

**SAWNEE ELECTRIC MEMBERSHIP FOUNDATION, INC.
CUMMING, GEORGIA**

**FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2013 AND 2012 AND
REPORT OF INDEPENDENT ACCOUNTANTS**

SAWNEE ELECTRIC MEMBERSHIP FOUNDATION, INC.

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McNAIR, McLEMORE, MIDDLEBROOKS & Co., LLC

CERTIFIED PUBLIC ACCOUNTANTS

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February 28, 2014

REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors
Sawnee Electric Membership Foundation, Inc.

We have audited the accompanying financial statements of **Sawnee Electric Membership Foundation, Inc.**, which comprise the statements of financial position as of December 31, 2013 and 2012 and the related statements of activities 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.

Auditors' 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation'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 Foundation'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sawnee Electric Membership Foundation, Inc. as of December 31, 2013 and 2012 and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McNair, McLemore, Middlebrooks & Co., LLC
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

**SAWNEE ELECTRIC MEMBERSHIP FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31**

ASSETS

| | 2013 | 2012 |
|---------------------------------|------------------|------------------|
| Cash | \$112,503 | \$104,566 |
| Contributions Receivable | 11,165 | 10,798 |
| Total Assets | \$123,668 | \$115,364 |

NET ASSETS

| | | |
|--|------------------|------------------|
| Unrestricted Net Assets | \$ 65,120 | \$ 59,310 |
| Temporarily Restricted Net Assets | 58,548 | 56,054 |
| Total Net Assets | \$123,668 | \$115,364 |

See accompanying notes which are an integral part of these financial statements.

**SAWNEE ELECTRIC MEMBERSHIP FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31**

| | 2013 | 2012 |
|---|-----------|-----------|
| Changes in Unrestricted Net Assets | | |
| Support | | |
| Contributions-Unrestricted | \$131,484 | \$138,561 |
| Interest | - | 47 |
| | 131,484 | 138,608 |
| Net Assets Released from Restrictions | | |
| Scholarship Funds Released | 42,000 | 52,500 |
| | 173,484 | 191,108 |
| Program Service Expenses | | |
| Community Assistance | 125,669 | 152,270 |
| Scholarships | 42,000 | 52,500 |
| Other | 6 | 36 |
| | 167,675 | 204,806 |
| | 5,809 | (13,698) |
| Changes in Temporarily Restricted Net Assets | | |
| Contributions | 44,495 | 55,961 |
| Scholarship Returned | - | 1,750 |
| Interest | - | 11 |
| Net Assets Released from Restrictions | (42,000) | (52,500) |
| | 2,495 | 5,222 |
| Increase (Decrease) in Net Assets | 8,304 | (8,476) |
| Net Assets, Beginning | 115,364 | 123,840 |
| Net Assets, Ending | \$123,668 | \$115,364 |

See accompanying notes which are an integral part of these financial statements.

**SAWNEE ELECTRIC MEMBERSHIP FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31**

| | 2013 | 2012 |
|--|------------------|------------|
| Cash Flows from Operating Activities | | |
| Increase (Decrease) in Net Assets | \$ 8,304 | \$ (8,476) |
| Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities | | |
| Change In | | |
| Contributions Receivable | (367) | 11,801 |
| | 7,937 | 3,325 |
| Cash, Beginning | 104,566 | 101,241 |
| Cash, Ending | \$112,503 | \$104,566 |

See accompanying notes which are an integral part of these financial statements.

SAWNEE ELECTRIC MEMBERSHIP FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

Organization

Sawnee Electric Membership Foundation, Inc. is a nonprofit corporation organized under the laws of the state of Georgia.

Purpose

The purpose of Sawnee Electric Membership Foundation, Inc. is to accumulate and disburse funds for charitable purposes in the service area of the Sawnee Electric Membership Corporation, Inc., an electric membership corporation.

Accounting Policies

Accounting records are maintained in accordance with accounting principles and standards generally accepted in the United States (U.S. GAAP).

Basis of Presentation

U.S. GAAP requires the Foundation to report its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted - Net assets subject to donor-imposed stipulations that will be met either by the Foundation and/or the passage of time.

Permanently Restricted - Net assets subject to bylaw-imposed stipulations that will be maintained permanently by the Foundation.

The Foundation had no permanently restricted net assets at December 31, 2013 and 2012.

Income Taxes

The Foundation operates under the Internal Revenue Code Section 501(c)(3) as a tax-exempt organization. Currently, the Corporation's federal information returns for the years ended December 31, 2010 and after are subject to examination by the Internal Revenue Service.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through February 28, 2014, the date the financial statements were available to be issued.

(2) Contributions

The majority of contributions are provided by the members of Sawnee Electric Membership Corporation.

Unrestricted contributions are available for support of the Foundation's organizational purposes.

Temporarily restricted contributions are available for scholarships and educational purposes. Restrictions can be met by action of the Foundation.

Contributions receivable were received in total by the Foundation in January of the following year.

(3) Retention of Funds

The bylaws of the Foundation require a reasonable level of funds be maintained for operations and to provide for unexpected catastrophic needs. The required reserve shall be the greater of five percent of the previous year's total unrestricted income from contributions or \$5,000, and in no case shall the reserve be greater than \$7,500. In accordance with the above requirements, the reserve was \$6,928 and \$6,866 at December 31, 2013 and 2012, respectively.

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February 28, 2014

**REPORT OF INDEPENDENT ACCOUNTANTS
ON SUPPLEMENTARY INFORMATION**

The Board of Directors
Sawnee Electric Membership Foundation, Inc.

We have audited the financial statements of **Sawnee Electric Membership Foundation, Inc.** as of and for the years ended December 31, 2013 and 2012 and our report thereon dated February 28, 2014, which expressed an unmodified opinion on the financial statements, appears on page 1. Those audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying information on pages 8 through 10 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. Such 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.

McNair, McLemore, Middlebrooks & Co., LLC
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

**SAWNEE ELECTRIC MEMBERSHIP FOUNDATION, INC.
SCHEDULE OF COMMUNITY ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | |
|---|-----------|
| Act Together Ministries | \$ 1,000 |
| Alpharetta High School | 589 |
| American Legion Auxiliary Unit 307 | 2,500 |
| American Legion Post 307 | 3,600 |
| Amie Pendley | 500 |
| Autrey Mill Nature Preserve and Heritage Center | 3,000 |
| Camp Kudzu | 1,500 |
| CASA for Children, Inc. | 3,138 |
| Challenged Child and Friends, Inc. | 2,500 |
| David Burnette | 500 |
| Dawson County Family Connection | 1,000 |
| Dawson County High School | 1,000 |
| Dawson County Wee Books Program, Inc. | 3,000 |
| Families of Children Under Stress, Inc. | 3,500 |
| Felicia Leon | 500 |
| Forsyth Central High School | 1,316 |
| Forsyth County Lions Club | 3,000 |
| Fragile Kids Foundation | 5,725 |
| Friends of Disabled Adults & Children, Too | 2,495 |
| G. Cecil Pruett Community Center Family YMCA | 1,000 |
| Girl Scouts of Historic Georgia, Inc. | 3,000 |
| Grant Freeman | 500 |
| Habitat for Humanity North Central Georgia | 1,800 |
| Hillside Elementary School | 1,475 |
| Holcomb Bridge Middle School | 1,500 |
| Jacquiline Ortiz | 500 |
| Jennifer Alexander | 500 |
| Karleigh Jackson | 500 |
| Kilough Elementary School | 1,350 |
| Lekotek of Georgia, Inc. | 3,000 |
| Liberty Middle School | 1,440 |
| Little Mill Middle School | 1,395 |
| Malon D. Mimms Boys & Girls Club | 1,540 |
| Mentor Me - North Georgia, Inc. | 3,500 |
| Michael Cho | 500 |
| Mill Springs Academy | 1,245 |
| MUST Ministries, Inc. | 5,000 |
| Natosha Hubbard | 500 |
| | <hr/> |
| Balance-Carry Forward | \$ 70,608 |

**SAWNEE ELECTRIC MEMBERSHIP FOUNDATION, INC.
SCHEDULE OF COMMUNITY ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | |
|--|------------|
| Balance-Brought Forward | \$ 70,608 |
| No Longer Bound | 1,500 |
| North Forsyth High School | 2,665 |
| North Fulton Community Charities | 3,000 |
| North Metro Miracle League | 2,500 |
| Patrick Wolfe | 500 |
| Paul and Jaime Braza | 500 |
| Perry Fowler | 500 |
| Piney Grove Middle School | 1,500 |
| Porter Academy | 1,499 |
| Prevent Blindness Georgia | 3,500 |
| Rachel's Gift | 1,000 |
| Ramalingaredd Mallappagari | 500 |
| Reading Education Association of Dawson County | 1,600 |
| Riverview Middle School | 1,317 |
| Ronald Stillwache | 500 |
| Ryan Scott | 500 |
| Safe Kids of Georgia, Inc. | 5,000 |
| Senior Services of North Fulton, Inc. | 2,000 |
| Silver City Elementary School | 2,980 |
| Special Populations Tennis Program, Inc. | 1,000 |
| St. Vincent de Paul, Christ Redeemer Conference - Dawson | 2,400 |
| St. Vincent de Paul, Good Shepherd Conference - Forsyth | 7,500 |
| Stanley Lovell | 500 |
| Steve Crain | 500 |
| Steven Clark | 500 |
| Supporting Adoption and Foster Families | 2,400 |
| The Leukemia & Lymphoma Society | 2,500 |
| The Place of Forsyth County, Inc. | 2,700 |
| Thomas Bosko | 500 |
| West Forsyth High School | 1,500 |
| | \$ 125,669 |
| | \$ 125,669 |

**SAWNEE ELECTRIC MEMBERSHIP FOUNDATION, INC.
SCHEDULE OF SCHOLARSHIPS
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | |
|--|-----------|
| Nicholas Fischer - Berry College | \$ 3,500 |
| Adam Harrison-Trent - Emory University | 3,500 |
| Scott Berson - Georgia Southwestern State | 3,500 |
| Mechelle Hutcheson - North Georgia Technical College | 3,500 |
| Konstantin Benton - Point University | 3,500 |
| Bailey Howard - University of Georgia | 3,500 |
| Amanda Martin - University of North Georgia | 3,500 |
| Megan Noone - University of Georgia | 3,500 |
| Taylor Turk - University of North Georgia | 3,500 |
| Rachel Mooney - University of North Georgia | 3,500 |
| Martin Garcia - University of North Georgia | 3,500 |
| Blake McDaniel - University of North Georgia | 3,500 |
| | <hr/> |
| | \$ 42,000 |