

SOUTHERN PARTNERS FUND, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

With Independent Auditor's Report Thereon

SOUTHERN PARTNERS FUND, INC.
DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Southern Partners Fund, Inc.

We have audited the accompanying financial statements of Southern Partners Fund, Inc. (a nonprofit organization)(the "Fund"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, 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 of 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 entity'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 entity'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 aspects, the financial position of Southern Partners Fund, Inc., as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


Morrow, Georgia
June 9, 2020

SOUTHERN PARTNERS FUND, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	ASSETS		2019	2018
CURRENT ASSETS				
Cash and cash equivalents		\$	812,257	\$ 1,007,724
Cash – donor advised			4,441	19,591
Marketable securities			1,340,990	375,096
Contributions receivable			537	3,784
Pledges receivable			53,000	240,400
Prepaid expenses			<u>18,659</u>	<u>37,901</u>
TOTAL CURRENT ASSETS			2,229,884	1,684,496
MARKETABLE SECURITIES – ENDOWMENT			6,230,341	6,229,341
PLEDGES RECEIVABLE – LONG-TERM, NET			46,802	72,463
FIXED ASSETS, NET			11,728	7,635
OTHER ASSETS				
Security deposit			<u>3,779</u>	<u>3,779</u>
TOTAL ASSETS		\$	<u>8,522,534</u>	\$ <u>7,997,714</u>
	LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES				
Accounts payable		\$	9,385	\$ 93,638
Grants payable			79,000	-
Vacation payable			5,607	3,544
Deferred rent			<u>33,518</u>	<u>27,195</u>
TOTAL CURRENT LIABILITIES			<u>127,510</u>	<u>124,377</u>
TOTAL LIABILITIES			<u>127,510</u>	<u>124,377</u>
NET ASSETS				
Without donor restrictions				
Undesignated			465,000	491,457
Board designated			<u>1,470,252</u>	<u>689,308</u>
Total net assets without donor restrictions			1,935,252	1,180,765
With donor restrictions				
Restricted by purpose or time			229,431	463,231
Restricted for endowment			<u>6,230,341</u>	<u>6,229,341</u>
Total net assets with donor restrictions			6,459,772	6,692,572
TOTAL NET ASSETS			<u>8,395,024</u>	<u>7,873,337</u>
TOTAL LIABILITIES AND NET ASSETS		\$	<u>8,522,534</u>	\$ <u>7,997,714</u>

The accompanying notes are an integral part of these financial statements.

SOUTHERN PARTNERS FUND, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions and grants	\$ 230,757	\$ 137,874	\$ 368,631
Net assets released from restrictions due to satisfaction of donor-imposed restrictions	<u>370,674</u>	<u>(370,674)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUES	<u>601,431</u>	<u>(232,800)</u>	<u>368,631</u>
EXPENSES			
Program services	1,018,855	-	1,018,855
Supporting services			
Management and general expenses	173,229	-	173,229
Fundraising expenses	<u>147,272</u>	<u>-</u>	<u>147,272</u>
Total supporting services	<u>320,501</u>	<u>-</u>	<u>320,501</u>
TOTAL EXPENSES	<u>1,339,356</u>	<u>-</u>	<u>1,339,356</u>
OPERATING EXCESS	(737,925)	(232,800)	(970,725)
NONOPERATING CHANGES			
Realized and unrealized gains	1,312,561	-	1,312,561
Investment revenue	180,451	-	180,451
Loss on disposal of assets	<u>(600)</u>	<u>-</u>	<u>(600)</u>
CHANGES IN NET ASSETS	754,487	(232,800)	521,687
NET ASSETS:			
AT BEGINNING OF YEAR	<u>1,180,765</u>	<u>6,692,572</u>	<u>7,873,337</u>
AT END OF YEAR	<u>\$ 1,935,252</u>	<u>\$ 6,459,772</u>	<u>\$ 8,395,024</u>

The accompanying notes are an integral part of these financial statements.

SOUTHERN PARTNERS FUND, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions and grants	\$ 317,939	\$ 311,419	\$ 629,358
Net assets released from restrictions due to satisfaction of donor-imposed restrictions	<u>468,575</u>	<u>(468,575)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUES	<u>786,514</u>	<u>(157,156)</u>	<u>629,358</u>
EXPENSES			
Program services	1,364,778	-	1,364,778
Supporting services			
Management and general expenses	150,896	-	150,896
Fundraising expenses	<u>114,437</u>	<u>-</u>	<u>114,437</u>
Total supporting services	<u>265,333</u>	<u>-</u>	<u>265,333</u>
TOTAL EXPENSES	<u>1,630,111</u>	<u>-</u>	<u>1,630,111</u>
OPERATING EXCESS	(843,597)	(157,156)	(1,000,753)
NONOPERATING CHANGES			
Realized and unrealized losses	(926,997)	-	(926,997)
Investment revenue	221,412	-	221,412
Loss on disposal of assets	<u>(1,168)</u>	<u>-</u>	<u>(1,168)</u>
CHANGES IN NET ASSETS	(1,550,350)	(157,156)	(1,707,506)
NET ASSETS:			
AT BEGINNING OF YEAR	<u>2,731,115</u>	<u>6,849,728</u>	<u>9,580,843</u>
AT END OF YEAR	<u>\$ 1,180,765</u>	<u>\$ 6,692,572</u>	<u>\$ 7,873,337</u>

The accompanying notes are an integral part of these financial statements.

SOUTHERN PARTNERS FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Program activities</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 227,827	\$ 123,535	\$ 120,769	\$ 472,131
Grantmaking	457,549	-	-	457,549
Office	86,486	48,048	25,625	160,159
Leadership development	126,378	-	-	126,378
Board and committee development	54,658	-	-	54,658
Program development	46,234	-	-	46,234
Conferences	16,760	-	-	16,760
Professional development	<u>2,963</u>	<u>1,646</u>	<u>878</u>	<u>5,487</u>
TOTAL EXPENSES	<u>\$ 1,018,855</u>	<u>\$ 173,229</u>	<u>\$ 147,272</u>	<u>\$ 1,339,356</u>

The accompanying notes are an integral part of these financial statements.

SOUTHERN PARTNERS FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program activities</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 214,092	\$ 108,540	\$ 91,069	\$ 413,701
Grantmaking	851,512	-	-	851,512
Office	71,555	37,729	20,816	130,100
Leadership development	65,143	-	-	65,143
Board and committee development	58,465	-	-	58,465
Program development	67,200	-	-	67,200
Conferences	28,036	-	-	28,036
Professional development	<u>8,775</u>	<u>4,627</u>	<u>2,552</u>	<u>15,954</u>
 TOTAL EXPENSES	 <u>\$ 1,364,778</u>	 <u>\$ 150,896</u>	 <u>\$ 114,437</u>	 <u>\$ 1,630,111</u>

The accompanying notes are an integral part of these financial statements.

SOUTHERN PARTNERS FUND, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 521,687	\$(1,707,506)
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	5,135	3,751
Unrealized loss (gain) on marketable securities	(1,041,602)	1,212,252
Loss on disposal of fixed assets	600	1,168
(Increase)/decrease in operating assets:		
Contributions receivable	3,247	(3,512)
Pledges receivable	187,400	52,909
Prepaid expenses	19,242	(35,406)
Pledges receivable – long-term	25,661	58,801
Other assets	-	(1,708)
Increase/(decrease) in operating liabilities:		
Accounts payable	(84,253)	82,969
Grants payable	79,000	-
Vacation payable	2,063	(6,148)
Deferred rent	<u>6,323</u>	<u>27,195</u>
NET CASH FLOWS (USED IN) PROVIDED BY OPERATING ACTIVITIES	(275,497)	(315,235)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments, net	303,100	654,237
Interest and dividends, reinvested	(228,392)	(273,067)
Property and equipment purchases	<u>(9,828)</u>	<u>(5,299)</u>
NET CASH FLOW PROVIDED BY INVESTING ACTIVITIES	64,880	375,871
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(210,617)	60,636
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEARS	<u>1,027,315</u>	<u>966,679</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEARS	<u>\$ 816,698</u>	<u>\$ 1,027,315</u>

The accompanying notes are an integral part of these financial statements.

SOUTHERN PARTNERS FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. ORGANIZATION

Southern Partners Fund, Inc. (the “Fund”) was incorporated as a not-for-profit Georgia corporation in August 1998. The Fund provides financial resources, technical assistance and training, and access to systems of information to southern communities and organizations seeking social, economic, and environmental justice.

The Fund is funded by private donations from individuals, corporations, and foundations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

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 (“GAAP”).

The Fund’s net assets and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Fund and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of the Fund’s management and the board of directors.

Board designated net assets – Net assets subject to board-imposed restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Fund and/or passage of time. Some donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when 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.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

SOUTHERN PARTNERS FUND, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Southern Partners Fund, Inc. considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. The Fund had cash equivalents of \$817,499 and \$704,516 for years ended December 31, 2019 and 2018, respectively.

Contributions and pledges receivable

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. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

A discount rate of 2.5% and 3.5% was used for discounting long-term pledges receivable to give balances as of December 31, 2019 and 2018, respectively. The amount of discount associated with long-term pledges receivable was \$1,176 and \$2,537, respectively.

Property and equipment

Fixed assets are stated on the basis of cost. Depreciation is computed over the estimated useful lives (3-7 years) of the assets using the double-declining method. Acquisition of furniture and equipment or repairs, maintenance or betterments that materially prolong useful lives of assets are capitalized. The client uses a threshold of \$500 to capitalize fixed assets.

Investments

The Fund's investments consist of various marketable securities held at financial institutions. Investment earnings, including interest and dividend income and realized and unrealized gains and losses, are recorded in net assets without donor restriction unless their use is restricted by explicit donor stipulation. Investment income is presented in the statements of activities net of investment expense.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Southern Partners Fund, Inc. groups assets at fair value in

SOUTHERN PARTNERS FUND, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Unobservable prices that are based on inputs not quoted on active markets, but corroborated by market data.
- Level 3: Inputs are unobservable inputs for the asset that are supported by little or no market activity and that are significant to the fair value of the underlying asset.

As of December 31, 2019 and 2018, all investments were considered level 1 investments.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed services

During the years ended December 31, 2019 and 2018, the Fund received contributed administrative and program services. Total in-kind contributed services received and included in the accompanying statements of activities amounted to \$11,169 and \$982 for the years ended December 31, 2019 and 2018, respectively.

Deferred rent

Deferred rent results from a period of reduced rent payments at the inception of the office lease and is being amortized over the life of the lease. The Fund recognizes rent expense related to its office lease on a straight-line basis over the life of the lease in accordance with GAAP.

Functional allocation of expenses

The Fund allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Indirect expenses have been allocated based primarily on salary expenditures.

SOUTHERN PARTNERS FUND, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

Management of Southern Partners Fund, Inc. makes estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with GAAP. Actual results could differ from these estimates.

Revenue recognition

On January 1, 2019, the Fund adopted Accounting Standards Update (ASU) 2014-09, the new revenue recognition accounting standard issued by the Financial Accounting Standards Board (FASB) and codified in Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers. The revenue recognition standard in ASC 606 outlines a single comprehensive model for recognizing revenue as performance obligations, defined in a contract with a customer as goods or services transferred to the customer in exchange for consideration, as satisfied. The standard also requires expanded disclosures regarding the Fund's revenue recognition policies and significant judgment employed in the determination of revenue.

The standard's core principal is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration in which the entity expects to be entitled in exchange for those goods or services.

The majority of the Fund's contracts do not contain variable consideration or warranties and contract modifications are generally minimal. Based on the Fund's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

On January 1, 2019 the Fund adopted ASU 2018-08 Not-for-Profit Entities (Topic 958-605) clarifying the accounting guidance for contributions received and contributions made to assist entities in distinguishing between contributions (non-reciprocal) and exchange (reciprocal) transactions and to determine whether a contribution is conditional. The adoption did not have a material impact on the consolidated financial statements.

Income taxes

The Fund qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is only subject to federal or state income taxes on specific types of income from activities that are unrelated to its exempt purpose. The Fund had no income from unrelated activities and has no income taxes due as of December 31, 2019 and 2018.

SOUTHERN PARTNERS FUND, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Fund’s application of ASC 740 regarding uncertain tax positions had no effect on its financial position as management believes the Fund has no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. The Fund would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. The Fund is no longer subject to examination by federal, state or local tax authorities for periods before 2016.

Subsequent events

Subsequent events have been evaluated through June 9, 2020, which is the date the financial statements were available to be issued.

3. AVAILABILITY AND LIQUIDITY

The following represents the Fund’s financial assets at December 31, 2019, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	2019
Financial assets:	
Cash and cash equivalents	\$ 812,257
Cash – restricted for DAF	4,441
Investments	7,571,331
Contributions receivable	537
Pledges receivable	53,000
Long-term contributions receivable	46,802
Financial assets at year-end	8,488,368
Less amounts unavailable to be used within one year:	
Investments in perpetuity endowments	(6,230,341)
Net assets with time or purpose restrictions	(156,825)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,101,202

As part of the Fund’s liquidity management it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. Although the Fund does not intend to spend from its board designated endowment other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its board designated endowment could be made available if necessary.

SOUTHERN PARTNERS FUND, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

4. INVESTMENTS

The following is a summary of investments at December 31, 2019 and 2018:

	2019	2018
Cash and equivalents	\$ 390,937	\$ 333,218
Equity funds	4,138,561	3,476,522
Equities	2,169,122	1,935,633
Fixed income	661,481	624,137
Bond funds	<u>602,167</u>	<u>568,145</u>
	<u>\$ 7,962,268</u>	<u>\$ 6,937,655</u>

Investment revenue for the year ended December 31, 2019 and 2018 is comprised of the following:

	2019	2018
Interest and dividends	\$ 228,969	\$ 273,595
Management fees	<u>(48,518)</u>	<u>(52,183)</u>
Total investment revenue	<u>\$ 180,451</u>	<u>\$ 221,412</u>

5. FIXED ASSETS, NET

Property and equipment at December 31, 2019 and 2018 consisted of the following:

	2019	2018
Property and equipment	\$ 87,045	\$ 83,958
Less accumulated depreciation	<u>(75,317)</u>	<u>(76,323)</u>
Total fixed assets, net	<u>\$ 11,728</u>	<u>\$ 7,635</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$5,135 and \$3,751, respectively.

6. CONCENTRATIONS OF CREDIT RISK

The Fund maintains cash deposits in two banks, which throughout the year exceeds federally insured deposit limits. The Fund has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

SOUTHERN PARTNERS FUND, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

7. NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to expenditures for specific purpose:		
Restricted for passage of time	\$ 208,640	\$ 322,788
Restricted for young leaders	10,000	5,000
Restricted for disaster relief	5,383	30,103
Restricted for Wilburn-Sapp	3,711	3,711
Restricted for digital story telling	1,000	1,000
Restricted for Barbara Meyer	697	7,347
Restricted for regranting	-	75,000
Restricted for evaluative site visits	<u>-</u>	<u>18,282</u>
Total net assets with donor restrictions	<u>\$ 229,431</u>	<u>\$ 463,231</u>

Net assets with donor restrictions released from restrictions were as follows for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Restricted for passage of time	240,325	\$ 266,242
Restricted for young leaders	5,000	-
Restricted for disaster relief	24,720	144,750
Restricted for Wilburn-Sapp	-	1,000
Restricted for digital story telling	-	-
Restricted for Barbara Meyer	7,347	10,866
Restricted for regranting	75,000	37,500
Restricted for evaluative site visits	18,282	-
Restricted for strengthen racial equity	<u>-</u>	<u>8,217</u>
Total released from restrictions	<u>\$ 370,674</u>	<u>\$ 468,575</u>

8. BOARD DESIGNATED NET ASSETS

Board designated net assets are net assets without donor restrictions subject to board-imposed restrictions. At December 31, 2019 and 2018, the Fund's board designated all of the net assets without donor restrictions to be used to help grow the general purpose endowment, except for \$465,000 and \$483,822, respectively, to be used for operations. The designated amounts are reflected as board designated net assets on the statement of financial position.

SOUTHERN PARTNERS FUND, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

9. ENDOWMENT FUND

The Fund’s endowment fund has been setup with donor-imposed restrictions and the funds are considered to be restricted permanently. The investment is to be held indefinitely, and the income generated by the investment is to be used for unrestricted purposes, at the board’s discretion. The endowment’s corpus grows via contributions designated for the endowment by donors. The long-term asset allocation ranges are as follows:

A. Fixed Income and Cash Securities - 15% to 40% with a goal of 25%

B. Equities - 60% to 85% with a goal of 75%

Equity Allocation

Domestic Equities = 50% to 90%

 Large Cap = 10% to 30%

 Small Cap = 10% to 30%

International Equities = 10% to 30%

 Developed Markets = 10% to 30%

 Emerging Markets = 0% to 15%

The following is a reconciliation of the endowment funds for the years ended December 31, 2019 and 2018:

Endowment Fund December 31, 2017	\$ 6,229,341
Contributions/withdrawals	_____ -
Endowment Fund December 31, 2018	6,229,341
Contributions/withdrawals	_____ 1,000
Endowment Fund December 31, 2019	\$ <u><u>6,230,341</u></u>

10. RELATED PARTY TRANSACTIONS

For the year ended December 31, 2019, two board members were compensated for services performed for the Fund. Leroy Johnson was paid \$30,000 for serving as a resource development consultant. Rosetta Johnson Mackey was paid \$18,000 for serving as a program consultant.

SOUTHERN PARTNERS FUND, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

11. LEASE COMMITMENTS

The Fund executed a 91-month lease for office space in May 2018 with GRE Midtown, LLC. Rent expense incurred for December 31, 2019 and 2018 was \$44,679 and \$49,504, respectively.

The Fund entered into an operating lease for a copier in January 2017. The lease has a minimum monthly payment of \$171 that is required through December 31, 2021. Rent expenses incurred under this lease for December 31, 2019 and 2018 were \$2,228 and \$2,400, respectively.

Following are the future minimum lease payments under these operating leases:

<u>Year</u>	<u>Office</u>	<u>Copier</u>
2020	\$ 47,297	\$ 2,046
2021	48,712	2,046
2022	50,164	-
2023	51,668	-
2024	53,222	-
Thereafter	<u>54,820</u>	<u>-</u>
	<u>\$ 309,976</u>	<u>\$ 4,092</u>

12. SUBSEQUENT EVENTS

On May 7, 2020, the Company received loan proceeds in the amount of \$77,136 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1 percent, with a deferral of payments for the first six months. The Company intends to use the proceeds for purposes consistent with the PPP. While the Company currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, no assurances can be provided.

As of the issuance date of these financial statements, the coronavirus pandemic is having serious economic implications throughout the world. The long-term economic consequences remain unknown. An estimate of the financial statement effect of this pandemic on the Fund cannot be made at this time.