

SOUTHERN SCHOLARSHIP FOUNDATION, INC.

FINANCIAL STATEMENTS

**DECEMBER 31, 2021 WITH SUMMARIZED
INFORMATION AS OF DECEMBER 31, 2020**

SOUTHERN SCHOLARSHIP FOUNDATION, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Southern Scholarship Foundation, Inc.:

Opinion

We have audited the financial statements of Southern Scholarship Foundation, Inc., which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Southern Scholarship Foundation, Inc. as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southern Scholarship Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of Southern Scholarship Foundation, Inc. for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on April 23, 2021.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Southern Scholarship Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Southern Scholarship Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Southern Scholarship Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information. The other information comprises the Schedule of Buildings but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

As noted above, the financial statements of Southern Scholarship Foundation, Inc. for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on April 23, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

James Moore & Co., P.L.

Tallahassee, Florida
April 21, 2022

SOUTHERN SCHOLARSHIP FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021 WITH SUMMARIZED
INFORMATION AS OF DECEMBER 31, 2020

<u>ASSETS</u>		
	2021	2020
Current assets		
Cash and cash equivalents	\$ 913,683	\$ 1,643,465
Accounts receivable	9,917	19,006
Due from houses	32,752	15,214
Pledges receivable, current portion	92,790	166,328
Prepaid expenses	26,787	107,701
Total current assets	1,075,929	1,951,714
Property and equipment, net	6,635,221	6,640,649
Other assets		
Investments	10,519,782	9,039,383
Pledges receivable, less current portion	314,761	327,969
Total other assets	10,834,543	9,367,352
Total Assets	\$ 18,545,693	\$ 17,959,715
 <u>LIABILITIES AND NET ASSETS</u> 		
Current liabilities		
Accounts payable and accrued expenses	\$ 111,648	\$ 98,858
Deferred revenue	23,008	124,831
Funds held for houses	157,112	148,591
Other current liabilities	69,417	67,424
Note payable - current portion	3,654	2,041
Total current liabilities	364,839	441,745
Note payable, less current portion	144,820	147,859
Total Liabilities	\$ 509,659	\$ 589,604
Net assets		
Without donor restrictions		
Net investment in property and equipment	6,635,221	6,640,649
Operations	1,167,226	680,409
Total net assets without donor restrictions	7,802,447	7,321,058
With donor restrictions		
Perpetual	8,132,844	8,022,556
Purpose or time restrictions	2,100,743	2,026,497
Total net assets with donor restrictions	10,233,587	10,049,053
Total net assets	18,036,034	17,370,111
Total Liabilities and Net Assets	\$ 18,545,693	\$ 17,959,715

The accompanying notes to the financial statements
are an integral part of this statement.

SOUTHERN SCHOLARSHIP FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021 WITH SUMMARIZED
INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020

	2021			2020
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Revenues				
Contribution revenue	\$ 766,398	\$ 239,388	\$ 1,005,786	\$ 801,850
Investment income	962,714	257,401	1,220,115	640,699
Fee revenue	117,960	-	117,960	110,940
In-kind contributions	35,264	-	35,264	39,447
Grant revenue	186,816	-	186,816	244,962
Loss on disposal of assets	(1,586)	-	(1,586)	(337,265)
Forgiveness of debt	126,641	-	126,641	134,800
Miscellaneous income	123,041	-	123,041	39,727
Net assets released from restrictions	312,255	(312,255)	-	-
Total revenues	<u>2,629,503</u>	<u>184,534</u>	<u>2,814,037</u>	<u>1,675,160</u>
Expenses				
Program services	1,701,955	-	1,701,955	1,776,909
Fundraising	204,137	-	204,137	297,829
General and administrative	242,022	-	242,022	167,715
Total expenses	<u>2,148,114</u>	<u>-</u>	<u>2,148,114</u>	<u>2,242,453</u>
Increase (decrease) in net assets	<u>481,389</u>	<u>184,534</u>	<u>665,923</u>	<u>(567,293)</u>
Net assets, beginning of year	7,321,058	10,049,053	17,370,111	17,937,404
Net assets, end of year	<u>\$ 7,802,447</u>	<u>\$ 10,233,587</u>	<u>\$ 18,036,034</u>	<u>\$ 17,370,111</u>

The accompanying notes to the financial statements
are an integral part of this statement.

SOUTHERN SCHOLARSHIP FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021 WITH SUMMARIZED
INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020

	2021				2020
	Program	Fundraising	General and Administrative	Total	
Advertising	\$ 297	\$ 479	\$ 50	\$ 826	\$ 770
Bank and investment charges	-	2,764	52,509	55,273	68,547
Depreciation	457,116	-	-	457,116	453,380
Dues and subscriptions	2,422	8,258	331	11,011	4,519
Insurance	158,976	2,315	16,636	177,927	156,134
Interest	-	-	2,320	2,320	-
Supplies and other	42,516	8,967	6,590	58,073	38,392
Legal and licenses	-	7,855	350	8,205	8,763
Office supplies and services	3,913	1,248	510	5,671	5,452
Bad debt	-	-	-	-	76,915
Other professional fees	177,003	5,426	44,626	227,055	199,539
Personnel and fringe benefits	460,538	147,009	110,070	717,617	788,946
Postage	739	1,924	61	2,724	3,076
Printing and copying	4,647	5,546	170	10,363	6,866
Repairs and maintenance	248,438	-	-	248,438	204,608
Telephone	10,892	3,600	840	15,332	15,475
Travel and meetings	56,047	3,758	1,307	61,112	48,895
Utilities	75,169	-	-	75,169	125,410
Small equipment and furniture	2,800	-	-	2,800	22,150
Wishlist fulfillment	-	-	4,040	4,040	5,771
Miscellaneous	442	4,988	1,612	7,042	8,845
Total expenses	\$ 1,701,955	\$ 204,137	\$ 242,022	\$ 2,148,114	\$ 2,242,453

The accompanying notes to the financial statements
are an integral part of this statement.

SOUTHERN SCHOLARSHIP FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021 WITH SUMMARIZED
INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020

	2021	2020
Cash flows from operating activities		
Cash received from individuals and others	\$ 1,616,046	\$ 1,061,946
Cash paid to suppliers and employees	(1,628,524)	(1,552,802)
Interest paid	(2,320)	-
Investment receipts	373,049	259,046
Net cash provided by (used in) operating activities	358,251	(231,810)
Cash flows from investing activities		
Purchase of property and equipment	(453,275)	(135,676)
Proceeds from sale of investments	7,248,971	3,831,137
Purchase of investments	(7,883,729)	(3,076,402)
Net cash provided by (used in) investing activities	(1,088,033)	619,059
Cash flows from financing activities		
Proceeds from notes payable	-	149,900
Net cash provided by financing activities	-	149,900
Net increase (decrease) in cash and cash equivalents	(729,782)	537,149
Cash and cash equivalents, beginning of year	1,643,465	1,106,316
Cash and cash equivalents, end of year	\$ 913,683	\$ 1,643,465
Reconciliation of increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Increase (decrease) in net assets	\$ 665,923	\$ (567,293)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	457,116	453,380
Loss in disposal of assets	1,586	337,265
Unrealized gain on investments	(500,363)	(132,635)
Realized gain on investments	(346,703)	(249,018)
(Increase) decrease in accounts receivable	9,089	(9,871)
Increase in house receivable	(17,538)	(15,214)
(Increase) decrease in prepaid expense	80,914	(56,419)
Decrease in pledges receivables	86,746	148,436
Increase (decrease) in accounts payable and accrued expenses	12,790	(158,927)
Increase in house payable	8,521	15,214
Decrease in deferred revenue	(101,823)	(25,758)
Increase in other current liability	1,993	29,030
Total adjustments	(307,672)	335,483
Net cash provided by (used in) operating activities	\$ 358,251	\$ (231,810)

The accompanying notes to the financial statements
are an integral part of this statement.

SOUTHERN SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

The following is a summary of the more significant accounting policies and practices of the Southern Scholarship Foundation, Inc. (the “Foundation”) which affect significant elements of the accompanying financial statements:

(a) **General**—The Foundation’s primary purpose is to assist 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.

(b) **Income Taxes**— The Foundation is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, net income derived from unrelated business activities is not exempt from federal income taxes. The Foundation is treated as a publicly supported Foundation, and not a private foundation.

The Foundation has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Foundation.

(c) **Basis of Accounting**—The Foundation prepares its financial statements on the accrual basis of accounting, and accordingly revenue is recognized when earned and expenses are recognized when obligations are incurred.

(d) **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 certain reported amounts of assets and liabilities and disclosures 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.

(e) **Property and Equipment**—Property and equipment are recorded at cost. The Foundation’s policy is to capitalize appropriate assets with costs of \$1,000 or more. Property and equipment are depreciated over the estimated useful lives of 5 to 39 years of the assets by use of straight-line method.

(f) **Cash and Cash Equivalents**— For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, and short-term investments with original maturities of 90 days or less.

(g) **Functional Allocation of Expenses**— The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

SOUTHERN SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

(h) **Advertising**— Advertising costs are expensed to operations as incurred. Advertising costs were \$826 for the year ending December 31, 2021.

(i) **Net Assets**— Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

(j) **Revenue Recognition**—Revenues are recognized when the earnings process is substantially complete and services are performed. Revenues received for the following year are shown as deferred revenue in the Statement of Financial Position.

(k) **Accounts and Pledges Receivable**—Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. Pledges receivable are reported at net present value using discount rate, pledges are collected over five to ten-year periods. At December 21, 2021 the Foundation provided an allowance of \$12,955 to pledges receivable.

(l) **Recently Issued Accounting Pronouncements**—The Financial Accounting Standards Board (FASB) issued new or modifications to, or interpretations of, existing accounting guidance. The Foundation has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements below, does not believe that any other new or modified principles will have a material impact on the Foundation's reported financial position or operations in the near term.

In February 2016, the FASB issued Accounting Standards Update 2016-02: Leases (Topic 842), to increase transparency and comparability among Foundations by recognizing lease assets and lease liabilities on the Statement of Financial Position and disclosing key information about leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2021 and may be adopted early. The Foundation is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

(m) **Reclassification**—Certain prior year amounts have been reclassified to conform to the current year presentation.

SOUTHERN SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

(n) **Contributions**—All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as contributions that increase the donor restriction net asset classification. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the Foundation has adopted a policy of not implying a time restriction on contributions of such assets.

(o) **Investments**—Investments in marketable securities and investment pools, with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets as a component of investment income.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

(p) **Accrued Leave**—The Foundation compensates its employees for unused accrued paid time off upon termination of employment. The amount of the change in accrued leave for all employees from one year to the next is reported as an expense during the current year. Employees are able to accrue up to 180 hours of paid time off. For employees with 10 years of service or more, the Foundation will pay out 25% of sick leave for a maximum of 120 hours. At December 31, 2021, the Foundation accrued leave of \$31,035.

(2) **Concentration of Credit Risk:**

(a) **Demand Deposits**—The Foundation maintains demand deposits with several banks. The Foundation has no policy requiring collateral to support its cash deposits, although accounts at the banks are insured up to Federal Deposit Insurance Corporation limits.

(b) **Investments**— Investments that potentially subject the Foundation to concentrations of credit risk include investments. These investments are held in high quality institutions and companies with high credit ratings.

(c) **Accounts and Pledges Receivable**—The Foundation's receivables are for amounts due from operations, and pledges made by individuals and corporate giving. The Foundation has no policy requiring collateral or other security to support its receivables.

SOUTHERN SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

(3) Property and Equipment:

The following is a summary of property and equipment at December 31, 2021:

Land	\$ 492,296
Buildings	12,926,608
Furniture and equipment	1,090,889
Autos and trucks	16,292
Software	48,284
Construction in process	90,011
Less: accumulated depreciation	(8,029,159)
Total	<u>\$ 6,635,221</u>

(4) Paycheck Protection Program Loan:

On February 12, 2021, the Foundation received loan proceeds in the amount of \$126,641, pursuant to the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). Under the terms of the PPP, loan proceeds and accrued interest are forgivable if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and the Foundation maintains its payroll levels as described in the CARES Act during the covered period. On September 16, 2021, the full amount of this first loan was forgiven, and, as a result, will be recognized as forgiveness of debt in the year ended December 31, 2021.

(5) Pledges Receivable:

During 2021, pledges receivable are reported at net present value using a discount rate of 3.00%. As of January 1, 2021, the net pledge receivable balance was \$488,584 with an allowance for doubtful accounts of \$12,955. The Pledge receivable balance at December 31, 2021 was as follows:

Pledge Receivable	\$ 438,763
Allowance for doubtful accounts	(12,955)
Net present value adjustment	<u>(18,257)</u>
Total pledges receivable, net	<u>\$ 407,551</u>

Future maturities of pledges receivable, net of present value discount at December 31, 2021, was as follows:

Less than one year	\$ 92,790
More than one year	<u>314,761</u>
	<u>\$ 407,551</u>

SOUTHERN SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

(6) 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, 2021 was \$10,186.

(7) Liquidity and Availability:

Financial assets available for general expenditure, that is, without donor restrictions or internal board designations limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$	913,683
Accounts receivable		9,917
Pledges receivable, current portion		97,790
Total financial assets		1,021,390
Financial assets available to meet cash needs for general expenditures		\$ 1,021,390

In the event of an unanticipated liquidity need, the Foundation has \$100,000 of an unused line of credit with rate of 4.75%.

(8) Net Assets with Donor Restrictions:

Net assets with donor restrictions as of December 31, 2021 consist of the following:

Contributions from various donors	\$	239,388
Endowed funds		9,994,199
Total		\$ 10,233,587

Net assets are restricted for scholarships, other student support, and institutional support. Contributions from various donors are considered restricted until spent for its intended purpose.

(9) Employee Retention Credit:

The Foundation has filed for and collected \$45,321 in reimbursements under the Employer Retention Credit Program during the year ended December 31, 2021.

SOUTHERN SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

(10) Fair Value Measurements and Investments:

The Fair Value Measurements and Disclosures Topic of the FASB Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Codification requires the use of valuation techniques that are consistent with the market approach, the income approach, and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, the Codification establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Investments consist of the following at December 31, 2021:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Market and Carrying Value</u>	<u>Level 1</u>
Government Securities	\$ 1,823,192	\$ (17,363)	\$ 1,805,829	\$ 1,805,829
Corporate Bonds	2,463,694	56,491	2,520,185	2,520,185
Equities	2,826,396	615,444	3,441,840	3,441,840
Mutual Funds/CEF/UIT	2,663,276	88,652	2,751,928	2,751,928
	<u>\$ 9,776,558</u>	<u>\$ 743,224</u>	<u>\$ 10,519,782</u>	<u>\$ 10,519,782</u>

Investment income consists of the following for the year ending December 31, 2021:

Interest and dividends	\$ 373,049
Net realized gains	346,703
Net unrealized gain	500,363
Total investment income	<u>\$ 1,220,115</u>

SOUTHERN SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

(11) **Note Payable and Line of Credit:**

Note payable consisted of the following at December 31, 2021:

2.75% note payable to a financial institution, payable in monthly installments of \$641, including interest, through 2049.	\$ 148,474
Less: current portion of debt	3,654
Note Payable – less current portion	<u>\$ 144,820</u>

Maturities on debt are as follows:

Year Ending December 31,	Amount
2022	\$ 3,654
2023	3,756
2024	3,860
2025	3,968
2026	4,078
Thereafter	129,158
Total	<u>\$ 148,474</u>

The Foundation has an available line of credit for \$100,000 with a rate of 4.75% and is secured by real property. There was no outstanding balance on the line of credit as of December 31, 2021.

(12) **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. During the year ended December 31, 2021, the Foundation billed \$372,190 to student residents to cover these house expenses.

(13) **Endowments:**

The Foundation has received many contributions and bequests for endowments over the years with donor-imposed restrictions on the use of principal and/or income generated from the invested assets. Those restricted contributions are invested in cash, equities, and, fixed income securities in a manner that is intended to generate a real return that will adequately fund the spending policies and ultimately satisfy the intent of the donors of the endowed funds. Generally, the original corpus of the endowed funds are restricted in perpetuity with interest, dividends and gains and losses being available for spending in accordance with donor restrictions.

SOUTHERN SCHOLARSHIP FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

(13) **Endowments:** (Continued)

The Foundation applies the State of Florida's Uniform Prudent Management of Institutional Funds Act (UPMIFA), which 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 Foundation classifies endowments as net assets with donor restrictions consisting of (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) market value of endowed funds in excess of the fair value of the original gift which remains restricted by the donor until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. The Foundation allows spending from endowment funds based on the current spending policy. In accordance with UPMIFA, the Foundation considered the following factors in making its determination to appropriate or accumulate endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Foundation adopted investment and spending policies approved by the Executive Committee of the Board of Directors, on behalf of the Foundation Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes cash, equities and mutual funds that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

(14) **Contingent Liabilities:**

During the year ended December 31, 2021, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Foundation as of April 21, 2022, management believes that a material impact on the Foundation's financial position and results of future operations is reasonably possible.

(15) **Subsequent Events:**

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through April 21, 2022, the date which the financial statements were available to be issued. The note payable balance referenced in Note 11 was paid off in full during April 2022. No other subsequent events have been recognized or disclosed.

SOUTHERN SCHOLARSHIP FOUNDATION, INC.
SCHEDULE OF BUILDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

		2021 Historical Cost Before Depreciation
<u>Tallahassee</u>		
Rotary - 330 Stadium Drive	\$	510,535
Pilot - 324 Stadium Drive		280,246
BPW - 326 Stadium Drive		327,346
E.C. Allen - 320A Stadium Drive		263,948
Frueauff - 318C Stadium Drive		307,631
Mode Stone - 320B Stadium Drive		220,556
Office - 322 Stadium Drive		370,981
Lundquist-Hovda - 316A Stadium Drive		254,691
Lastinger - 316B Stadium Drive		229,412
McKaig - 318A Stadium Drive		303,182
Smith - 318B Stadium Drive		300,387
ADK - 803 W Jefferson Drive		368,247
Warehouse II		8,119
Tyner Study Hall - 322B Stadium Drive		100,841
Hansen - 2500 S. Adams Street		405,391
Knight - 2500 S. Adams Street		390,810
Florida Retail Federation - 2500 S. Adams Street		421,107
Grace Fox - 1314 and 1318 High Road		361,779
Malthouse - 811 W Jefferson Street		1,702,084
 <u>Gainesville</u>		
Thomas-Pilot - 705 SW 12th Street		534,723
Badcock - 1130 SW 8th Avenue		763,270
Rogers Rotary - 212 SW 165h Street		251,807
Hartman - 1065B SW 9th Street		352,038
Hansen - 1065A SW 9th Street		312,067
Williams - 1064A SW 9th Street		469,806
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
Teresa Turner Learning Center - 1065 SW 9th Street		622,700
UF Shop		4,166
 <u>FT Myers</u>		
Pilot - 926 FGCU Campus Housing		636,647
	\$	12,926,608

- See Independent Auditors' Report -

SOUTHERN SCHOLARSHIP FOUNDATION, INC.
ENDOWMENT INVESTMENTS HELD IN PERPETUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

	2021 Balance Held In Perpetuity
Estelle Mills Bishop Scholarship Fund	\$ 132,628
Dr. E. Ray Solomon Endowment	68,040
Mahan Endowment Fund	35,634
Pearl Tyner Endowment for Repairs and Maintenance	71,797
Florida Retail Federation Scholarship House Endowment Fund	50,000
Freeman Repairs and Maintenance Endowment	150,000
Harry D. Frueauff, Jr. Endowment Fund	405,000
Alfred I. DuPont Foundation, Inc. Endowment	478,500
George Hawksley Endowment Fund	1,370,160
Robert and Sally Hurrle Endowment Fund	741,382
J. Velma Keen Endowment	105,641
Bill and Nancy Malthouse Endowment for Student Support	1,060,832
Kiwanis Endowment	28,370
Bill and Nancy Malthouse Endowment for Repairs and Maintenance	125,562
Sam Lastinger Memorial Fund	34,675
Mack Tyner Scholarship Endowment for Student Support	71,797
Mack Tyner Endowment for Repairs and Maintenance	71,797
Mary and Russell McCaughan Endowment Fund	64,946
Dennis Allen Scholarship	25,000
Nancy D. Allen Endowment	68,171
Pilot Scholarship Fund	25,000
Sara de Kini Scholarship Fund	67,991
Pearl Tyner Scholarship Endowment	71,797
Rybinski Family Scholarship Endowment	35,120
Virginia C. & Laura S. Snively Endowment for Repairs and Maintenance	2,125,541
Steffens Family Endowment	75,000
Rotary Endowment for Repairs and Maintenance	40,000
Virginia C. & Laura S. Snively Endowment for Student Support	50,020
Sue and Jay Newman Endowment	136,750
Ted Hines Memorial Scholarship Fund	92,326
Ann Marie Leonard Endowment	25,000
Tommy and Shirley Thompson	50,000
General Endowment	178,367
	\$ 8,132,844

- See Independent Auditors' Report -