

**SAWNEE ELECTRIC MEMBERSHIP CORPORATION FOUNDATION  
CUMMING, GEORGIA**

**FINANCIAL STATEMENTS AS OF  
DECEMBER 31, 2019 AND 2018 AND  
INDEPENDENT AUDITOR'S REPORT**

**SAWNEE ELECTRIC MEMBERSHIP CORPORATION FOUNDATION**

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March 19, 2020

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Sawnee Electric Membership Corporation Foundation

We have audited the accompanying financial statements of Sawnee Electric Membership Corporation Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2019 and 2018 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.

### 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 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 Corporation Foundation as of December 31, 2019 and 2018 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 CORPORATION FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31**

**ASSETS**

	<u>2019</u>	<u>2018</u>
<b>Cash</b>	<b>\$ 620,719</b>	<b>\$ 467,624</b>
<b>Contributions Receivable</b>	<b>9,020</b>	<b>8,192</b>
<b>Total Assets</b>	<b><u>\$ 629,739</u></b>	<b><u>\$ 475,816</u></b>

**NET ASSETS**

<b>Net Assets Without Donor Restrictions</b>	<b><u>\$ 629,739</u></b>	<b><u>\$ 475,816</u></b>
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See accompanying notes which are an integral part of these financial statements.

**SAWNEE ELECTRIC MEMBERSHIP CORPORATION FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31**

	2019	2018
<b>Change in Net Assets Without Donor Restrictions</b>		
<i>Revenue and Support</i>		
Contributions	\$ 514,076	\$ 302,064
Contributed Services	10,103	10,103
	524,179	312,167
<i>Expenses</i>		
Program Services		
Community Assistance	258,850	154,584
Scholarships	100,000	147,000
Supporting Services		
Administrative and General	11,406	10,854
	370,256	312,438
<b>Change in Net Assets Without Donor Restrictions</b>	153,923	(271)
<b>Net Assets Without Donor Restrictions, Beginning</b>	475,816	476,087
<b>Net Assets Without Donor Restrictions, Ending</b>	\$ 629,739	\$ 475,816

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

**SAWNEE ELECTRIC MEMBERSHIP CORPORATION FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31**

	<b>2019</b>	<b>2018</b>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets Without Donor Restrictions	\$ 153,923	\$ (271)
Adjustment to Reconcile Change in Net Assets Without Donor Restrictions to Net Cash Provided by Operating Activities		
<b>Change In</b> Contributions Receivable	(828)	1,280
<b>Net Increase in Cash</b>	<b>153,095</b>	<b>1,009</b>
<b>Cash, Beginning</b>	<b>467,624</b>	<b>466,615</b>
<b>Cash, Ending</b>	<b>\$ 620,719</b>	<b>\$ 467,624</b>

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

# SAWNEE ELECTRIC MEMBERSHIP CORPORATION FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### (1) Summary of Significant Accounting Policies

#### *Organization*

Sawnee Electric Membership Corporation Foundation (the Foundation) is a nonprofit corporation organized under the laws of the state of Georgia.

#### *Purpose*

The purpose of the Foundation is to accumulate and disburse funds for charitable purposes in the service area of Sawnee Electric Membership Corporation (Sawnee EMC). The Foundation also awards scholarships in the amount of \$5,000 each to eligible high school seniors with a primary residence served by Sawnee EMC for college/university scholarships as well as vocational/technical college scholarships.

#### *Accounting Policies*

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

#### *Basis of Presentation*

U.S. GAAP requires the Foundation to report its financial position and activities according to two classes of net assets:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated the year-end balance of net assets without donor restrictions for the purpose of community assistance and scholarships.
- Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. 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. The Foundation has no net assets with donor restrictions.

#### *Revenue and Revenue Recognition*

Revenue is recognized when earned. Contributions are recognized when cash or an unconditional promise to give is received.

#### *Income Taxes*

The Foundation operates under the Internal Revenue Code Section 501(c)(3) as a tax-exempt organization. Currently, the Foundation's federal information returns for 2018, 2017 and 2016 are subject to examination by the Internal Revenue Service.

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

### ***Reclassifications***

Certain amounts included in the accompanying financial statements for the year ended December 31, 2018 have been reclassified from their original presentation to conform to the presentation for the year ended December 31, 2019. The reclassifications had no effect on previously reported net assets.

### ***Subsequent Events***

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through March 19, 2020, the date the financial statements were available to be issued.

## **(2) Contributions**

The Foundation solicits donations from Sawnee EMC members through a “roundup” program. For Sawnee EMC members who elect to donate, the difference between their electric bill and the next whole dollar amount is donated to the Foundation.

Contributions may also consist of unclaimed patronage capital considered abandoned by current or former members of Sawnee EMC, in accordance with Georgia law (O.C.G.A. Section 44-12-236). The law specifies that these funds must be designated for any of the following purposes:

- Donated to an Internal Revenue Code Section 501(c)(3) organization serving in Sawnee EMC’s service area;
- Used in support of education in Sawnee EMC’s service area; or
- Used for economic development purposes in Sawnee EMC’s service area.

Donations made by current members of Sawnee EMC through the roundup program have no donor restrictions. Contributions of unclaimed capital credits, made by current or former members of Sawnee EMC, contain no restrictions from the donors, although the board of directors of Sawnee EMC can designate the funds for the specific purposes allowed under the law before forwarding the funds to the Foundation. In conjunction, the Foundation board of directors would adopt the designations made by the Sawnee EMC board of directors. There were no donations of unclaimed patronage capital for the years ended December 31, 2019 and 2018.

### (3) Contributed Services

The Foundation receives in-kind donations of labor and related expenses from Sawnee EMC, an affiliate of the Foundation. The Foundation recognized revenue and related expense of \$10,103 for the years ended December 31, 2019 and 2018.

### (4) Functional Expenses

Functional expenses were as follows for the years ended December 31:

	<u>Program Services</u>		<u>Supporting Services</u>	<u>Total</u>
	<u>Community Assistance</u>	<u>Scholarships</u>	<u>Administrative and General</u>	
<u>2019</u>				
Grants	\$ 258,850	\$ 100,000	\$ -	\$ 358,850
Other	-	-	11,406	11,406
<b>Total Expenses by Function</b>	<b>\$ 258,850</b>	<b>\$ 100,000</b>	<b>\$ 11,406</b>	<b>\$ 370,256</b>
<u>2018</u>				
Grants	\$ 154,584	\$ 147,000	\$ -	\$ 301,584
Other	-	-	10,854	10,854
<b>Total Expenses by Function</b>	<b>\$ 154,584</b>	<b>\$ 147,000</b>	<b>\$ 10,854</b>	<b>\$ 312,438</b>

There were no allocations of expenses to functional categories.

### (5) Liquidity and Availability

As of December 31, 2019, financial assets available for general expenditure without donor or other restrictions consists of the following:

Cash	\$ 620,719
Contributions Receivable	<u>9,020</u>
	<u>\$ 629,739</u>

General expenditures include all payments made by the Foundation, including community assistance and scholarships.

The Foundation's funds are maintained in checking and money market accounts and are available as needed. Receivables were collected and available soon after year-end. These assets are available for use within one year of the statement of financial position date.