

Financial Statements
and Other Financial Information

Southern Scholarship Foundation, Inc.

*Years ended December 31, 2020 and 2019
with Report of Independent Auditors*



Southern Scholarship Foundation, Inc.

Financial Statements
and Other Financial Information

Years ended December 31, 2020 and 2019

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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 statements of financial position as of December 31, 2020 and 2019, the related statement of activities and changes in net assets, functional expenses, and cash flows for the years 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 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 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were 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 audits 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.

Report on Summarized Comparative Information

We have previously audited Southern Scholarship Foundation, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 14, 2020. In our opinion, the summarized comparative information presented in the statements of activities and changes in net assets and functional expenses as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
April 23, 2021

Southern Scholarship Foundation, Inc.

Statements of Financial Position

	December 31,	
	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,643,465	\$ 1,106,316
Accounts and contributions receivable	185,334	175,463
Prepaid expenses	107,701	43,782
Real estate held for sale	-	7,500
Short-term investments	80,341	321,035
Total current assets	2,016,841	1,654,096
Property and equipment, net	6,640,649	7,295,618
Investments	8,959,042	9,091,430
Other long-term receivables	327,969	476,405
Total assets	\$ 17,944,501	\$ 18,517,549
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 57,970	\$ 226,709
Accrued expenses	40,888	31,076
Refundable advance	124,831	150,589
Other current liabilities	200,801	171,771
Current portion of notes payable	2,041	-
Total current liabilities	426,531	580,145
Notes payable, less current portion	147,859	-
Total liabilities	574,390	580,145
Net assets:		
Without donor restrictions		
Undesignated	7,326,840	7,482,627
With donor restrictions		
Perpetual in nature	8,022,556	7,892,195
Restricted for purpose or time	2,020,715	2,562,582
	10,043,271	10,454,777
Total net assets	17,370,111	17,937,404
Total liabilities and net assets	\$ 17,944,501	\$ 18,517,549

See accompanying notes.

Southern Scholarship Foundation, Inc.

Statements of Activities and Changes in Net Assets

	Years ended December 31,			
	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Changes in net assets:				
Revenue and other support:				
Contribution revenue	\$ 616,129	\$ 185,721	\$ 801,850	\$ 1,374,466
Investment income, net	465,879	117,385	583,264	1,502,028
Fee revenue	438,805	-	438,805	431,238
In-kind contributions	39,447	-	39,447	144,547
Miscellaneous income	174,052	475	174,527	39,422
Grant revenue	244,962	-	244,962	198,327
Loss on sale of assets	(337,265)	-	(337,265)	(4,854)
Insurance proceeds	-	-	-	4,038
Net assets released from restrictions	<u>709,305</u>	<u>(709,305)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>2,351,314</u>	<u>(405,724)</u>	<u>1,945,590</u>	<u>3,689,212</u>
Expenses:				
Program services	1,991,197	-	1,991,197	1,799,084
Fundraising	333,746	-	333,746	251,281
General and administrative	<u>187,940</u>	<u>-</u>	<u>187,940</u>	<u>189,422</u>
Total expenses	<u>2,512,883</u>	<u>-</u>	<u>2,512,883</u>	<u>2,239,787</u>
Change in net assets	(161,569)	(405,724)	(567,293)	1,449,425
Net assets at beginning of year	<u>7,482,627</u>	<u>10,454,777</u>	<u>17,937,404</u>	<u>16,487,979</u>
Net assets at end of year	<u>\$ 7,321,058</u>	<u>\$10,049,053</u>	<u>\$17,370,111</u>	<u>\$17,937,404</u>

See accompanying notes.

Southern Scholarship Foundation, Inc.

Statements of Functional Expenses

Year ended December 31,

	<u>Program</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>2020 Total</u>	<u>2019 Total</u>
Functional expenses:					
Advertising	\$ 770	\$ -	\$ -	\$ 770	\$ 258
Bank charges	(287)	86	11,313	11,112	4,669
Depreciation	431,268	-	22,112	453,380	352,914
Dues and subscriptions	1,557	2,889	73	4,519	6,899
Fringe benefits	53,898	31,373	18,351	103,622	66,932
Insurance	134,508	5,972	15,654	156,134	131,472
Supplies and other	36,091	400	1,901	38,392	32,665
Legal and licenses	8,307	64	392	8,763	6,267
Office supplies and services	3,854	1,182	416	5,452	5,871
Bad debt	-	76,915	-	76,915	12,500
Other professional fees	145,663	2,723	51,153	199,539	212,116
Personnel	437,273	189,834	58,217	685,324	646,115
Postage	1,226	1,724	126	3,076	2,354
Printing and copying	3,560	3,073	233	6,866	7,550
Repairs and maintenance	204,486	93	29	204,608	248,602
Telephone	10,526	4,015	934	15,475	13,067
Student and alumni events	-	-	-	-	11,199
Travel and meetings	41,062	4,425	3,408	48,895	72,145
Utilities	451,393	-	1,882	453,275	371,116
Small equipment and furniture	16,585	3,840	1,725	22,150	16,818
Wishlist fulfillment	5,771	-	-	5,771	10,754
Miscellaneous	3,686	5,138	21	8,845	7,504
Total functional expenses	<u>\$ 1,991,197</u>	<u>\$ 333,746</u>	<u>\$ 187,940</u>	<u>\$ 2,512,883</u>	<u>\$ 2,239,787</u>

See accompanying notes.

Southern Scholarship Foundation, Inc.

Statements of Cash Flows

	Years ended December 31,	
	2020	2019
Operating activities		
Change in net assets	\$ (567,293)	\$ 1,449,425
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	453,380	352,914
Loss on sale of assets	337,265	4,854
Unrealized gain on investments	(132,635)	(884,922)
Realized gain on investments	(249,018)	(364,374)
Donation of noncash items	-	(109,171)
Insurance proceeds	-	(4,038)
Changes in operating assets and liabilities:		
Accounts and contributions receivable	(9,871)	133,599
Prepaid expenses and other assets	(56,419)	(21,454)
Other long-term receivables	148,436	(33,420)
Accounts payable	(168,739)	175,928
Accrued expenses	9,812	5,363
Refundable advance	(25,758)	(34,062)
Other current liabilities	<u>29,030</u>	<u>(8,282)</u>
Net cash (used in) provided by operating activities	<u>(231,810)</u>	<u>662,360</u>
Investing activities		
Purchases of property and equipment	(82,332)	(2,177,231)
Proceeds from sale of investments	3,831,137	4,767,733
Purchase of investments	(3,206,763)	(3,552,693)
Construction in progress	<u>(53,344)</u>	<u>(411,009)</u>
Net cash provided by (used in) investing activities	<u>488,698</u>	<u>(1,373,200)</u>
Financing activities		
Proceeds from contributions restricted for investment endowments	130,361	225,272
Proceeds from notes payable	<u>149,900</u>	<u>-</u>
Net cash provided by financing activities	<u>280,261</u>	<u>225,272</u>
Increase (decrease) in cash and cash equivalents	537,149	(485,568)
Cash and cash equivalents at beginning of year	<u>1,106,316</u>	<u>1,591,884</u>
Cash and cash equivalents at end of year	<u>\$ 1,643,465</u>	<u>\$ 1,106,316</u>
Other supplemental disclosures of noncash operating activities		
Gifts of furniture, materials, and supplies	\$ 39,447	\$ 144,547
Less: noncash items expensed	<u>(39,451)</u>	<u>(35,376)</u>
Total	<u>\$ (4)</u>	<u>\$ 109,171</u>
PPP loan received and recognized in income	<u>\$ 126,641</u>	<u>\$ -</u>

See accompanying notes.

Southern Scholarship Foundation, Inc.

Notes to Financial Statements

Years ended December 31, 2020 and 2019

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, the University of Florida, Florida Gulf Coast University, Tallahassee Community College, and Santa Fe Community College.

Basis of Presentation

Effective January 1, 2019, the Foundation has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) as management believes the standard improves the usefulness and understandability of the Foundation's financial reporting. The adoption of the standard had no effect on previously reported financial statements. The ASU is effective for fiscal years beginning after December 15, 2018.

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.

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, 2020 and 2019, 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.

Southern Scholarship Foundation, Inc.

Notes to Financial Statements

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

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 34 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.

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 \$1,000 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

Southern Scholarship Foundation, Inc.

Notes to Financial Statements

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

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, 2020 and 2019, the Foundation had \$38,327 and \$29,058, respectively, 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. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Consequently, at December 31, 2020, there were no contributions not recognized because of the conditions on which they depend has not yet been met.

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 \$770 and \$258 for the years ended December 31, 2020 and 2019, respectively.

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 23, 2021, the date the financial statements were available to be issued. During the period from December 31, 2020 to April 23, 2021, the Foundation did not have any material recognizable subsequent events.

Reclassification

Certain 2019 financial statement amounts have been reclassified to conform to the 2020 financial statement presentation.

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.

Southern Scholarship Foundation, Inc.

Notes to Financial Statements

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.

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:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,643,465	\$ 1,106,316
Prepaid expenses	107,701	43,782
Short-term accounts and contributions receivable	185,334	175,463
Investments without donor restrictions	<u>825,266</u>	<u>792,707</u>
Total financial assets	<u>2,761,766</u>	2,118,268
Less:		
Cash and cash equivalents - donor-imposed restrictions	(172,906)	(199,893)
Cash and cash equivalents - internally designated	-	(2,925)
Cash and cash equivalents - house accounts	(148,591)	(129,505)
Contributions receivable - donor-imposed restrictions	<u>(334,326)</u>	<u>(40,275)</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 2,105,943</u>	<u>\$ 1,745,670</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, 2020:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Market and Carrying Value</u>	<u>Level 1</u>
Government securities	\$ 644,067	\$ 22,302	\$ 666,369	\$ 666,369
Corporate bonds	2,016,457	172,391	2,188,848	2,188,848
Mutual funds	2,263,974	69,683	2,333,657	2,333,657
Equities	<u>3,213,017</u>	<u>637,488</u>	<u>3,850,505</u>	<u>3,850,505</u>
	<u>\$ 8,137,515</u>	<u>\$ 901,864</u>	9,039,379	<u>\$ 9,039,379</u>
Less short-term			(80,341)	
Total			<u>\$ 8,959,038</u>	

Investments consist of the following at December 31, 2019:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Market and Carrying Value</u>	<u>Level 1</u>
Government securities	\$ 973,097	\$ 17,351	\$ 990,448	\$ 990,448
Corporate bonds	1,865,404	85,299	1,950,703	1,950,703
Mutual funds	2,350,893	23,759	2,374,652	2,374,652
Equities	<u>3,465,404</u>	<u>631,258</u>	<u>4,096,662</u>	<u>4,096,662</u>
	<u>\$ 8,654,798</u>	<u>\$ 757,667</u>	9,412,465	<u>\$ 9,412,465</u>
Less short-term			(321,035)	
Total			<u>\$ 9,091,430</u>	

Investment income consists of the following:

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 259,046	\$ 315,450
Net realized gains	249,018	364,374
Net unrealized gain	132,635	884,922
Investment fees	<u>(57,435)</u>	<u>(62,718)</u>
Total investment income (loss), net	<u>\$ 583,264</u>	<u>\$ 1,502,028</u>

Southern Scholarship Foundation, Inc.

Notes to Financial Statements

4. Property and Equipment, Net

Property and equipment, net consists of the following:

	December 31,	
	2020	2019
Land	\$ 492,296	\$ 492,296
Buildings	12,615,729	12,350,317
Furniture and equipment	1,052,093	960,344
Autos and trucks	16,970	16,970
Software	51,022	45,725
Construction in progress	32,882	612,226
	14,260,992	14,477,878
Less accumulated depreciation	7,620,343	7,182,260
	\$ 6,640,649	\$ 7,295,618

Depreciation expense totaled \$453,380 and \$352,914 for the years ended December 31, 2020 and 2019, respectively.

5. Contributions Receivable

Contributions receivable are reported at net present value using a discount rate of 3.25% and 4.75% for pledges entered into in 2020 and 2019, respectively. Contributions receivable at December 31, 2020 and 2019, are as follows:

	December 31,	
	2020	2019
Contributions receivable	\$ 519,797	\$ 681,033
Allowance for doubtful accounts	(12,956)	(12,956)
Net present value adjustment	(18,257)	(41,575)
Total contributions receivable, net	\$ 488,584	\$ 626,502

Future maturities of pledges receivable, net of present value discount at December 31, 2020 and 2019, were as follows:

	December 31,	
	2020	2019
Less than one year	\$ 166,328	\$ 155,809
One to five years	327,688	470,271
More than five years	7,524	13,378
	\$ 501,540	\$ 639,458

Southern Scholarship Foundation, Inc.

Notes to Financial Statements

6. Income Taxes

For the years ended December 31, 2020 and 2019, 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, 2016 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 years ended December 31, 2020 and 2019, was \$13,190 and \$9,576, respectively.

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.

Contributions to the endowment of \$8,022,556 have been received as of December 31, 2020. Total investment gain of \$11,684 has been recognized as of December 31, 2020.

Southern Scholarship Foundation, Inc.

Notes to Financial Statements

8. Net Assets (continued)

Changes in endowment net assets for the fiscal year ended December 31, 2020, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in fair value of endowment net assets:			
Net (depreciation) appreciation	\$ (6,034)	\$ 17,718	\$ 11,684
Gifts received in cash	-	130,361	130,361
Net change in endowment net assets	<u>\$ (6,034)</u>	<u>\$ 148,079</u>	<u>\$ 142,045</u>
Endowment investments at:			
Beginning of year	<u>785,060</u>	<u>8,172,519</u>	<u>8,957,579</u>
End of year	\$ 779,026	\$ 8,320,598	\$ 9,099,624
Endowment investments by type of fund:			
Donor restricted endowment			
Historical gift value	\$ -	\$ 8,022,556	\$ 8,022,556
Net appreciation	<u>779,026</u>	<u>298,042</u>	<u>1,077,068</u>
Total endowment investments	<u>\$ 779,026</u>	<u>\$ 8,320,598</u>	<u>\$ 9,099,624</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, 2020, there were no endowment funds with fair values less than the amount required to be maintained by donors or by law (underwater endowments).

Southern Scholarship Foundation, Inc.

Notes to Financial Statements

8. Net Assets (continued)

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

	December 31,	
	<u>2020</u>	<u>2019</u>
Estelle Mills Bishop Scholarship Fund	\$ 132,628	\$ 132,628
Dr. E. Ray Solomon Endowment	68,040	67,540
Sara de Keni Scholarship Fund	67,991	67,991
Alfred I. DuPont Foundation, Inc. Endowment	461,000	443,500
Florida Retail Federation Scholarship House Endowment Fund	50,000	50,000
Freeman Repairs and Maintenance Endowment	150,000	150,000
Harry D. Frueauff, Jr. Endowment Fund	405,000	405,000
George Hawksley Endowment Fund	1,370,160	1,370,160
Robert and Sally Hurrle Endowment Fund	741,382	741,382
Kiwanis Endowment	28,045	28,045
Sam Lastinger Memorial Fund	34,675	34,675
Mahan Endowment Fund	35,634	35,634
Mary and Russell McCaughan Endowment Fund	64,946	64,946
Steffens Family Endowment	75,000	75,000
Rybinski Family Scholarship Endowment	35,120	35,120
Virginia C. & Laura S. Snively Endowment for Repairs and Maintenance	2,125,541	2,125,541
Virginia C. & Laura S. Snively Endowment for Student Support	50,020	50,020
Ted Hines Memorial Scholarship Fund	92,326	92,326
Mack Tyner Endowment for Repairs and Maintenance	71,797	71,797
Mack Tyner Scholarship Endowment for Student Support	71,797	71,797
Pearl Tyner Endowment for Repairs and Maintenance	71,797	71,797
Pearl Tyner Scholarship Endowment	71,797	71,797
Ann Marie Leonard Endowment	25,000	25,000
Fred Martin Endowment	16,780	13,055
J. Velma Keen Endowment	105,640	105,640
Dennis J. Allen Endowment	25,000	25,000
Pilot Scholarship Fund	25,000	25,000
Nancy D. Allen Endowment	63,171	48,171
Sue and Jay Newman Endowment	135,750	134,500
Bill and Nancy Malthouse Endowment for Repairs and Maintenance	125,024	125,000
Bill and Nancy Malthouse Endowment for Student Support	1,060,295	1,060,271
Rotary Endowment for Repairs and Maintenance	15,000	-
General Endowment	<u>151,200</u>	<u>73,862</u>
	<u>\$ 8,022,556</u>	<u>\$ 7,892,195</u>

Southern Scholarship Foundation, Inc.

Notes to Financial Statements

9. Concentrations

The Foundation recognized that 81% of total gross contributions receivable at December 31, 2020, relate to three contributions totaling \$422,175.

10. 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 statements of financial position as cash and corresponding liabilities included with other current liabilities. The fees collected from the students are recorded on the statements of activities and changes in net assets as fee revenue with the corresponding house expenses included in program services. During the years ended December 31, 2020 and 2019, the Foundation billed \$327,865 and \$312,078, respectively, to student residents to cover these house expenses.

11. Debt

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, 2020.

The Foundation received an Economic Injury Disaster Loan through the U.S. Small Business Administration on July 13, 2020 for \$150,000. Principal and interest payments are scheduled to begin on July 13, 2021 for a term of thirty years with interest accruing annually at 2.75%. The loan is collateralized by all tangible and intangible property owned by the Foundation. The following is the principal maturities of debt for the next five years:

Year ended		
<u>December 31,</u>		
2021	\$	2,041
2022		3,672
2023		3,774
2024		3,879
2025		3,987
Thereafter		<u>132,547</u>
	\$	<u><u>149,900</u></u>

Southern Scholarship Foundation, Inc.

Notes to Financial Statements

12. Paycheck Protection Program Loan

On April 25, 2020, SSF received loan proceeds in the amount of \$134,800 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. SSF received loan forgiveness on January 10, 2021, therefore this loan is recorded as miscellaneous income without donor restrictions.

On February 12, 2021, the Foundation received \$126,641 from the Small Business Administration for the second round of the Paycheck Protection Program.

Other Financial Information

Southern Scholarship Foundation, Inc.

Schedule of Buildings

December 31, 2020
with Comparative Totals for the Year Ended December 31, 2019

	2020	2019
	Historical Cost	Historical Cost
	Before	Before
	Depreciation	Depreciation
<u>Tallahassee</u>		
Rotary - 330 Stadium Drive	\$ 427,119	\$ 427,119
Pilot - 324 Stadium Drive	245,845	245,845
BPW - 326 Stadium Drive	293,146	293,146
E.C. Allen - 320A Stadium Drive	254,033	254,033
Frueauff - 318C Stadium Drive	307,631	307,631
Mode Stone - 320B Stadium Drive	220,556	220,556
Office - 322 Stadium Drive	370,981	370,981
Lundquist-Hovda - 316A Stadium Drive	247,061	247,061
Lastinger - 316B Stadium Drive	213,054	213,054
McKaig - 318A Stadium Drive	293,702	293,702
Smith - 318B Stadium Drive	300,387	300,387
ADK - 803 W Jefferson Drive	357,747	357,747
Warehouse II	8,119	8,119
Tyner Study Hall - 322B Stadium Drive	97,801	97,801
Hansen - 2500 S. Adams Street	405,391	405,391
Knight - 2500 S. Adams Street	390,810	390,810
Florida Retail Federation - 2500 S. Adams Street	421,107	421,107
Grace Fox - 1314 and 1318 High Road	361,779	361,779
1308 High Road	-	353,070
Malthouse - 811 W Jefferson Street	1,673,234	1,673,234
<u>Gainesville</u>		
Thomas-Pilot - 705 SW 12th Street	509,278	509,278
Badcock - 1130 SW 8th Avenue	748,566	748,566
Rogers Rotary - 212 SW 165h Street	247,122	247,122
Hartman - 1065B SW 9th Street	356,204	356,204
Hansen - 1065A SW 9th Street	312,067	312,067
Williams - 1064A SW 9th Street	448,895	448,895
Hawksley I - 1084 SW 9th Street	309,239	309,239
Hawksley II - 1102 SW 9th Street	317,356	317,356
Mack Tyner House - 1065 SW 9th Street	1,225,496	1,225,496
Teresa Turner Learning Center -1065 SW 9th Street	618,482	-
<u>FT Myers</u>		
Pilot - 926 FGCU Campus Housing	633,521	633,521
	\$ 12,615,729	\$ 12,350,317

See report of independent auditors.