Georgia Association of REALTORS® Scholarship Foundation, Inc.

REVIEWED FINANCIAL STATEMENTS

January 31, 2020



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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors Georgia Association of REALTORS® Scholarship Foundation, Inc.

We have reviewed the accompanying financial statements of the Georgia Association of REALTORS® Scholarship Foundation, Inc. (the Foundation), which comprise the statement of financial position as of January 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

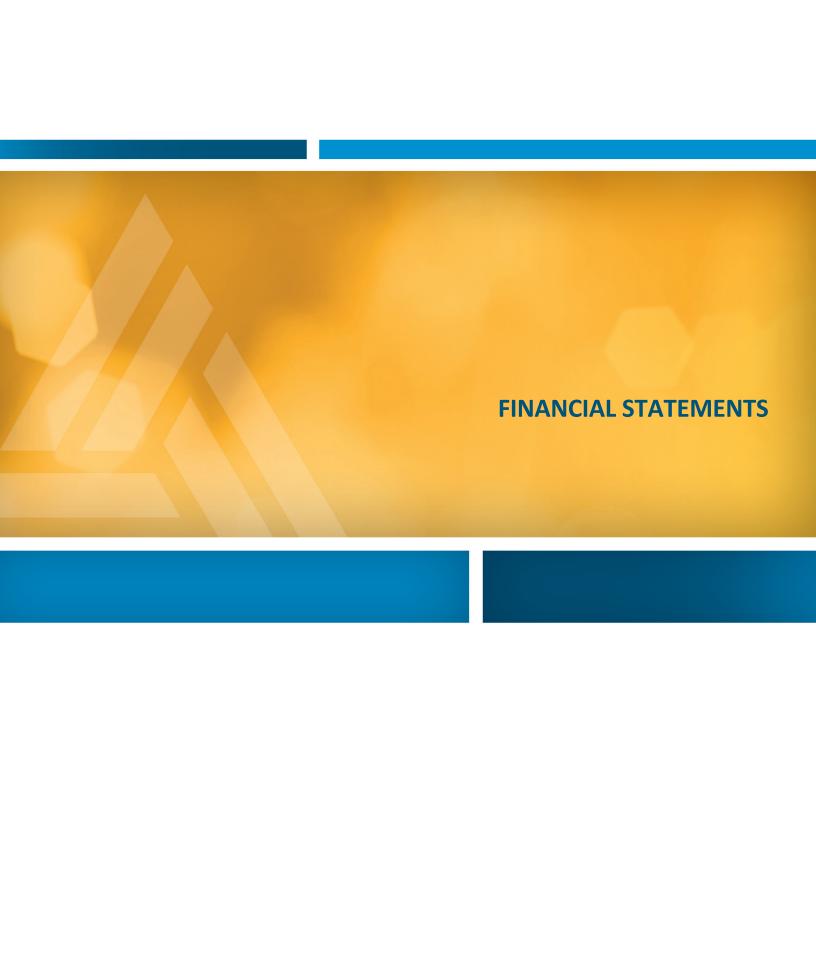
Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

CARR, RIGGS & INGRAM, LLC

Can, Rigge & Ingram, L.L.C.

Atlanta, Georgia August 25, 2020



Georgia Association of REALTORS ® Scholarship Foundation, Inc. Statement of Financial Position

(See Independent Accountants' Review Report)

January 31, 2020

	Without Donor With Donor Restrictions Restrictions		Total		
Assets Cash and cash equivalents Investments	\$	114,086 1,294,809	\$	- 205,000	\$ 114,086 1,499,809
Total assets	\$	\$ 1,408,895		205,000	\$ 1,613,895
Liabilities and Net Assets Accounts Payable	\$	500	\$	-	\$ 500
Net assets Without donor restrictions With donor restrictions		1,408,395 -		- 205,000	1,408,395 205,000
Total net assets		1,408,395		205,000	1,613,395
Total net assets and liabilities	\$	1,408,895	\$	205,000	\$ 1,613,895

Georgia Association of REALTORS ® Scholarship Foundation, Inc. Statement of Activities and Changes in Net Assets

(See Independent Accountants' Review Report)

For the year ended January 31, 2020

		Without				
		Donor	Wi	th Donor		
	Re	estrictions	Res	strictions		Total
Revenue and support						
Contributions	\$	83,033	\$	- \$	5	83,033
Miscellaneous income		257		-		257
Investment return		188,969		-		188,969
Net assets released from restrictions		30,000		(30,000)		
Total revenue and support		302,259		(30,000)		272,259
Expenses						
Program services		115,972		-		115,972
General and administrative		9,100		-		9,100
Total expenses		125,072		-		125,072
Change in net assets		177,187		(30,000)		147,187
Net assets at beginning of year		1,231,208		235,000		1,466,208
Net assets at end of year	\$	1,408,395	\$	205,000 \$	5	1,613,395

Georgia Association of REALTORS ® Scholarship Foundation, Inc. Statement of Functional Expenses

(See Independent Accountants' Review Report)

For the year ended January 31, 2020

	General Program and Services Administrative			Total		
Scholarship awards Management fees Professional fees	\$	99,366 16,200 406	\$	- \$ 1,800 7,300	99,366 18,000 7,706	
Total expenses	\$	115,972	\$	9,100 \$	125,072	

Georgia Association of REALTORS Scholarship Foundation, Inc. Statement of Cash Flows

(See Independent Accountants' Review Report)

For the	year end	led January	/ 31, 2020

Operating activities Change in net assets Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	\$ 147,187
Realized and unrealized gains on investments and reinvested dividends, net of fees	(188,969)
3.1.3333,	(100,303)
Net cash provided by (used in) operating activities	(41,782)
Investing activities	
Proceeds from sales of investments	14,151
Net cash provided by (used in) investing activities	14,151
Net change in cash and cash equivalents	(27,631)
Cash and cash equivalents at beginning of year	141,717
Cash and cash equivalents at end of year	\$ 114,086

(See Independent Accountants' Review Report)

Note 1: DESCRIPTION OF THE ORGANIZATION

The accompanying financial statements include the accounts of Georgia Association of REALTORS® Scholarship Foundation, Inc. (the Foundation), a Georgia §501(c)(3) nonprofit foundation. The Foundation was incorporated to receive contributions and make scholarship awards to individuals for the study of real estate related subjects.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Investments

The Foundation reports investments in equity securities with readily determinable fair values at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Net Assets

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in it corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

(See Independent Accountants' Review Report)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (continued)

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to management fees are allocated based on actual percentages of time spent in each functional area. Expenses related to professional fees are allocated across functional areas based on direct allocation of fees incurred. The Foundation did not incur any fundraising expenses during the year ended January 31, 2020.

Income Taxes

The Foundation is exempt from federal income taxes under the provisions of §501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the Foundation is not a private foundation as defined by §509(a)(1) of the Code.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of January 31, 2020, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements. The Organization believes it is no longer subject to income tax examinations for years prior to 2017.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 25, 2020. See Note 10 for relevant disclosure.

(See Independent Accountants' Review Report)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Pronouncements

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for transactions in which the Foundation serves as a resource recipient for fiscal years beginning after December 15, 2018. Thus, on February 1, 2019, the Foundation applied the provisions of this ASU on a modified prospective basis. The change had no significant impact on the Foundation's financial statements.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force), which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. For nonpublic entities, this guidance is effective for fiscal years beginning after December 15, 2018. Thus, on February 1, 2019 the Foundation applied the provisions of this ASU in the statement of cash flows.

Note 3: FINANCIAL ASSET AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of cash and investments. The Foundation's goal is generally to maintain financial assets to meet 30 days of operating expenses.

The following represents the Foundation's financial assets at January 31, 2020:

Financial assets at year end: Cash and cash equivalents Investments	\$ 114,086 1,499,809
Total financial assets	1,613,895
Less amounts not available to be used within one year: Net assets with donor restrictions	(205,000)
Financial assets available to meet general expenditures over the next twelve months	\$ 1,408,895

Note 4: INVESTMENTS

Investments in marketable securities consist of the following:

January 31, 2020	Cost	Market Value
		_
Equity securities	\$ 1,237,788	\$ 1,499,809

(See Independent Accountants' Review Report)

Note 5: NET ASSETS

The Foundation periodically receives grants from the Georgia Real Estate Commission (GREC). As of January 31, 2020, \$205,000 in GREC grants is considered to be donor restricted as it is to be returned to GREC if the Foundation's scholarship program is terminated. Interest on these donor restricted funds and certain annual contributions from GREC are considered to be restricted until the funds are awarded as scholarships as specified by GREC.

Note 6: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

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 in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at January 31, 2020.

Equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

(See Independent Accountants' Review Report)

188,969

Note 6: FAIR VALUE MEASUREMENTS (Continued)

Assets and liabilities measured at fair value on a recurring basis, are summarized for the year ended January 31, 2020:

	•	oted Market Prices in ive Markets Level 1	Obse I	Other rvable inputs evel 2	Unobservable Input Level 3	S	<u>Total</u>
Investments Equity securities	\$	1,499,809	\$	-	\$ -	\$	1,499,809
Total investments measured at fair value	\$	1,499,809	\$	-	\$ -	\$	1,499,809
The following summarizes the invest assets for the year ended January 31			e statem	ents o	f activities and	d ch	anges in net
Dividends and interest income Net realized and unrealized gains Investment fees						\$	16,239 178,914 (6,184)

Note 7: CONCENTRATIONS OF CREDIT RISK

The Foundation has cash deposits with a financial institution, which fluctuate from time to time in excess of federally insured limits. If this financial institution were not to honor its contractual liability, the Foundation could incur losses. Management is of the opinion that there is no risk of loss because of the financial strength of the financial institution.

Note 8: CONTINGENCIES

From time to time, the Foundation may have asserted and unasserted claims arising in the normal course of business. The Foundation does not expect losses, if any, arising from these asserted and unasserted claims to have a material effect on the financial statements.

Note 9: RELATED PARTY TRANSACTIONS

The Foundation is affiliated with the Georgia Association of REALTORS®, Inc. (GAR). The Foundation paid management fees of \$18,000 to GAR during the year ended January 31, 2020.

(See Independent Accountants' Review Report)

Note 10: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after January 31, 2020, through August 25, 2020, the date the Foundation's financial statements were available to be issued. The following occurred:

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Foundation. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain. In addition, the extent to which these events will affect the amounts reported in future financial statements remains uncertain.