalents	901,385
Cash and cash equivalents at beginning of year	<u>690,499</u>
Cash and cash equivalents at end of year	<u>\$ 1,591,884</u>
<b>Other supplemental disclosures of noncash operating activities</b>	
Gifts of furniture, materials, and supplies	\$ 113,578
Less: noncash items expensed	<u>(20,874)</u>
Total	<u>\$ 92,704</u>

See accompanying notes.



# Southern Scholarship Foundation, Inc.

## Notes to Financial Statements

Year ended December 31, 2018

### **1. Nature of Operations and Significant Accounting Policies**

Southern Scholarship Foundation, Inc. (the Foundation), a not-for-profit organization, assists capable and motivated students whose lack of personal resources would prevent them from gaining a college education without substantial assistance. Students from all states are eligible for assistance; however, the Foundation gives preference to students who are residents of Florida. The scholarship houses serve students at Florida State University, Florida A&M University, University of Florida, Florida Gulf Coast University, Tallahassee Community College, and Santa Fe Community College.

#### **Basis of Presentation**

Effective January 1, 2018, the Foundation has adopted the accounting guidance in FASB Accounting Standards Update (ASU) No. 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. The major changes include: a) requiring organizations to present on the statement of financial position amounts for two classes of net assets at the end of the period, with and without donor restrictions, b) requiring enhanced disclosures on board designations of net assets and the donor restricted net assets, c) requiring additional disclosures regarding how the Foundation manages its liquid resources available to meet cash needs for within one year of the statement of financial position, and d) requiring reporting of expenses by both their natural classification and their functional classification. The adoption of the standard had no effect on previously reported financial statements. The ASU is effective for fiscal years beginning after December 15, 2017.

#### **Basis of Accounting**

The Foundation uses the accrual basis of accounting. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies are described below.

#### **Cash and Cash Equivalents**

Cash and cash equivalents consist of deposits with a financial institution and deposits in highly liquid money market funds.

# Southern Scholarship Foundation, Inc.

## Notes to Financial Statements

### **1. Nature of Operations and Significant Accounting Policies (continued)**

#### **Accounts and Contributions Receivable**

Accounts receivable consist primarily of trade receivables and contributions receivable. Contributions receivable consist primarily of long-term contributions collectible over five to 10 years. They are reported at net present value using a discount rate. Accounts and contributions receivable are written off when deemed uncollectible. At December 31, 2018, the Foundation provided an allowance of \$12,956 for amounts considered uncollectible.

#### **Investments**

Investments consist of government securities, corporate bonds, mutual funds, and equities. Investments are carried at fair value, which is based on quoted market values for these instruments. Investments maturing in less than one year are classified as short-term investments.

#### **Concentration of Credit Risk**

The Foundation's financial instruments exposed to concentrations of credit risk consist primarily of its cash, cash equivalents, and investments. The Foundation maintains its cash and cash equivalents at several financial institutions. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Bank deposits at times may exceed federally insured limits. The Foundation has not experienced any losses in such accounts.

All investment transactions have credit exposure to the extent that a counterparty may default on an obligation to the Foundation. Credit risk is a consequence of carrying investment positions. To manage credit risk, the Foundation focuses primarily on higher quality, fixed income and equity securities, reviews the credit strength of all entities in which it invests, limits its exposure in any one investment, and monitors portfolio quality, taking into account credit ratings assigned by recognized credit rating organizations.

#### **Endowments**

The Foundation's endowments consist of approximately 30 funds established for a variety of purposes. The Board of Directors requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The original value of the gifts donated to the permanent endowment are classified as with donor restrictions. Any investment earnings or losses from the restricted endowment fund are classified as undesignated earnings to be used to fund the operation of the Foundation unless there are specific donor restrictions regarding the use of investment earnings, in which case those earnings are considered with donor restrictions.

# Southern Scholarship Foundation, Inc.

## Notes to Financial Statements

### 1. Nature of Operations and Significant Accounting Policies (continued)

#### Property and Equipment

Houses purchased or constructed by the Foundation are recorded at cost. Donated houses are recorded at fair value at the time of the gift. Depreciation is calculated using the straight-line method over the estimated useful life of the related asset.

Furniture and equipment is recorded at cost or fair value at the time of donation, if donated. Depreciation for furniture and equipment with a value in excess of \$500 is computed on the straight-line method over the estimated useful lives of the assets which range from five to 15 years. Expenditures for repairs and maintenance are charged to expense as incurred.

	<u>Useful Lives</u>
Furniture, fixtures and equipment	5-15
Buildings and improvements	20-40

#### Accrued Leave

The Foundation allows employees to accrue up to 180 hours of paid time off. Additionally, for employees with 10 years or more of service, the Foundation will pay out 25% of sick leave for a maximum of 120 hours. At December 31, 2018, the Foundation had \$24,624 of accrued leave liability at year end.

#### Contributions

Cash contributions, which are unrestricted by the donor or designated for general operating expenses of a certain facility, are classified as without donor restriction contributions. Contributions, which are limited to specific purposes by the donors, are classified as with donor restriction contributions based on the nature of the donor's restriction. Contributions of materials are recorded at their fair value.

In-kind contributions consist of food, furniture, and land donated to the houses. Contributed goods and land are recorded at fair value at the time of the donation.

#### Operational Fees

Operational fees are collected from students each semester. The fees are recorded as unrestricted.

#### Advertising

Advertising costs are charged to operations when incurred and are broken out by functional allocation. Advertising expenses were \$994 for the year ended December 31, 2018.

# Southern Scholarship Foundation, Inc.

## Notes to Financial Statements

### **1. Nature of Operations and Significant Accounting Policies (continued)**

#### **Functional Allocation of Expenses**

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function and contains certain categories of expenses that are attributable to the program or supporting functions of the Foundation. These expenses, such as depreciation and amortization, are allocated based on percentage of usage. The department expenses, such as personnel, are allocated based on estimates of time and effort by individual. Other expenses, such as printing and copying are allocated on a direct method for expenses directly related to the program.

#### **Income Taxes**

Pursuant to a determination letter received from the Internal Revenue Service, the Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and as such, is liable for tax only on business income unrelated to the purpose for which it is exempt.

#### **Subsequent Events**

The Foundation has evaluated subsequent events through April 25, 2019, the date the financial statements were available to be issued. During the period from December 31, 2018 to April 25, 2019, the Foundation did not have any material recognizable subsequent events.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

### **2. Available Resources and Liquidity**

The Foundation receives contributions, grants and investment income and considers these revenue streams to be without donor restrictions (if unspecified) and available to meet cash needs for general expenditures. The Foundation manages its liquidity to meet 90 days of operating expenses.

# Southern Scholarship Foundation, Inc.

## Notes to Financial Statements

### 2. Available Resources and Liquidity (continued)

The table below presents financial assets available for general expenditures, that is, without donor or other restriction limiting their use, within one year at December 31, 2018:

Financial assets at year end:	
Cash and cash equivalents	\$ 1,591,884
Short-term accounts and contributions receivable	309,062
Investments without donor restrictions	<u>129,681</u>
Total financial assets	2,030,627
Less:	
Cash and cash equivalents - donor-imposed restrictions	(80,935)
Cash and cash equivalents - internally designated	(692,068)
Cash and cash equivalents - house accounts	(140,158)
Contributions receivable - donor-imposed restrictions	<u>(61,708)</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 1,055,758</u>

The Foundation's investments consist primarily of endowments that are either time or purpose restricted or restricted in perpetuity. Accordingly, only the earnings without donor restrictions are considered available to meet the cash needs of the Foundation.

### 3. Investments

The Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the Fair Value Measurement and Disclosures Topic are described as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by the market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

Southern Scholarship Foundation, Inc.

Notes to Financial Statements

**3. Investments (continued)**

Investments consist of the following at December 31, 2018:

	<b>Cost</b>	<b>Unrealized Gains (Losses)</b>	<b>Market and Carrying Value</b>	<b>Level 1</b>
Government securities	\$ 966,809	\$ (3,370)	\$ 963,439	\$ 963,439
Corporate bonds	2,382,828	(67,626)	2,315,202	2,315,202
Mutual funds	2,193,435	(130,851)	2,062,584	2,062,584
Equities	4,192,925	69,331	4,262,256	4,262,255
	\$ 9,735,997	\$ (132,516)	9,603,481	\$ 9,603,480
Less short-term			(99,773)	
Total			\$ 9,503,708	

Investment income consists of the following for the year ended December 31, 2018:

Interest and dividends	\$ 343,421
Net realized gains	370,489
Net unrealized loss	(1,078,540)
Investment fees	(62,021)
Total investment loss	\$ (426,651)

**4. Property and Equipment**

Property and equipment consists of the following at December 31, 2018:

Land	\$ 494,396
Buildings	10,175,749
Furniture and equipment	901,017
Autos and trucks	24,037
Software	34,790
Construction in progress	201,216
	11,831,205
Less accumulated depreciation	6,879,268
	\$ 4,951,937

Depreciation expense totaled \$333,589 for the year ended December 31, 2018.

# Southern Scholarship Foundation, Inc.

## Notes to Financial Statements

### 5. Contributions Receivable

Contributions receivable are reported at net present value using a discount rate of 4.50% for pledges entered into in 2018. Contributions receivable at December 31, 2018, are as follows:

Contributions receivable	\$ 804,265
Allowance for doubtful accounts	(12,956)
Net present value adjustment	<u>(68,355)</u>
Total contributions receivable, net	<u>\$ 722,954</u>

Future maturities of pledges receivable, net of present value discount at December 31, 2018, were as follows:

Less than one year	\$ 108,207
One to five years	590,558
More than five years	<u>37,145</u>
	<u>\$ 735,910</u>

### 6. Income Taxes

For the year ended December 31, 2018, the Foundation has no unrelated business income and, accordingly, has incurred no income tax liability from unrelated business activities.

With few exceptions, the Foundation is no longer subject to examinations by major tax jurisdictions for years ended December 31, 2014 and prior.

### 7. Retirement Plan

The Foundation sponsors a simple retirement plan that covers any employees that have received at least \$5,000 in compensation in any one prior calendar year. The Foundation has the option to either match employee contributions up to 3% of compensation or provide a nonelective contribution of 2% of each employee's compensation. Total expense for the year ended December 31, 2018, was \$10,306.

### 8. Net Assets

All endowment funds are classified as with donor restricted net assets in accordance with donor stipulations. The Foundation recognizes endowment income as without donor restrictions or with donor restrictions, depending on the stipulations in the donor's contract. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation's endowment investment policies limit its investments to certain types of investments. The overall objectives of the investment policy are production of sufficient income to meet the goals of the account and to provide for growth of assets to further objectives.

Southern Scholarship Foundation, Inc.

Notes to Financial Statements

**8. Net Assets (continued)**

Contributions to the endowment of \$7,666,923 have been received as of December 31, 2018. Total investment loss of \$1,009,025 has been recognized as of December 31, 2018.

Changes in endowment net assets for the fiscal year ended December 31, 2018, are as follows:

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Changes in fair value of endowment net assets:			
Net depreciation	\$ (901,683)	\$ (107,342)	\$ (1,009,025)
Gifts received in cash	-	172,191	172,191
Transfer out of endowment	-	(25,000)	(25,000)
Net change in endowment net assets	<u>\$ (901,683)</u>	<u>\$ 39,849</u>	<u>\$ (861,834)</u>
Endowment investments at:			
Beginning of year	\$ 950,096	\$ 7,809,840	\$ 8,759,936
End of year	\$ 48,413	\$ 7,849,689	\$ 7,898,102
Endowment investments by type of fund:			
Donor restricted endowment			
Historical gift value	\$ -	\$ 7,666,923	\$ 7,666,923
Net appreciation	<u>48,413</u>	<u>182,766</u>	<u>231,179</u>
Total endowment investments	<u>\$ 48,413</u>	<u>\$ 7,849,689</u>	<u>\$ 7,898,102</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted the Florida Uniform Prudent Management of Institutional Funds Act (UPMIFA) to permit spending from underwater endowments in accordance with prudent measures required under law. UPMIFA is a uniform act that provides guidance on investment decisions and endowment expenditures for nonprofit and charitable organizations. At December 31, 2018, funds with original gift values of \$3,645,053, fair values of \$3,584,325, and deficiencies of \$60,728 were reported in net assets with donor restrictions.



# Southern Scholarship Foundation, Inc.

## Notes to Financial Statements

### 8. Net Assets (continued)

Endowment investments with donor restrictions into perpetuity consist of the following:

	<b>December 31, 2018</b>
Estelle Mills Bishop Scholarship Fund	\$ 132,628
Dr. E. Ray Solomon Endowment	62,730
Sara de Keni Scholarship Fund	67,991
Alfred I. DuPont Foundation, Inc. Endowment	431,000
Florida Retail Federation Scholarship House Endowment Fund	50,000
Freeman Repairs and Maintenance Endowment	150,000
Harry D. Frueauff, Jr. Endowment Fund	405,000
George Hawksley Endowment Fund	1,370,160
Robert and Sally Hurrle Endowment Fund	741,382
Kiwanis Endowment	28,045
Sam Lastinger Memorial Fund	34,675
Mahan Endowment Fund	35,634
Mary and Russell McCaughan Endowment Fund	64,946
Rybinski Family Scholarship Endowment	35,120
Virginia C. & Laura S. Snively Endowment for Repairs and Maintenance	2,125,541
Virginia C. & Laura S. Snively Endowment for Student Support	50,020
Ted Hines Memorial Scholarship Fund	92,326
Mack Tyner Endowment for Repairs and Maintenance	71,797
Mack Tyner Scholarship Endowment for Student Support	71,797
Pearl Tyner Endowment for Repairs and Maintenance	71,797
Pearl Tyner Scholarship Endowment	71,797
Ann Marie Leonard Endowment	25,000
Fred Martin Endowment	12,555
J. Velma Keen Endowment	104,641
Dennis J. Allen Endowment	25,000
Pilot Scholarship Fund	25,000
Nancy D. Allen Endowment	43,171
Sue and Jay Newman Endowment	134,000
Bill and Nancy Malthouse Endowment for Repairs and Maintenance	125,000
Bill and Nancy Malthouse Endowment for Student Support	954,513
General Endowment	<u>53,657</u>
	<u>\$ 7,666,923</u>

# Southern Scholarship Foundation, Inc.

## Notes to Financial Statements

### **9. Concentrations**

The Foundation recognized that 71% of total gross contributions receivable at December 31, 2018, relate to three contributions totaling \$574,000.

### **10. Related Party Transactions**

In the normal course of business, the Foundation receives contributions, including cash, from Board members. During 2016, the Foundation received a \$85,000 unconditional promise to give from one related party donor to be received in five annual payments of \$17,000. This promise to give comprises approximately 9% of total gross contributions receivable at December 31, 2018.

### **11. House Accounts**

The Foundation provides for each of the scholarship homes to have a house bank account. The house accounts are budgeted and maintained by the student residents of each house held in the name of the Foundation. The house accounts are used to collect fees from the student residents to pay certain house expenses such as utilities, pest control, and security alarm services.

The cash balances of the house accounts have been recorded on the statement of financial position as cash and corresponding liabilities included with other current liabilities. The fees collected from the students are recorded on the statement of activities and changes in net assets as fee revenue with the corresponding house expenses included in program services. During the year ended December 31, 2018, the Foundation billed \$315,607 to student residents to cover these house expenses.

### **12. Line of Credit**

The Foundation has an available line of credit with a bank for \$100,000. The line of credit was renewed in 2017 and is secured by certain assets of the Foundation. There was no outstanding balance on the line of credit as of December 31, 2018.

## Other Financial Information

Southern Scholarship Foundation, Inc.

Schedule of Buildings

December 31, 2018

	<b>2018 Historical Cost Before Depreciation</b>
<b><u>Tallahassee</u></b>	
Polk County - 330 Stadium Drive	\$ 394,292
Pilot - 324 Stadium Drive	242,837
BPW - 326 Stadium Drive	297,118
E.C. Allen - 320A Stadium Drive	253,976
Frueauff - 318C Stadium Drive	304,397
Mode Stone - 320B Stadium Drive	215,213
Office - 322 Stadium Drive	369,801
Lundquist-Hovda - 316A Stadium Drive	250,054
Lastinger - 316B Stadium Drive	205,673
McKaig - 318A Stadium Drive	301,246
Smith - 318B Stadium Drive	307,085
ADK - 803 W Jefferson Drive	324,962
Warehouse II	8,119
Tyner Study Hall - 322B Stadium Drive	91,287
Hansen - 2500 S. Adams Street	410,120
Knight - 2500 S. Adams Street	402,244
Florida Retail Federation - 2500 S. Adams Street	425,084
Grace Fox - 1314 and 1318 High Road	361,779
1308 High Road	350,570
<b><u>Gainesville</u></b>	
Thomas-Pilot - 705 SW 12th Street	517,729
Badcock - 1130 SW 8th Avenue	323,387
Rogers Rotary - 212 SW 165h Street	245,982
Hartman - 1065B SW 9th Street	356,583
Hansen - 1065A SW 9th Street	276,923
Williams - 1064A SW 9th Street	452,923
Hawksley I - 1084 SW 9th Street	309,239
Hawksley II - 1102 SW 9th Street	317,356
Mack Tyner House - 1065 SW 9th Street	1,225,496
<b><u>FT Myers</u></b>	
Pilot - 926 FGCU Campus Housing	634,274
	<u>\$ 10,175,749</u>

See report of independent auditors.