

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

**FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2020 AND 2019 AND
INDEPENDENT AUDITOR'S REPORT**

SAWNEE ELECTRIC MEMBERSHIP FOUNDATION, INC.

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February 26, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Sawnee Electric Membership Foundation, Inc.

We have audited the accompanying financial statements of Sawnee Electric Membership Foundation, Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2020 and 2019 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 Foundation, Inc. as of December 31, 2020 and 2019 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

	<u>2020</u>	<u>2019</u>
Cash	\$ 398,196	\$ 620,719
Contributions Receivable	<u>7,667</u>	<u>9,020</u>
Total Assets	<u>\$ 405,863</u>	<u>\$ 629,739</u>

NET ASSETS

Net Assets Without Donor Restrictions	<u>\$ 405,863</u>	<u>\$ 629,739</u>
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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

	2020	2019
Change in Net Assets Without Donor Restrictions		
<i>Revenue and Support</i>		
Contributions	\$ 349,898	\$ 514,076
Contributed Services	10,103	10,103
	360,001	524,179
 <i>Expenses</i>		
Program Services		
Community Assistance	457,448	258,850
Scholarships	115,000	100,000
Supporting Services		
Administrative and General	11,429	11,406
	583,877	370,256
 Change in Net Assets Without Donor Restrictions	(223,876)	153,923
 Net Assets Without Donor Restrictions, Beginning	629,739	475,816
 Net Assets Without Donor Restrictions, Ending	\$ 405,863	\$ 629,739

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

	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets Without Donor Restrictions	\$ (223,876)	\$ 153,923
Adjustment to Reconcile Change in Net Assets Without Donor Restrictions to Net Cash Provided (Used) by Operating Activities		
Change In		
Contributions Receivable	1,353	(828)
Net Increase (Decrease) in Cash	(222,523)	153,095
Cash, Beginning	620,719	467,624
Cash, Ending	\$ 398,196	\$ 620,719

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. (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 2019, 2018, and 2017 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, 2019 have been reclassified from their original presentation to conform to the presentation for the year ended December 31, 2020. 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 February 26, 2021, 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, 2020 and 2019.

(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, 2020 and 2019.

(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>2020</u>				
Grants	\$ 457,448	\$ 115,000	\$ -	\$ 572,448
Other	-	-	11,429	11,429
Total Expenses by Function	\$ 457,448	\$ 115,000	\$ 11,429	\$ 583,877
<u>2019</u>				
Grants	\$ 258,850	\$ 100,000	\$ -	\$ 358,850
Other	-	-	11,406	11,406
Total Expenses by Function	\$ 258,850	\$ 100,000	\$ 11,406	\$ 370,256

There were no allocations of expenses to functional categories.

(5) Liquidity and Availability

As of December 31, 2020, financial assets available for general expenditure without donor or other restrictions consists of the following:

Cash	\$ 398,196
Contributions Receivable	<u>7,667</u>
	<u>\$ 405,863</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.

(6) Risks and Uncertainties

As of the issuance date of these financial statements, the Coronavirus pandemic (COVID-19) was continuing to have an adverse effect on financial markets. The effects of COVID-19 are widespread and unprecedented. However, the full impact of COVID-19 is uncertain as to the full magnitude that the pandemic will have on the Foundation's financial condition, liquidity, and future results of operations, given the dependency on funding from Sawnee EMC's roundup program and capital credit retirements. The board of directors is actively monitoring the situation, but given the daily evolution of the COVID-19 outbreak, the Foundation is not able to estimate the effects at this time.

February 26, 2021

**INDEPENDENT AUDITOR'S REPORT
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, 2020 and 2019 and our report thereon dated February 26, 2021, which contained an unmodified opinion on the financial statements. Those audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying information on pages 10 through 14 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.

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, 2020**

Aaron Paizo	\$ 175
Abdulrazak Alhalabi	175
Act Together Ministries	10,000
Alexander Koslick	175
American Cancer Society	2,500
American Legion Post 307	4,000
Andrea Darrisaw	175
Angela Donahue	175
Armin Zerle	500
Audrey Lambert Newman	500
Autrey Mill Nature Preserve	1,500
Benjamin Bina	500
Bethany Place, Inc.	5,000
Big Creek Elementary School	500
Black's Mill Elementary School	9,567
Boys & Girls Clubs of Hall County, Inc.	2,062
Brandywine Elementary School	500
Brenda Brown	500
Brookwood Elementary School	300
CAST for Kids	1,500
Cecilia A. Brown	500
Chabad of North Fulton	15,000
Charles Townsend	175
Chattahoochee Elementary School	500
Chestatee Elementary School	2,622
Children's Center for Hope and Healing	1,620
City on a Hill Food Pantry	10,000
Coal Mountain Elementary School	1,470
Corvetta Carpenter	175
Creekview High School	1,444
Cumming Elementary School	4,735
Cumming First United Methodist Church	15,000
Dana Freeman	175
Daves Creek Elementary School	300
De Sana Middle School	2,940
Donna Lester	500
Donna McClarran	500
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Balance - Carried Forward	\$ 97,960

SAWNEE ELECTRIC MEMBERSHIP FOUNDATION, INC.
SCHEDULE OF COMMUNITY ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

Balance - Brought Forward	\$	97,960
Earl Shaddix		500
Families of Children Under Stress, Inc.		1,150
Fill Ministries, Inc. dba Meals by Grace		16,000
Forsyth Central High School		200
Forsyth County Certified Literate Community Program		2,000
Forsyth County Family Haven		5,500
Forsyth County Lions Charities, Inc.		6,500
Forsyth County Schools		1,317
Frank P. Karic		175
Good Shepherd Clinic of Dawson County, Inc.		15,000
Greg Webber		500
Gwinnett Tech Foundation, Inc.		5,000
Habitat for Humanity - North Central Georgia		7,940
Harlen Ridley		500
Haw Creek Elementary School		500
Hightower Baptist Association		15,000
Holly Delohery		500
Holly Springs Elementary School		700
House of Hope North Georgia		10,000
Ilene Libman		500
Indian Knoll Elementary School		1,929
Jamal Philpot		175
James Harris		175
Jayakumar Pandian		175
Jocelyn Kimbrough		175
John M. Jordan		500
Johns Creek Community Arts Center		3,836
Johns Creek Elementary School		400
Joseph and Pamela Miserendino		500
Julian H. Hawkins		175
Kaavya Tatavarthy		175
Kelly Mill Elementary School		300
Kevin McLean		500
Kilough Elementary School		1,000
Lambert High School		400
		400
Balance - Carried Forward	\$	197,857

**SAWNEE ELECTRIC MEMBERSHIP FOUNDATION, INC.
SCHEDULE OF COMMUNITY ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance - Brought Forward	\$ 197,857
Liberty Middle School	250
Linda Bova	175
Los Rios Mexican Restaurant	1,000
Mackenzie Isbill	175
Manav N. Deshmukh	175
Mashburn Elementary School	300
Matt Elementary School	1,725
Matthew Williams	175
Meals on Wheels Forsyth County	15,000
Midway Elementary School	300
Mithil Patel	175
Mother's Cupboard, Inc.	10,000
MUST Ministries, Inc.	25,000
Naveen Kumar Jilla	175
Niranjan K. Veeranki	175
North Forsyth High School	1,440
North Fulton Community Charities	20,000
North Metro Miracle League	5,000
Operation Appreciation, Inc.	3,750
Peggy Perry	500
Piney Grove Middle School	250
Rina Katreeb	500
River Trail Middle School	1,000
Riverwatch Middle School	300
Ronnie Taylor	500
Rotary Club of Forsyth County Charities	400
Russell Jones	500
Sandra Pruitt	500
Sawnee Ballet Theatre	2,000
Sawnee Elementary School	200
Sawnee Woman's Club, Inc.	2,000
Senior Services of North Fulton, Inc.	21,000
Settles Bridge Elementary School	250
Sharon Elementary School	300
Sravan Kallepalli	175
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Balance - Carried Forward	\$ 313,222

**SAWNEE ELECTRIC MEMBERSHIP FOUNDATION, INC.
SCHEDULE OF COMMUNITY ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance - Brought Forward	\$ 313,222
St. Vincent de Paul, Christ Redeemer	20,000
St. Vincent de Paul, Good Shepherd	15,000
St. Vincent de Paul, St. Brendan	15,000
Stephanie Kulmaczewski	175
Stephen L. Hughs, Jr.	175
The ALS Association of Georgia, Inc.	2,500
The Marcus E. & Sharon Gunter Foundation	20,000
The Place of Forsyth County, Inc.	20,000
There's Hope for the Hungry	15,000
Thomas Johnston	500
University of North Georgia College	5,000
Unseen Hands Ministries Food Pantry	15,000
Variety The Children's Charity of Georgia	9,974
Vasanth Subramanian	175
Vickery Creek Elementary School	200
Vladimir Demetrahvili	175
West Forsyth High School	1,432
Whitlow Elementary School	3,420
William M. Berger, Jr.	500
	\$ 457,448

SAWNEE ELECTRIC MEMBERSHIP FOUNDATION, INC.
SCHEDULE OF SCHOLARSHIPS
FOR THE YEAR ENDED DECEMBER 31, 2020

Aidan May - University of Georgia	\$	5,000
Andrew Johnson - Oglethorpe University		5,000
Andrew Pardo - University of Michigan		5,000
Ashlynn Anglin - Georgia College & State University		5,000
Braxton Zeidler - University of Georgia		5,000
Catherine Edgmon - University of Georgia		5,000
Cathryn Gray - University of Michigan		5,000
Grace Rivord - Schwob School of Music at Columbus State		5,000
Haley Menees - University of North Georgia		5,000
Harly Devilla - University of Georgia		5,000
Holley Murray - University of Georgia		5,000
Jack McConnell - Georgia Institute of Technology		5,000
Jenna Stevens - University of North Georgia		5,000
Kara Starr - University of North Georgia		5,000
Logan Swafford - Kennesaw State University		5,000
Mackwan Sringam - University of Georgia		5,000
Marlie Townley - Reinhardt University		5,000
Matthew McKenna - Georgia Institute of Technology		5,000
Matthew Park - University of Georgia		5,000
Micah Bettis - Young Harris College		5,000
Odessa Stoelzel - University of Georgia		5,000
Shelby Yarbrough - College of Coastal Georgia		5,000
Sydney Gosdin - Berry College		5,000
		5,000
	\$	115,000