

**STATE BOARD OF EDUCATION**  
**Action Item**  
January 14, 2015

**SUBJECT:** Approval of AAA Scholarship Foundation – Florida, LLC as Scholarship Funding Organization for 2015-16

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**PROPOSED BOARD ACTION**

Approve the renewal of AAA Scholarship Foundation – Florida, LLC as an eligible Scholarship Funding Organization (SFO) for purposes of administering the Florida Tax Credit scholarships (FTC) and Personal Learning Scholarship Account (PLSA) programs for 2015-16.

**AUTHORITY FOR STATE BOARD ACTION**

Section 1002.395(16), Florida Statutes

**EXECUTIVE SUMMARY**

In order to participate in the FTC or PLSA program, a charitable organization that seeks to be a nonprofit scholarship-funding organization must submit an application for initial approval or renewal to the Office of Independent Education and Parental Choice no later than September 1 of each year before the school year for which the organization intends to offer scholarships. In consultation with the Department of Revenue and the Chief Financial Officer, the Office of Independent Education and Parental Choice shall review the application and the Commissioner of Education shall recommend approval or disapproval of the application to the State Board of Education. The State Board of Education shall approve or deny the application.

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**Supporting Documentation Included:** Application packet for AAA Scholarship Foundation – Florida, LLC (under separate cover)

**Facilitators/Presenters:** Adam Miller, Executive Director, Office of Independent Education and Parental choice; Kimberly Dyson, President, AAA Scholarship Foundation – Florida, LLC

**NONPROFIT SCHOLARSHIP FUNDING ORGANIZATION  
PARTICIPATION RENEWAL FOR  
SCHOLARSHIP FUNDING ORGANIZATION**



If your nonprofit charitable organization desires to participate, please complete this form and submit it to the Department of Education with information as requested below. If you have any questions, contact the Office of Independent Education and Parental Choice at: Telephone (850) 245-0502 or FAX (850) 245-9134 or by mail to: 325 W. Gaines Street, Suite 1044, Tallahassee, FL 32399-0400.

SUBMIT BY: SEPTEMBER 1, 2014

**INFORMATION REQUIRED ABOUT YOUR ORGANIZATION**

AAA Scholarship Foundation - FL, LLC

(Name of Organization)

Kimberly Dyson

kim@aaascholarships.org

888-707-2465

888-707-2465

(Principal Contact)

(E-mail)

(Phone)

(Fax)

PO Box 15719

(Mailing Address)

(Mailing Address Cont.)

Tampa, FL 33684

(City)

(Zip Code)

Kimberly Dyson

(Name of Principal Officer or Legal Representative)

**CHARITABLE SFO ASSURANCES / VERIFICATION**

WHICH BEST DESCRIBES YOUR ORGANIZATION? (Circle one)

Municipal (serving one city or county)

Regional

Statewide

TO BE CONSIDERED AS AN ELIGIBLE SFO, PLEASE SUBMIT THE FOLLOWING DOCUMENTATION TO THE DEPARTMENT OF EDUCATION:

- ✓ A signed IEPC SFO-2 form.
- ✓ A copy of your IRS Determination Letter as a 501(c)(3) not-for-profit organization (Attachment A)
- ✓ A copy of your organization's incorporation and registration with the Florida Division of Corporations, Office of the Secretary of State (Attachment B)
- Level 2 criminal background screening results for owners and operators → Results provided by FOIE to DOE Directly
- ✓ A description of your organization's financial plan that demonstrates sufficient funds to operate throughout the school year (Attachment C)
- ✓ A description of the geographic region that the organization intends to serve and an analysis of the demand and unmet need for eligible students in that area (Attachment D)
- ✓ The organization's organizational chart (Attachment E)

- ✓ A description of the criteria and methodology that the organization will use to evaluate scholarship eligibility (Attachment F)
- ✓ A description of the application process, including deadlines and any associated fees (Attachment F)
- ✓ A description of the deadlines for attendance verification and scholarship payments (Attachment F)
- ✓ A copy of the organization's policies on conflict of interest and whistleblowers (Attachment G + H)
- ✓ A surety bond or letter of credit in an amount equal to the amount of undisbursed donations held by the organization based on the annual report provided to the Auditor General and the Dept. of Education and conducted by an independent certified public accountant (s.1002.395 (6)(m), F.S.) The amount of the surety bond or letter of credit must be at least \$100,000.00, but not more than \$25 million (Attachment I)
- The organization's completed IRS Form 990 (due no later than November 30) → will send once complete
- A copy of the statutorily required audit to the Department of Education and Auditor General - will send once complete
- X An annual report that includes the number of students who completed applications, by county and by grade, the number of students who were approved for scholarships, by county and by grade, and the number of students who received funding for scholarships within each funding category, by county and by grade, as well as the amount of funds received, the amount of funds distributed in scholarships, and an accounting of remaining funds and the obligation of those funds - not Applicable this year
- X A detailed accounting of how the organization spent the administrative funds, if applicable - not Applicable

**PLEASE REVIEW THE FOLLOWING DECLARATIONS:**

- ✓ I have read and agree to comply with Florida Administrative Code 6A-6.0960 related to the Florida Tax Credit Scholarship Program
- ✓ I have read and agree to comply with Florida Statutes Section 1002.395 and Section 1002.385, if applicable
- ✓ I will notify the Department of Education within 7 days if personal or corporate bankruptcy is filed within the next year
- ✓ I have not filed for personal or corporate bankruptcy in a corporation of which I owned more than 20 percent in the last 7 years

**I HEREBY ATTEST THAT AS THE PRINCIPAL OFFICER OF THE ABOVE NAMED SCHOLARSHIP FUNDING ORGANIZATION ALL OF THE DOCUMENTATION SUBMITTED AND INFORMATION PROVIDED AS A RESULT OF THIS FORM IS TRUE AND CORRECT. BY SIGNING THIS FORM I ATTEST TO THE ABOVE DECLARATIONS.**

  
 \_\_\_\_\_  
 Signature of Principal Officer

Kimberly Dyson

\_\_\_\_\_  
 Please print or type signature name

August 25, 2014

\_\_\_\_\_  
 Date

NOTARIZATION ENCOURAGED

**FOR DOE PURPOSES ONLY:**

Date Received: \_\_\_\_\_

Received by: \_\_\_\_\_

Action: \_\_\_\_\_

Authorization: \_\_\_\_\_

Date: \_\_\_\_\_

SFO Notified: \_\_\_\_\_ DOR Notified: \_\_\_\_\_ DABT Notified: \_\_\_\_\_

*NOTE: Section 1002.395, F.S., requires the Department of Education to annually notify the Department of Revenue and the Division of Alcoholic Beverages and Tobacco of the Department of Business and Professional Regulation with a list of eligible Scholarship Funding Organizations.*

(Attachment A)

INTERNAL REVENUE SERVICE  
P. O. BOX 2508  
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **SEP 10 2010**

AAA SCHOLARSHIP FOUNDATION INC  
C/O HEATHER BRAULT  
PO BOX 3579  
FORT STEWART, GA 31315

Employer Identification Number:  
27-2559468  
DLN:  
17053140325030  
Contact Person:  
CHITRA MAMLATDARNA ID# 52471  
Contact Telephone Number:  
(877) 829-5500  
Accounting Period Ending:  
June 30  
Public Charity Status:  
170(b)(1)(A)(vi)  
Form 990 Required:  
Yes  
Effective Date of Exemption:  
March 26, 2010  
Contribution Deductibility:  
Yes  
Addendum Applies:  
No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.

Letter 947 (DO/CG)



## Detail by Entity Name

### Florida Limited Liability Company

AAA SCHOLARSHIP FOUNDATION - FL, LLC

### Filing Information

Document Number	L13000172561
FEI/EIN Number	NONE
Date Filed	12/13/2013
State	FL
Status	ACTIVE
Effective Date	12/10/2013
Last Event	LC AMENDMENT
Event Date Filed	01/23/2014
Event Effective Date	NONE

### Principal Address

13528 PRESTIGE PLACE  
107  
TAMPA, FL 33635

Changed: 01/21/2014

### Mailing Address

13528 PRESTIGE PLACE  
107  
TAMPA, FL 33635

Changed: 01/21/2014

### Registered Agent Name & Address

DYSON, KIM  
13528 PRESTIGE PLACE  
107  
TAMPA, FL 33635

Address Changed: 01/21/2014

### Authorized Person(s) Detail

#### **Name & Address**

Title MGRM

AAA SCHOLARSHIP FOUNDATION, INC.  
PO BOX 3579  
FORT STEWART, GA 31315

**Annual Reports**

<b>Report Year</b>	<b>Filed Date</b>
2014	01/21/2014

**Document Images**

<u>01/23/2014 -- LC Amendment</u>	<a href="#">View image in PDF format</a>
<u>01/21/2014 -- ANNUAL REPORT</u>	<a href="#">View image in PDF format</a>
<u>01/17/2014 -- LC Amendment</u>	<a href="#">View image in PDF format</a>
<u>12/13/2013 -- Florida Limited Liability</u>	<a href="#">View image in PDF format</a>

Example Brand Finance Policies  
51111 of 212714 Department of Education

**ARTICLES OF ORGANIZATION FOR FLORIDA LIMITED LIABILITY COMPANY**

**ARTICLE I - Name:**

The name of the Limited Liability Company is:

AAA Scholarship Foundation - FL, LLC

(Must end with the words "Limited Liability Company," "L.L.C.," or "LLC.")

**ARTICLE II - Address:**

The mailing address and street address of the principal office of the Limited Liability Company is:

**Principal Office Address:**

**Mailing Address:**

3135 State Road 580, Suite 15  
Safety Harbor, FL 34695

3135 State Road 580, Suite 15  
Safety Harbor, FL 34695

**ARTICLE III - Registered Agent, Registered Office, & Registered Agent's Signature:**

(The Limited Liability Company cannot serve as its own Registered Agent. You must designate an individual or another business entity with an active Florida registration.)

The name and the Florida street address of the registered agent are:

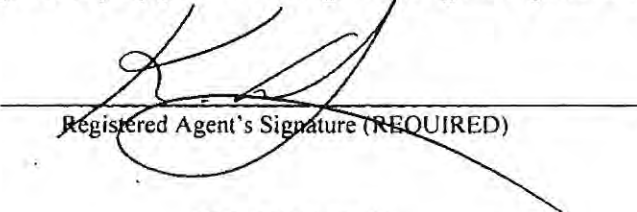
Kim Dyson  
Name

3135 State Road 580, Suite 15  
Florida street address (P.O. Box **NOT** acceptable)

Safety Harbor, FL 34695 FL  
City, State, and Zip

FILED  
2013 DEC 13 PM 3:41  
SECRETARY OF STATE  
ALLIANCE STATE  
ALLIANCE FLORIDA

*Having been named as registered agent and to accept service of process for the above stated limited liability company at the place designated in this certificate, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relating to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent as provided for in Chapter 608, F.S..*

  
Registered Agent's Signature (REQUIRED)

(CONTINUED)



**ARTICLE IV- Manager(s) or Managing Member(s):**

The name and address of each Manager or Managing Member is as follows:

**Title:**

"MGR" = Manager

"MGRM" = Managing Member

**Name and Address:**

MGRM

AAA Scholarship Foundation, Inc.

PO Box 3579

Fort Stewart, GA 31315

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\_\_\_\_\_

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\_\_\_\_\_

\_\_\_\_\_

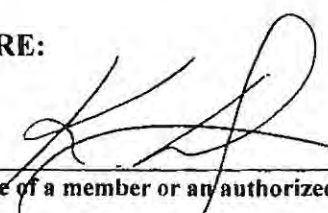
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2013 DEC 13 PM 3:41  
DEPARTMENT OF STATE  
TALLAHASSEE, FLORIDA

(Use attachment if necessary)

**ARTICLE V:** Effective date, if other than the date of filing: 12/10/2013 (OPTIONAL)

(If an effective date is listed, the date must be specific and cannot be more than five business days prior to or 90 days after the date of filing.)

**REQUIRED SIGNATURE:**



\_\_\_\_\_  
Signature of a member or an authorized representative of a member.

(In accordance with section 608.408(3), Florida Statutes, the execution of this document constitutes an affirmation under the penalties of perjury that the facts stated herein are true. I am aware that any false information submitted in a document to the Department of State constitutes a third degree felony as provided for in s.817.155, F.S.)

Kimberly Dyson, President and CEO, AAA Scholarship Foundation

Typed or printed name of signee

**Filing Fees:**

\$125.00 Filing Fee for Articles of Organization and Designation of Registered Agent

\$ 30.00 Certified Copy (Optional)

\$ 5.00 Certificate of Status (Optional)



#### **ARTICLE VI - Purpose**

1. This company is organized exclusively for charitable and educational purposes within the meaning of Section 501 (c)(3) of the Internal Revenue Code of 1986, as now enacted or hereafter amended, including, for such purposes:

- a. To provide economic and other assistance to low-income families to enable them to select the best schools for their children; and
- b. To engage in any and all lawful activities to accomplish the forgoing purposes except as restricted herein.

In order to accomplish the foregoing charitable and educational purposes, and for no other purpose or purposes, the company shall have all the powers granted to not-for-profit companies by the Florida Not-For-Profit Corporation Act; provided, however, that the company shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of the company.

2. At all times the following shall operate as conditions restricting the operations and activities of the company:

- a. No part of the net earnings of the company shall inure to any member of the company not qualifying as exempt under Section 501 (c)(3) of the Internal Revenue Code of 1986, as now enacted or hereafter amended, nor to any Director or Officer, nor to any other private persons, excepting solely such reasonable compensation that the company shall pay for services actually rendered to the company, or allowed by the company as a reasonable allowance for authorized expenditures incurred on behalf of the company;
- b. No substantial part of the activities of the company shall constitute the carrying on of propaganda or otherwise attempting to influence legislation, or any initiative or referendum before the public, and the company shall not participate in, or intervene in (including by publication or distribution of statements), any political campaign on behalf of, or in opposition to, any candidate for public office; and
- c. Notwithstanding any other provision of these articles, the company shall not carry on any other activities not permitted to be carried on by a company exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code of 1986, as now enacted or hereafter amended.
- d. The company shall not lend any of its assets to any officer or Director of this company or guarantee to any person the payment of a loan by an officer or Director of this company.

3. Upon the time of dissolution of the company, assets shall be distributed by the Managing Member after paying or making provisions for the payment of all debts, obligations, liabilities, costs and expenses of the company, for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the principal office of the company is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.



**ARTICLE VII – LIMITATIONS ON POWERS**

The purpose and activities of AAA Scholarship Foundation – FL, LLC are limited to activities which are carried on for the exclusive benefit of AAA Scholarship Foundation Inc., a Georgia not for profit corporation, and AAA Scholarship Foundation – FL, LLC, will only exercise powers which are in furtherance of AAA Scholarship Foundation, Inc.'s exempt purposes.

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FALLAHSSTFCUJPHUJ

**AAA Scholarship Foundation, Inc.**  
**Operating Budget**  
**Fiscal Year 2014-15**

(Attachment C)

	<b>Annual Budget</b>
<b>Revenues</b>	
Contributions - GA	2,120,000
Contributions - AZ	10,807,500
Contributions - PA	300,000
Contributions - AZ-DD	490,000
Contributions - AL	293,500
Contributions - FL	750,000
Grants - FL PLSA	100,000
Total Grants & Contributions	14,861,000
Interest	23,157
Net Revenues	14,884,157
<b>Direct Program Costs</b>	
Scholarships Awarded - GA	1,926,600
Scholarships Awarded - AZ	9,726,750
Scholarships Awarded - PA	270,000
Scholarships Awarded - AZ-DD	441,000
Scholarships Awarded - AL	277,500
Scholarships Awarded - FL	600,000
Scholarships Awarded - FL PLSA	100,000
Total Direct Program Costs	13,341,850
<b>General and Administrative Expenses</b>	
Wages & Benefits	269,015
Travel Expenses	42,860
Business Insurance	2,222
<b>General Expenses</b>	
Advertising/Marketing	19,700
Bank Charge	3,540
Business License/Registration	3,142
Contract Services/Development	556,890
Dues, Fees & Subscriptions	3,623
Equipment Rental	1,938
Office Equipment	2,400
Postage & Delivery	5,612
Printing & Reproduction	691
Professional Services	23,595
Repair & Maintenance	500
Software Licenses	30,000
Supplies	2,400
Telephone/Fax	2,540
Web/Internet Hosting Services	1,129
Total General Expenses	657,699
Facility Expenses	18,000
Total G&A Expenses	989,796
Total Costs & Expenses	14,331,646
Surplus / (Deficit)	552,511

*1/1/14*  
*8/25/14*

Florida Scholarship Funding Organization  
Annual Application – Attachment  
For the Fiscal Year Ended 6/30/15

**A description of the geographic region that the organization intends to serve and an analysis of the demand and unmet need for eligible students in that area**

AAA Scholarship Foundation – FL, LLC serves the children of low-income families throughout the state of Florida. Low-income is defined by AAA as household incomes up to 250 percent of the federal poverty threshold.

The United States Census Bureau estimates Florida’s population at just below 20 million people with 15.6 percent of them living below the federal poverty threshold.<sup>1</sup> For 2012, the federal poverty threshold was \$23,283 for a family of two adults and two children.<sup>2</sup>

According to the National Center for Children in Poverty, there were 2,005,689 Florida families with 3,874,842 children.<sup>3</sup> Below is a breakdown of the 2012 Florida household income demographics for these children as published by Kids Count, a project of the Annie E. Casey Foundation:<sup>4</sup>

- 2,367,000 children are at or below 250 percent of the federal poverty threshold
- 2,002,000 children are at or below 200 percent of the federal poverty threshold
- 1,539,000 children are at or below 150 percent of the federal poverty threshold
- 1,011,096 children are at or below 100 percent of the federal poverty threshold

The Florida Department of Revenue’s 2013-14 Annual Report on Private Schools<sup>5</sup> states that of the 3,046,299 statewide total PK-12 student enrollment in the 2013-2014 school year, 2,720,797 (89.3 percent) were public school students, and 325,502 (10.7 percent) were private school students at 2,309 private schools.

<u>GRADE LEVEL</u>	<u>STUDENTS</u>	<u>PERCENTAGE OF TOTAL ENROLLMENT</u>
Pre-K	42,402	13.0%
K	24,789	7.6%
1st	23,912	7.3%
2nd	21,405	6.6%
3rd	20,940	6.4%
4th	20,717	6.4%
5th	20,892	6.4%
6th	22,102	6.8%
7th	22,168	6.8%
8th	23,352	7.2%
9th	21,653	6.7%
10th	20,424	6.3%
11th	19,868	6.1%
12th	20,878	6.4%
<b>Total:</b>	<b>325,502</b>	<b>100.0%</b>

<sup>1</sup> <http://quickfacts.census.gov/qfd/states/12000.html>

<sup>2</sup> <http://datacenter.kidscount.org/data/tables/5320-children-under-age-18-in-poverty?loc=11&loct=2#detailed/2/any/false/868,867,133,38,35/any/11836,11837>

<sup>3</sup> [http://www.nccp.org/profiles/FL\\_profile\\_7.html](http://www.nccp.org/profiles/FL_profile_7.html)

<sup>4</sup> <http://datacenter.kidscount.org/data/tables/5320-children-under-age-18-in-poverty?loc=11&loct=2#detailed/2/any/false/868,867,133,38,35/any/11836,11837>

<sup>5</sup> [http://www.floridaschoolchoice.org/information/private\\_schools/annual\\_reports/Private\\_School\\_Annual\\_Report\\_2013-2014.pdf](http://www.floridaschoolchoice.org/information/private_schools/annual_reports/Private_School_Annual_Report_2013-2014.pdf)

The Florida Department of Revenue's June 2014 FTC Quarterly Report<sup>6</sup> notes that 59,822 students who were enrolled in 1,429 eligible private schools used the Florida Tax Credit (FTC) Scholarship to assist them pay for tuition and fees. The FTC Scholarship program expands education opportunities and school choice for children of economically-disadvantaged families earning up to 230 percent of the federal poverty threshold.

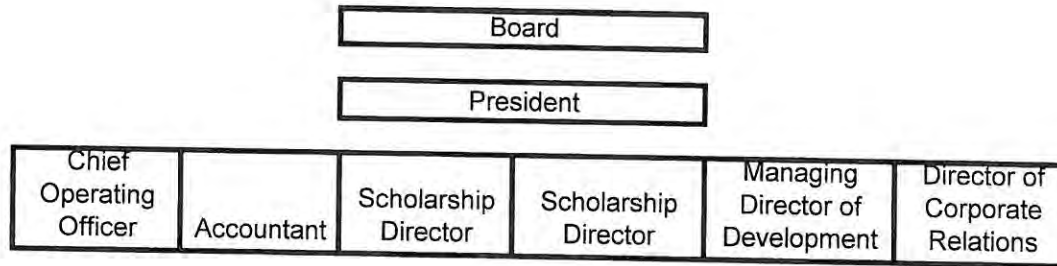
Adjusting for Pre-K students who are not eligible for FTC scholarships, 283,100 private school seats are available for students in grades K – 12 ( $325,502 - 42,402 = 283,100$ ). Assuming an even distribution of students across all Florida private schools, 122.6 K – 12 seats would available per private school ( $283,100 / 2,309 = 122.6$ ). Extrapolating that to the 1,429 eligible private schools already accepting the FTC scholarships, results in 175,195 seats available for FTC scholarship students ( $1,429 \times 122.6 = 175,195$ ).

Knowing that between 2 and 2.3 million Florida children are in households earning between 200 and 250 percent of the federal poverty threshold, it is reasonable to deduce that there may be at least an additional 115,373 eligible students for whom a seat in an eligible private school would be available and who subsequently represent the demand and unmet need for eligible students in Florida ( $175,195 - 59,822 = 115,373$ ).

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<sup>6</sup> [http://www.floridaschoolchoice.org/Information/CTC/quarterly\\_reports/ftc\\_report\\_june2014.pdf](http://www.floridaschoolchoice.org/Information/CTC/quarterly_reports/ftc_report_june2014.pdf)

AAA Scholarship Foundation, Inc.  
Organizational Chart



(Attachment E)

Florida Scholarship Funding Organization  
Annual Application – Attachment  
For the Fiscal Year Ended 6/30/15

**A description of the criteria and methodology that the organization will use to evaluate scholarship eligibility**

In order to qualify for an AAA scholarship, families must provide support for the following requirements:

1. The student qualifies for free or reduced-price school lunches under the National School Lunch Act
  - a. AAA follows the guidelines provided by the USDA Eligibility Manual for School Meals to determine the specific types of income to be included in determining eligibility.
  - b. AAA uses the guidelines provided by the USDA Eligibility Manual for School Meals to determine household composition.
    - i. Household composition is based on economic units. An economic unit is a group of related or unrelated individuals who are not residents of an institution or boarding house but who are living as one economic unit, and who share housing and/or significant income and expenses of its members. Generally, individuals residing in the same house are an economic unit.
2. The student is currently placed, or during the previous state fiscal year was placed, in foster care or in out-of-home care as defined in s. 39.01
  - a. Documentation from the state of Florida that validates that the child meets the definition of s. 39.01(29) or (48) and specifies the amount of support provided by the state for the benefit of the child.
3. The student continues in the scholarship program as long as the student's household income level does not exceed 230 percent of the federal poverty level.
  - a. AAA follows the guidelines provided by the USDA Eligibility Manual for School Meals to determine the specific types of income to be included in determining eligibility.
  - b. AAA uses the guidelines provided by the USDA Eligibility Manual for School Meals to determine household composition.
    - i. Household composition is based on economic units. An economic unit is a group of related or unrelated individuals who are not residents of an institution or boarding house but who are living as one economic unit, and who share housing and/or significant income and expenses of its members. Generally, individuals residing in the same house are an economic unit.
4. Resident of Florida
  - a. AAA requires written documentation that an applicant is a resident of Florida.
  - b. Documentation may include tax returns, utility bills, leases, etc.
5. Age Requirement
  - a. AAA requires birth certificates for all children to determine whether they meet the requirement that children must be 5 years old as of September 1.



### **A description of the application process, including deadlines and any associated fees.**

Interested households must complete AAA's online application and provide supporting documentation via fax, upload or mail in order to prove their eligibility.

1. Applications are generally available in March or April. There is no deadline per se, as the scholarships are awarded on a first-completed, first awarded basis until available funds are exhausted or unless the applicant has priority.
  - a. First priority is given to eligible students who received a scholarship from an eligible nonprofit scholarship-funding organization or from the State of Florida during the previous school year.
  - b. Second priority is given to siblings of eligible students who received a scholarship from an eligible nonprofit scholarship-funding organization or from the State of Florida during the previous school year.
2. An application fee of \$30 per household is charged by the application processor.

### **A description of the deadlines for attendance verification and scholarship payments.**

Once a household is determined eligible, they are provided with an award letter and school enrollment form for each scholarship student. The parent or guardian takes the award letter and school enrollment form to the eligible school of their choice and enrolls their student(s). The school returns the completed school enrollment form to AAA certifying that the student has accepted the scholarship and enrolled in an eligible private school.

Four times during the school year, AAA sends the school a verification form to ascertain whether the student remains enrolled and is current on any funds personally owed to the school. Below is the calendar for the verification and scholarship payments for the 2014-2015 school year:

1. 1st Distribution
  - a. Monday September 8th 2014 Verification Reports Sent
  - b. Friday September 12th 2014 Verification Reports Due
  - c. Tuesday September 16th 2014 Checks Mailed
2. 2nd Distribution
  - a. Monday November 10th 2014 Verification Reports Sent
  - b. Friday November 14th 2014 Verification Reports Due
  - c. Tuesday November 18th 2014 Checks Mailed
3. 3rd Distribution
  - a. Monday February 2nd 2015 Verification Reports Sent
  - b. Monday February 6th 2015 Verification Reports Due
  - c. Tuesday February 10th 2015 Checks Mailed
4. 4th Distribution
  - a. Monday April 13th 2015 Verification Reports Sent
  - b. Friday April 17th 2015 Verification Reports Due
  - c. Tuesday April 21st 2015 Checks Mailed

Once the verification report is received back, AAA disburses one quarter of the scholarship award in the form of a check made payable to the parent/guardian but for deposit only by the school. The parent/guardian must restrictively endorse the check over to the school before it can be deposited.

If the school is not meeting the needs of the scholarship student, the parent/guardian may transfer the student and the student's scholarship to a different eligible private school at any time.



## Conflicts of Interest Policy

### Article I Purpose

The purpose of the conflict of interest policy is to protect AAA Scholarship Foundation's (the "Organization") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

### Article II Definitions

#### 1. Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

#### 2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

### Article III Procedures

#### 1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

#### 2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

#### 3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the

disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

#### **4. Violations of the Conflicts of Interest Policy**

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

### **Article IV Records of Proceedings**

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

### **Article V Compensation**

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

### **Article VI Annual Statements**

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

### **Article VII Periodic Reviews**

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

### **Article VIII Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Please complete the form below and fax or email it to Kim Dyson at 888-707-2465 or kim@aaascholarships.org.

I, \_\_\_\_\_, am a Director, Principal Officer or Member of a committee with governing board delegated powers of AAA Scholarship Foundation, Inc. and I

- a. Have received a copy of the conflicts of interest policy,
- b. Have read and understands the policy,
- c. Have agreed to comply with the policy, and
- d. Understand the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date Signed



## Employee Protection (Whistleblower) Policy

### Article 1 - General

AAA Scholarship Foundation, Inc. (the "Organization") requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the Organization, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

### Article II - Reporting Responsibility

It is the responsibility of all directors, officers and employees to report ethics violations or suspected violations in accordance with this Whistleblower Policy.

### Article III - No Retaliation

No director, officer or employee who in good faith reports an ethics violation shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the Organization prior to seeking resolution outside the Organization.

### Article IV - Reporting Violations

The Organization has an open door policy and suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, an employee's supervisor is in the best position to address an area of concern. However, if you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor's response, you are encouraged to speak with anyone in management whom you are comfortable in approaching. Supervisors and managers are required to report suspected ethics violations to the Organization's Compliance Officer, who has specific and exclusive responsibility to investigate all reported violations. For suspected fraud, or when you are not satisfied or uncomfortable with following Organization's open door policy, individuals should contact the Organization's Compliance Officer directly.

### Article V - Compliance Officer

The Organization's Compliance Officer is responsible for investigating and resolving all reported complaints and allegations concerning violations and, at his/her discretion, shall advise the President and/or the Chairman. The Compliance Officer has direct access to the board of directors and is required to report to the board at least annually on compliance activity. The Compliance Officer is the Chief Financial Officer.

### Article VI - Acting in Good Faith

Anyone filing a complaint concerning a violation or suspected violation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

### Article VII - Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

### Article VIII Handling of Reported Violations

The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

**ACKNOWLEDGEMENT OF RECEIPT AND UNDERSTANDING OF EMPLOYEE PROTECTION  
(WHISTLEBLOWER) POLICY**

My signature below indicates my receipt and understanding of this policy. It also verifies that I have been provided with an opportunity to ask questions about the policy.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Employee Name

State of Florida

SCHOLARSHIP FUNDING ORGANIZATION BOND

Bond No. OFL2141261  
(To be Assigned by Surety)

Know All Men By These Presents, that we AAA Scholarship Foundation-FL, LLC  
(Principal)  
located at 13528 Prestige Place, Suite 107 Tampa, FL 33635  
(Address of Principal)  
as Principal and Old Republic Surety Company, a corporation of the State of Wisconsin  
(Surety Company)

lawfully doing business in the State of Florida, as Surety, are held and firmly bound unto the State of Florida for the use and benefit of any person or governmental subdivision of the State of Florida which may suffer expense or damages through the breach of this bond in the penal sum of \$ 150,000.00 for which sum well and truly to be paid to the State of Florida, its certain attorneys or assigns, any student or enrollee or his or her parent or guardian, or class thereof, said Principal and Surety bind themselves, their heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

Whereas, the above bounden Principal, a "Scholarship Funding Organization," desires to operate its organization at the above stated location as authorized by and in conformity with the provisions of the Florida Statutes and all rules and regulations promulgated by the Department of Education thereunder, and

Whereas, said "Florida K-20 Education Code" requires the filing of a blanket bond in the penal sum of \$ 150,000.00 (as determined by the formula in F.S. 1002.395, adjustable quarterly to equal the actual amount of undisbursed funds based upon submission by the organization of a statement from a certified public accountant verifying the amount of undisbursed funds) before a 'Certificate of Authorization' can be issued to the organization.

Now, Therefore, The Condition Of This Obligation is that if neither the Florida K-20 Education Code nor any rule or regulation adopted pursuant thereto shall be violated by the Principal or any of its officers, agents, or employees, or if the parties shall promptly pay all damages or expenses which the State, or any governmental subdivision thereof, or any person may sustain resulting from any such violation as long as the Principal remains certified as a "Scholarship Funding Organization", then this obligation shall be null and void; otherwise it shall remain in full force and effect.

1. The aggregate Liability of the Surety shall not exceed the sum amount of the bond, as required by F.S.1002.395, on all breaches of the condition of the bond by the Principal and its officers, agents, or employees, nor shall the penal sum of the bond be considered cumulative from year to year. Should the Principal violate any provision of the Florida K-20 Education Code or any rule or regulation adopted pursuant thereto, and not pay all damages and expenses incurred by the State, or any governmental subdivision thereof, or any person, resulting from such violation, immediately upon demand, then Surety will be obligated to pay such damages and expenses hereunder up to the amount of such bond.
2. The Surety shall have the right to cancel this bond at any time by written notice, stating when the cancellation shall take effect and served by registered mail to the Office of Independent Education and Parental Choice at least thirty (30) days prior to the date that the cancellation becomes effective, but said Surety so filing said notice shall not be discharged from any liability already accrued under this bond or which shall accrue hereunder before the expiration of said thirty (30) day period.
3. Without limiting the effect of any other provision herein which is not in conflict therewith, this bond is to be construed as a statutory bond under the provision of F.S. 1002.395, the Florida K-20 Education Code.

Signed and sealed this 18 day of July 2014.

Attest

Lupe Baergen  
(Witness)  
Ashley McFarland  
(Witness)  
Ashley McFarland  
(Witness)

Ashley McFarland

AAA Scholarship Foundation-FL, LLC  
(Seal)  
By [Signature]  
(Principal)  
Old Republic Surety Company  
(Surety)  
By Joseph W. LoPresti

Joseph W. LoPresti, Attorney-In-Fact & Florida Resident At  
Brown & Brown of Florida, Inc  
P.O. Box 173086, Tampa FL 33672  
Inquiries: (813) 226 1322



**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS: That OLD REPUBLIC SURETY COMPANY, a Wisconsin stock insurance corporation, does make, constitute and appoint:

JOSEPH W. LOPRESTI, RUSSELL STEVEN AYERS, MARY JANE GWYN, CHRISTINA M. BUSH, ANNA LEE DUNCAN, OF TAMPA, FL

its true and lawful Attorney(s)-in-Fact, with full power and authority, not exceeding \$20,000,000, for and on behalf of the company as surety, to execute and deliver and affix the seal of the company thereto (if a seal is required), bonds, undertakings, recognizances or other written obligations in the nature thereof, (other than bail bonds, bank depository bonds, mortgage deficiency bonds, mortgage guaranty bonds, guarantees of installment paper and note guaranty bonds, self-insurance workers compensation bonds guaranteeing payment of benefits, asbestos abatement contract bonds, waste management bonds, hazardous waste remediation bonds or black lung bonds), as follows:

ALL WRITTEN INSTRUMENTS IN AN AMOUNT NOT TO EXCEED AN AGGREGATE OF ONE MILLION DOLLARS(\$1,000,000)----- FOR ANY SINGLE OBLIGATION, REGARDLESS OF THE NUMBER OF INSTRUMENTS ISSUED FOR THE OBLIGATION.

and to bind OLD REPUBLIC SURETY COMPANY thereby, and all of the acts of said Attorneys-in-Fact, pursuant to these presents, are ratified and confirmed. This document is not valid unless printed on colored background and is multi-colored. This appointment is made under and by authority of the board of directors at a special meeting held on February 18, 1982. This Power of Attorney is signed and sealed by facsimile under and by the authority of the following resolutions adopted by the board of directors of the OLD REPUBLIC SURETY COMPANY on February 18, 1982.

RESOLVED that, the president, any vice-president, or assistant vice president, in conjunction with the secretary or any assistant secretary, may appoint attorneys-in-fact or agents with authority as defined or limited in the instrument evidencing the appointment in each case, for and on behalf of the company to execute and deliver and affix the seal of the company to bonds, undertakings, recognizances, and suretyship obligations of all kinds; and said officers may remove any such attorney-in-fact or agent and revoke any Power of Attorney previously granted to such person.

RESOLVED FURTHER, that any bond, undertaking, recognizance, or suretyship obligation shall be valid and binding upon the Company (i) when signed by the president, any vice president or assistant vice president, and attested and sealed (if a seal be required) by any secretary or assistant secretary; or (ii) when signed by the president, any vice president or assistant vice president, secretary or assistant secretary, and countersigned and sealed (if a seal be required) by a duly authorized attorney-in-fact or agent; or (iii) when duly executed and sealed (if a seal be required) by one or more attorneys-in-fact or agents pursuant to and within the limits of the authority evidenced by the Power of Attorney issued by the company to such person or persons.

RESOLVED FURTHER, that the signature of any authorized officer and the seal of the company may be affixed by facsimile to any Power of Attorney or certification thereof authorizing the execution and delivery of any bond, undertaking, recognizance, or other suretyship obligations of the company; and such signature and seal when so used shall have the same force and effect as though manually affixed.

IN WITNESS WHEREOF, OLD REPUBLIC SURETY COMPANY has caused these presents to be signed by its proper officer, and its corporate seal to be affixed this 24TH day of JULY, 2013.

*Phyllis M. Johnson*  
Assistant Secretary



OLD REPUBLIC SURETY COMPANY

*Alan Pavlic*  
President

STATE OF WISCONSIN, COUNTY OF WAUKESHA-SS

On this 24TH day of JULY, 2013, personally came before me, Alan Pavlic and Phyllis M. Johnson, to me known to be the individuals and officers of the OLD REPUBLIC SURETY COMPANY who executed the above instrument, and they each acknowledged the execution of the same, and being by me duly sworn, did severally depose and say, that they are the said officers of the corporation aforesaid, and that the seal affixed to the above instrument is the seal of the corporation, and that said corporate seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority of the board of directors of said corporation.



*Kathy R. Pearson*  
Notary Public

My commission expires: 9/28/2014

**CERTIFICATE**

I, the undersigned, assistant secretary of the OLD REPUBLIC SURETY COMPANY, a Wisconsin corporation, CERTIFY that the foregoing and attached Power of Attorney remains in full force and has not been revoked; and furthermore, that the Resolutions of the board of directors set forth in the Power of Attorney, are now in force.

92-3454



Signed and sealed at the City of Brookfield, WI this \_\_\_\_\_ day of \_\_\_\_\_.

*Janet E. Chesney*  
Assistant Secretary



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**State Board of Education**

Gary Chartrand, *Chair*  
John R. Padget, *Vice Chair*  
*Members*  
Ada G. Armas, M.D.  
John A. Colon  
Marva Johnson  
Rebecca Fishman Lipsey  
Andy Tuck

---

**Pam Stewart**  
**Commissioner of Education**

September 30, 2014

A.A.A. Scholarship Foundation- FL, LLC  
Attn: Kim Dyson  
13528 Prestige Place, Suite 107  
Tampa, FL 33635

Dear Scholarship Funding Organization Administrator:

On August 29, 2014, the Department of Education received the Participation Renewal Form and documentation for A.A.A. Scholarship Foundation- FL, LLC, to establish continued eligibility to operate as a Scholarship Funding Organization for the Florida Tax Credit Scholarship Program for the 2015-16 school year.

The Office of Independent Education and Parental Choice has reviewed the Participation Renewal Form and documentation, and the following areas were deemed incomplete, and/or in need of revision:

- The description of the financial plan is deficient. Please include the following:
  - a. Budget narrative for 2015-16
  - b. 2015-16 budget
  - c. Monthly cash flow projections through 2015-16
  - d. Current balance sheet including assets and liabilities
- The organizational chart needs to include the names of officers;
- The description of the application process, including deadlines and fees, lacks a detailed explanation of the process used to determine eligibility including, for instance, how many reviewers are used, what documentation is used to verify eligibility, and whether there is a second review of application. The description is also missing a statement indicating that any application fee incurred for an unapproved application will be reimbursed to the applicant;
- The organization's completed IRS Form 990 is not included, and is due November 30, 2014;
- The statutorily required audit to the Department of Education and Auditor General was not included; and,

A.A.A. Scholarship Foundation- FL, LLC  
September 30, 2014  
Page 2

- While not required for purposes of this renewal, the annual report was not included. Please note that subsequent renewals will require the submission of the annual report.

Please review the participation requirements outlined in the Participation Renewal Form, section 1002.395, Florida Statutes, and Rule 6A-6.0960, Florida Administrative Code, and submit the requested documentation to:

The Florida Department of Education  
Commissioner of Education  
325 West Gaines Street, Suite 1514  
Tallahassee, FL 32399-0400

Thank you for your attention to this matter as you complete the renewal process for the 2015-2016 school year. We look forward to your continued participation as a Scholarship Funding Organization.

You may contact our office at 800-447-1636 with any questions.

Sincerely,



Adam Miller  
Executive Director  
Office of Independent Education and Parental Choice

AM/kg/cf



RECEIVED  
FLORIDA DEPT. OF EDUCATION  
2014 NOV -3 PM 2:41

October 30, 2014

The Florida Department of Education  
Commissioner of Education  
325 W. Gaines St., Suite 1514  
Tallahassee, FL 32399-0400

RE: AAA Scholarship Foundation – FL, LLC

Dear Sirs,

Enclosed, please find the following documents as requested in your September 30, 2014 letter:


- (a) 2015-16 budget including a budget narrative.
- (b) Monthly cash flow projections through 2015-16.
- (c) Current balance sheet including assets and liabilities.
- (d) Organizational chart including the names of Officers.
- (e) A detailed description of the application process.
- (f) Copy of the fiscal year 2013-14 audit report submitted to the Auditor General and Department of Education.

The IRS Form 990 is currently in the review process and a copy will be submitted to you by the November 30, 2014 due date.

We believe that this satisfies our requirement under Section 1002.395(16)(b), Florida Statutes, however, please do not hesitate to contact us if any additional information is required.

Sincerely,

AAA Scholarship Foundation, Inc.



Kimberly Dyson  
President and CEO

Offices: Alabama • Arizona • Florida • Georgia • Pennsylvania  
Corporate Office: 13528 Prestige Place, Suite 107, Tampa, FL 33635  
Phone and Fax: 888-707-2465 • Website: [www.aascholarships.org](http://www.aascholarships.org)

**AAA Scholarship Foundation, Inc.**  
**Operating Budget**  
**Fiscal Year 2015-16**

	Annual Budget	Budget Narrative/Assumptions
<b>Revenues</b>		
Contributions - GA	5,120,000	Tax Credit Contributions
Contributions - AZ	17,977,500	Tax Credit Contributions
Contributions - PA	2,000,000	Tax Credit Contributions
Contributions - AZ-DD	985,000	Tax Credit Contributions
Contributions - AL	900,000	Tax Credit Contributions
Contributions - FL	2,750,000	Tax Credit Contributions
Grants - FL PLSA	400,000	FL DOE PLSA Voucher Grant
Total Grants & Contributions	<u>30,132,500</u>	
Interest	46,885	Interest Earned on/Restricted for Scholarship Accounts
Net Revenues	<u>30,179,385</u>	
<b>Direct Program Costs</b>		
Scholarships Awarded - GA	4,716,600	210 scholarships awarded (max of \$7,500 x 3 years)
Scholarships Awarded - AZ	16,179,750	1079 scholarships awarded (max of \$5,000 x 3 years)
Scholarships Awarded - PA	1,485,000	198 scholarships awarded (max of \$7,500 x 1 year)
Scholarships Awarded - AZ-DD	886,500	37 scholarships awarded (avg of \$8,000 x 3 years)
Scholarships Awarded - AL	855,000	114 scholarships awarded (max of \$7,500 x 1 year)
Scholarships Awarded - FL	2,500,000	500 scholarships awarded (avg of \$5,000 x 1 year)
Scholarships Awarded - FL PLSA	400,000	40 scholarships awarded (avg of \$10,000 x 1 year)
Total Direct Program Costs	<u>27,022,850</u>	
<b>General and Administrative Expenses</b>		
<b>Wages &amp; Benefits</b>		
FICA	36,660	Employer Payroll Taxes
Employee Benefits	67,907	Employer Paid Group Medical Premium + Retirement Plan Contribution
Salaries	479,212	Salary Cost: CEO, COO, Accountant, Scholarship Admin (2), Outreach (6)
Wages & Benefits	<u>583,779</u>	
<b>Travel &amp; Meetings</b>		
Conferences/Conventions	11,195	Attend 6 Conferences
Lodging	20,250	Conferences, School meetings, Site Visits, Student Recruiting
Meals & Entertainment	8,775	Conferences, School meetings, Site Visits, Student Recruiting
Meals - Staff Mtgs	750	Staff Meetings/Holiday Parties
Meals - Board Mtgs	200	BOD Lunch Meetings
Travel	54,070	Conferences, School meetings, Site Visits, Student Recruiting
Travel Expenses	<u>95,240</u>	
<b>Business Insurance</b>		
Liability Insurance	1,375	FL Bond - Annual Premium
Workers Comp Insurance	1,494	Annual Premium
Business Insurance	<u>2,869</u>	
<b>General Expenses</b>		
Advertising/Marketing	19,700	Collateral material, paid media, outreach, student recruiting
Bank Charge	3,540	Account Analysis Fees/Late Fees
Business License/Registration	3,142	State Registrations/Solicitation Fees
Contract Services/Development	1,085,360	Independent Contractors/Marketing/Fund Raising/Govt Relations
Dues, Fees & Subscriptions	3,623	Memberships, Subscriptions
Equipment Rental	1,938	Various equipment, post office boxes, etc.
Office Equipment	2,400	Various calculators, printers, etc.
Postage & Delivery	9,820	Applications/checks/packets/handbooks/ltrs/notices
Printing & Reproduction	935	Applications/Award Letters/School Commitment Forms/Envelopes, etc
Professional Services	23,595	Payroll/Tax Return Prep/Audit/Legal
Repair & Maintenance	500	Computer/Equipment Repairs
Software Licenses	30,000	Upgraded IT software
Supplies	2,400	Letterhead/envelopes/storage boxes/pens/highlighters, etc
Telephone/Fax	2,540	Phone/fax/cell
Web/Internet Hosting Services	1,129	Site Hosting, Domains, SEO Optimization
Total General Expenses	<u>1,190,622</u>	
Facility Expenses	18,000	Offices including utilities/furnishings
Total G&A Expenses	<u>1,890,510</u>	
Total Costs & Expenses	<u>28,913,360</u>	
Surplus / (Deficit)	<u>1,266,026</u>	

**AAA Scholarship Foundation, Inc.  
Cash Flow Projection  
Fiscal Year 2014-15**

	July	August	September	October	November	December	January	February	March	April	May	June
Beginning Balance	11,514,579	11,914,966	14,414,352	22,036,856	22,560,297	21,350,857	21,841,798	20,774,358	20,665,299	22,676,241	21,451,800	21,442,742
+ Cash Received	506,973	2,605,973	8,806,973	671,973	16,973	601,973	158,973	1,973	2,121,973	1,973	101,973	-1,973
- Cash Paid	106,587	106,587	1,184,469	148,531	1,226,414	111,031	1,226,414	111,031	111,031	1,226,414	111,031	111,031
Ending Balance	<u>11,914,966</u>	<u>14,414,352</u>	<u>22,036,856</u>	<u>22,560,297</u>	<u>21,350,857</u>	<u>21,841,798</u>	<u>20,774,358</u>	<u>20,665,299</u>	<u>22,676,241</u>	<u>21,451,800</u>	<u>21,442,742</u>	<u>21,333,684</u>

Disclaimer: This report includes forward-looking statements that involve a number of risks and uncertainties. We would like to point out that the actual results could differ materially from those indicated or underlying these statements, or could have an impact on the realization of particular financial projections. Accordingly, we cannot guarantee the realization of these forward-looking statements.

*WJ*  
10/26/14

**AAA Scholarship Foundation, Inc.**  
**Cash Flow Projection**  
**Fiscal Year 2015-16**

	July	August	September	October	November	December	January	February	March	April	May	June
Beginning Balance	21,333,684	21,685,049	24,135,413	32,591,080	39,528,555	37,235,333	39,822,809	38,279,586	38,117,062	43,074,538	40,881,315	40,818,791
+Cash Received	508,907	2,607,907	10,668,907	7,178,907	3,907	2,753,907	753,907	3,907	5,123,907	103,907	103,907	3,907
-Cash Paid Out	157,542	157,542	2,213,241	241,431	2,297,130	166,431	2,297,130	166,431	166,431	2,297,130	166,431	166,431
Ending Balance	21,685,049	24,135,413	32,591,080	39,528,555	37,235,333	39,822,809	38,279,586	38,117,062	43,074,538	40,881,315	40,818,791	40,656,267

Disclaimer: This report includes forward-looking statements that involve a number of risks and uncertainties. We would like to point out that the actual results could differ materially from those indicated or underlying these statements, or could have an impact on the realization of particular financial projections. Accordingly, we cannot guarantee the realization of these forward-looking statements

*Handwritten signature/initials*  
 12/29/14

AAA Scholarship Foundation  
Preliminary Statement of Financial Position  
September 30, 2014

## ASSETS

## Current Assets

Cash & Equivalents	5,166,602	
Pledges Receivable (Net)	782,531	
Other Current Assets	15,988	
Investments - Short-Term	9,423,218	
Total Current Assets		15,388,339

## Non-Current Assets

Refundable Deposits	3,010	
Investments - Long-Term	7,399,984	
Fixed Assets (Net)	0	
Total Non-Current Assets		7,402,994

## Total Assets

22,791,333

## LIABILITIES

## Current Liabilities

Accounts Payable	188,029	
Revolving Credit	7	
Wages Payable	10,788	
Payroll Taxes Payable	5,218	
Scholarships Payable	4,032,479	
Total Current Liabilities		4,236,520

## Long Term Liabilities

Scholarships Payable	9,948,029	
Total Long Term Liabilities		9,948,029

## Total Liabilities

14,184,548

## NET ASSETS

Unrestricted	(258,440)	
Temporarily Restricted	8,865,224	
Total Net Assets		8,606,784

## Total Liabilities and Net Assets

22,791,333

**UNAUDITED - CONFIDENTIAL - FOR INTERNAL USE ONLY**



AAA Scholarship Foundation, Inc.  
Organizational Chart

*11/11/2014*

Board

Kimberly Dyson, President & Chief Executive Officer

Heather Brault, Chief Operating Officer	Accountant	Scholarship Director	Scholarship Director	Managing Director of Development	Director of Corporate Relations	Director of Community Outreach
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*10/26/14*

## Eligibility Determination Process

### 1. AAA Contracts with Applications Processor for Application Processing and Eligibility Determination; Applications Processor Contracts with AAA for Application Processing and Eligibility Determination

The laws governing the administration of the Tax Credit Scholarship Programs in Alabama, Arizona, Florida, Georgia, and Pennsylvania do not require that a third party perform the eligibility determination process. However, AAA's management determined that contracting with a third-party that specializes in needs-analysis would provide objectivity, professionalism and consistency to the process and remove the possible perception of favoritism, impropriety and/or profiteering in the awarding of the scholarships. Thus, AAA began contracting with the same private applications processor used by other scholarship organizations, private schools and foundations around the country.

The applications processor provides needs analysis and qualification analysis services necessary in connection with the administration of tuition assistance programs, scholarship programs, vouchers, and income tax credit programs for numerous organizations around the country. Founded in 1975, they serve over 70 unique Scholarship and Foundation programs across the United States. Their management team has over 80 years of combined financial aid experience and uses its expertise to provide an objective and uniform needs evaluation.

The majority of the eligibility determination costs performed by the applications processor are covered in the \$30 application fee. Since the application fee is for the household, a family may submit multiple students on one application and pay the \$30 fee only once per year. In addition to the application fee, AAA pays the applications processor for other services associated with the eligibility determination process, such as appeal reviews and custom report preparation.

### 2. AAA Provides Updates to the Application Form; Applications Processor Modifies the Application Form and System

Annually, AAA updates the scholarship applications. Reasons for modifications include changes in law, new requirements, changes in the poverty level guidelines established by the United States Department of Health and Human Service, and improvements in language and format for clarity based on feedback and user experience. The applications are available in English and Spanish, and may be available in Creole in the future. The intent of the application is to collect sufficient and valid information from the applicant in order to determine eligibility for the scholarship.

### **3. AAA Develops Scholarship Application Review Guidelines for Applications Processor**

AAA develops the Scholarship Program Guidelines for the applications processor to use in reviewing the applications and making scholarship eligibility determinations.

Development of these guidelines is based on the states' individual statutes, income level criteria, and AAA's knowledge and experience. These instructions are included as part of the applications processor contract and include specific evaluation standards and criteria for use by them. AAA provides guidance on the scholarship eligibility and the processor provides AAA with its suggested process, as well as required forms and documents. AAA approves the process, document list, and forms, or suggests adjustments as needed.

As noted in #11 below, AAA audits a sample of each state's completed applications to help ensure that the applications processor is following the guidelines and is making accurate eligibility determinations.

### **4. AAA Distributes Scholarship Applications to Potential Recipients**

AAA provides links to each state's application on its website for an applicant to complete. AAA also conducts outreach and education about the scholarship – providing hard copy applications at face-to-face meetings, expos, and during other opportunities.

Students are awarded multi-year scholarships for Arizona and Georgia, and 1-year scholarships for Alabama, Florida and Pennsylvania. If a scholarship student does not renew the application by a certain time of the year, AAA attempts to reach the household through various methods.

### **5. Applicant Completes Online Scholarship Application; Applicant Submits Completed Scholarship Application to Applications Processor**

Families and student applicants can access an online application or complete and print a fillable pdf application via the AAA website. They can also print a hard copy of the application, sign it, and upload, mail or fax it along with copies of supporting documentation to the applications processor. Regardless of the chosen application method, AAA requires that the parent/guardian print and sign the last page of the application so that their signature can be used to verify the endorsement on the scholarship check during the check audit process if they are found eligible.

## **6. Applications Processor Enters Scholarship Application into Secure Database**

The applications processor maintains a secure database of all applications. Applicants may log onto the applications processor secure website to view their application status, students applied for within the household, and a checklist indicating what has been completed and what information is still needed. AAA staff may log onto the applications processor's secure website to view an image of the scanned application, supporting documentation and to run reports.

## **7. Applications Processor Reviews Scholarship Application for Completeness**

The applications processor performs an initial review of the application for completeness. If the application is missing required information necessary for the applications processor to determine eligibility, the application status is set to "on hold." The applications processor sends a letter to the applicant indicating the application has been set to the "on hold" status, with a checklist indicating additional information needed. (See step #9 for a full discussion of the "on hold" process).

Much of the AAA scholarship processing operations are broken into stages and therefore the applications processor staff assigned to a given applicant varies based on the stage of the application at a given time. Generally, there is an assigned account manager for the applicant, who works closely with a team of fulltime applications processor staff members to manage applications, parent/guardian phone calls, client requests, and processing requirements. Ten cross-trained fulltime employees are also assigned to handle high call volume and application processing. These additional staff members ensure ease of flow and timeliness in application processing. During the applications processor's peak season, there is an overall staff of 90 to meet the needs of all customers in addition to AAA. During the slower season, the staff decreases to around 40-45 employees. Most staff members are cross-trained to work in many areas so that when necessary, they can step in to assist with heavy volume. There are also additional staff members whose expertise is utilized for other various tasks.

## **8. Applications Processor Provides Telephone Support to Families; AAA Provides Telephone Support to Families**

The applications processor has a toll-free number listed on the cover of the scholarship application, its website, and all communications for applicants to call if they have questions about their application or status. The applications processor receives these calls and routes them to the dedicated applications processor staff depending on the inquiry. In addition, the applications processor initiates phone calls to families and applicants whose applications have been put on hold, as detailed below in step #9.

*M. Bobler*

In all cases, the applications processor documents phone contacts in an electronic call log, including a summary of the information the applications processor provided to the caller.

AAA also takes phone calls from families/students seeking scholarships and answers additional questions arising after the application process has been completed. Most calls are for basic information and are resolved quickly. However, if the caller becomes upset or abusive, the staff member may request that a senior staff member assist with the call.

### **9. Applications Processor Follows the Hold/Expired Process Required by AAA**

The contract with the applications processor includes specific guidelines it must follow for each application in the "on hold" status. During processing and reviewing, all applications are set to "in process." If an application had been set to "on hold" and the applications processor has since received the needed documentation, the application will be updated to the "in process" status as the documentation is reviewed. If all required documents are received and a determination of eligibility can be made, then the application can be deemed complete. However, if the application is still missing vital documentation, the application will be set back to "on hold" and the process of obtaining the appropriate information will begin again. The application cannot be officially labeled as complete until all documentation is received and an eligibility decision has been determined.

The first letter notifying the family/student the application is on hold is sent along with a timeframe for response. There is a 45-day deadline and a 60-day deadline. The following describes the hold/expired process.

- A. The applications processor calls the applicant within 48 hours of the application status being set to "on hold." The purpose of the call is to inform the applicant a letter is being sent about the hold status, explain the reasons for the hold, and answer any questions regarding the reasons for the application status. They also email the applicant if an email address is provided.
- B. If the application is still on hold after 30 days, the applications processor places an additional phone call to the applicant requesting the information and needed documents. If attempts to contact the applicant are unsuccessful, another letter is sent to the household.
- C. If the applications processor determines the family has not sent the required documents because the request was not understood, the applications processor places a phone call to provide additional counsel to the applicant.

- D. If a family/applicant indicates he or she does not wish to continue with the application process, the application is marked as "completed" by the applications processor, with each student being noted as ineligible due to "withdrawal from application process."
- E. If the family fails to respond to the second notice and any additional phone calls, the application will be considered "completed - ineligible due to failure to document eligibility in a timely manner" by the applications processor. The household is then sent a letter of ineligibility. If the household later decides to finish the application by sending in the required documentation, the application status is returned to "on hold" and the documentation is processed without additional charge.

#### **10. Applications Processor Determines Applicant's Scholarship Eligibility**

Based on the guidelines established by AAA, a senior staff member reviews all complete applications and determines whether an applicant satisfies the eligibility criteria for the scholarship. A cover sheet for each application is prepared, indicating key data associated with the application, such as student eligibility, criteria for eligibility, and summary supporting eligibility determination. The application, supporting documents and cover sheet are available to AAA via the applications processor's secure website.

#### **11. AAA Performs Random Audit on Application; AAA Sends Application Back to Applications Processor with Error Details to be Reprocessed**

AAA performs an audit of the lesser of 10 percent or 25 randomly selected completed applications per week during the contract period. In the event AAA discovers discrepancies, the applications processor will be required to address the errors and reprocess the affected applications.

#### **12. AAA Notifies the Applicant of Eligibility Determination**

AAA mails a letter to the applicants notifying them of their scholarship eligibility determination. All determination letters are sent via postal mail to the address listed on the application to help prevent "ghost students." If eligible, the applicant receives an award letter accompanied with a school commitment form. The applicant selects a private school compliant with that state's Department of Education, and hand-delivers the form to the school. The school and parent/guardian complete the form, sign it and return it to AAA by the state deadline date.

If the applications processor determines the applicant is ineligible for the scholarship, AAA mails the applicant a denial letter explaining the reason(s) why the scholarship was denied and the appeals process (see #15 below).

### **13. Applications Processor Generates Weekly Standard Reports; AAA Receives Weekly Standard Reports**

The applications processor generates and makes available on their secure website standard reports in Microsoft Excel format. AAA imports data from these reports into a secure Microsoft Access database. Four standard reports are currently being provided:

- Cumulative report of all completed student applications, both eligible and ineligible, with tabs for each type of student (Renewal, Add-On, and New)
- Hold report
- In-process report
- Numbers breakdown

### **14. Applications Processor Scans and then mails all Applications and Supporting Documents to AAA**

The applications processor scans then mails all applications and supporting documents to AAA. AAA staff has access to all scanned images through the applications processor's secure website.

### **15. Applicant Appeals Ineligibility; AAA Reviews Appeal**

An applicant who has been determined ineligible will receive a denial letter explaining the reason(s) why (see step #12). The applicant may then contact AAA to appeal the decision. Requests for appeal are allowed only for inaccuracies in data, including misinterpretations of the data made by the applications processor. If the AAA staff deems there was a misinterpretation of the application data, the AAA staff forwards an explanation to the applications processor and requests the application be re-evaluated.

**16. AAA Requests Administrative Support; Applications Processor Provides Administrative Support**

The applications processor responds to any request from AAA that is not typical and that requires management intervention. This includes, but is not limited to, such things as the following:

- Management review of specific processed applications
- Additional report requests
- Family history requests

**17. Applicant Selects an Approved School and Hand Delivers School Commitment Form; School Completes School Commitment Form and Sends to AAA; AAA Enters Data**

Once families/applicants receive a scholarship award letter, they must select a state-approved private school to attend. The family must deliver the School Commitment Form to the selected school, and both a parent/guardian and a school administrator must complete and sign it. The completed, signed form must then be sent to AAA by the school by the deadline date. AAA's secure Microsoft Access database is updated with this information. If AAA does not receive this information by the deadline date, it contacts the applicant.

In some cases, a student may be awarded a scholarship, but then chooses not to accept it. If an applicant decides to decline the scholarship, the secure Access database will be updated to show a status of "forfeit."

If a student transfers the scholarship to a different school, the parent/guardian must bring the School Commitment Form to the new school where both they and the school administrator complete and sign it then send it to AAA. The exiting school is required to submit a withdrawal form to AAA.

**18. Applicant Renews Application**

A household may renew its scholarship after the award period ends. This process may vary from state to state.

*Arizona and Georgia* – AAA awards multi-year scholarships to students of households that qualify. In this case, the household only needs to apply once for the first year and pay the \$30 application fee. However, a School Commitment form is required for each new school year in order for the student to remain on the scholarship. At the end of the multi-year term, the household may renew for an additional multi-year period.



The renewal process involves completing a new AAA scholarship application form, providing the \$30 fee, and, if eligible, delivering the School Commitment form to the approved school. Please refer to steps #5 through 12 for the application review process.

*Alabama, Florida and Pennsylvania* - AAA awards 1-year scholarships to students of households that qualify. The renewal process involves completing a new AAA scholarship application form, providing the \$30 fee, and, if eligible, delivering the School Commitment Form to the approved school. Please refer to steps #5 through 12 for the application review process.

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12/15

**Scholarship Program Guidelines – Required Documentation (as applicable):**

- Signed and completed application; and
- Documentation of each household member's income including but not limited to:
  - Copies of the signed federal income tax return as filed with the IRS with all supporting schedules,
  - IRS Transcript,
  - Year-End award letters/statements for any and all income sources including Cash Assistance (TANF), Food Stamps (SNAP), Social Security Income, Housing Assistance (Section 8, HUD, etc), Workers Compensation, Disability or Retirement,
  - Forms W-2 or 1099; and
- Birth Certificates for participating students; and
- Documentation verifying a separated parent/guardian address; and
- Documentation verifying placement in foster care or out-of-home care; and
- A letter explaining a "special circumstance" if the family's documented income does not reflect the income that will be available during the school year; and
- Documentation of prior year public school attendance; and
- Additional documentation as requested.

*[Handwritten signature]*  
1/13



October 29, 2014

Auditor General  
Local Government Audits/342  
Claude Pepper Building, Room 401  
111 W. Madison St.  
Tallahassee, FL 32399-1450

Dear Sirs,

Enclosed, please find the July 1, 2013 – June 30, 2014 fiscal year audit report for AAA Scholarship Foundation – FL, LLC, a Florida scholarship funding organization.

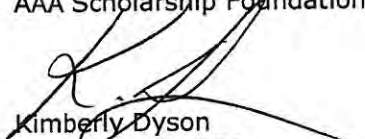
As required, the audit report is being sent as a single document and includes the following:

- (a) A table of contents.
- (b) The auditor's report on the financial statements.
- (c) A report on internal control and compliance based on an audit of the financial statements in accordance with auditing standards generally accepted in the United States of America and government auditing standards.
- (d) The basic financial statements and required supplementary information required by generally accepted accounting principles.

We believe that this satisfies our requirement under Section 1002.395, Florida Statutes and Rules of the Auditor General Chapter 10.700, however, please do not hesitate to contact us if any additional information is required.

Sincerely,

AAA Scholarship Foundation, Inc.



Kimberly Dyson  
President and CEO

cc: The Florida Department of Education  
Commissioner of Education  
325 W. Gaines St., Suite 1514  
Tallahassee, FL 32399-0400

**AUDITOR GENERAL**  
**CERTAIN NONPROFIT ORGANIZATIONS – SUBMITTAL CHECKLIST FOR AUDIT**  
**REPORTS SUBMITTED PURSUANT TO CHAPTER 10.700, RULES OF THE AUDITOR GENERAL**

Entity Name AAA Scholarship Foundation - FL, LLC

Contact Person Name and Title Kim Dyson, President and CEO **COPY**

Contact Person Mailing Address PO Box 15719, Tampa, FL 33684-0719

Contact Person Phone Number 888-707-2465

Contact Person Email Address kim@aaascholarships.org

Fiscal Year Audited July 2013 - June 2014

Date Auditor Delivered Audit Report to Local Government 10/23/2014

Does the audit report include the following items required by Auditor General Rule 10.730(4):

~~Required only for direct support and citizen support organizations and the Babcock Ranch, Inc.:~~

NA The auditor's report on internal control and compliance based on an audit of the financial statements (see AG Rule 10.730(4)(c))?

~~Required only for scholarship funding organizations, Enterprise Florida, Inc., and the Scripps Florida Funding Corporation:~~

YES The auditor's report on compliance and internal control over compliance (see AG Rule 10.730(4)(d))?

~~Required for direct support and citizen support organizations, scholarship funding organizations, Enterprise Florida, Inc., Scripps Florida Funding Corporation, and the Babcock Ranch, Inc.:~~

YES The financial statements reported on, together with related notes to the financial statements and required supplementary information, required by generally accepted accounting principles (see AG Rule 10.730(4)(f))?

YES The auditor's report on the financial statements (see AG Rule 10.730(4)(b))?

NA If applicable, the auditor's reports and related financial information required pursuant to the Federal *Single Audit Act Amendments of 1996*; OMB Circular A- 133; the *Florida Single Audit Act*; Chapter 10.650, Rules of the Auditor General; or other applicable Federal and State law (see AG Rule 10.730(4)(e))?

In addition to the above, have the following requirements been complied with:

YES Are all of the elements of the audit report, as prescribed by Auditor General Rule 10.730, included in a single document (see AG Rule 10.730(4))?

YES

Is the audit report being submitted no later than 9 months after the end of the fiscal year, with the exception of Babcock Ranch, Inc., which is to submit its audit report no later than 3 months following the end of its fiscal year (see AG Rule 10.730(5))?

YES

For scholarship funding-organizations, is the audit report being submitted no later than 180 days after completion of the fiscal year of the auditee (see AG Rule 10.730(5))?

NA

For Enterprise Florida, Inc., and the Scripps Florida Funding Corporation, is the audit report being submitted within 45 days of delivery of the audit report to the auditee, but no later than 9 months after the end of the fiscal year of the auditee (see AG Rule 10.730(5))?

COPY

**This checklist should accompany the audit report.** It is suggested that you retain a copy of the checklist for your files. Do not hesitate to contact this office if assistance or clarification is needed regarding reporting requirements. Our telephone and fax numbers, and electronic addresses, are as follows:

**Address –**  
Auditor General  
Local Government Audits/342  
Claude Pepper Building, Room 401  
111 West Madison Street  
Tallahassee, FL 32399-1450

Telephone: (850) 412-2881  
Fax: (850) 487-4403

E-mail Address: flaudgen\_localgovt@aud.state.fl.us  
Web Site Address: www.myflorida.com/audgen

*Handwritten signature*  
1/2/12



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**Financial Statements**  
Together with Report of Independent Certified Public Accountant  
For the Years Ended June 30, 2014 and 2013

and

**Independent Auditor's Report on Compliance and  
on Internal Control over Compliance  
For the Year Ended June 30, 2014**

Offices: Alabama • Arizona • Florida • Georgia • Pennsylvania  
Corporate Office: 13528 Prestige Place, Suite 107, Tampa, FL 33635  
Phone and Fax: 888-707-2465 • Website: [www.aascholarships.org](http://www.aascholarships.org)

AAA SCHOLARSHIP FOUNDATION, INC.

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10/2/11

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT

To the Board of Directors of  
AAA Scholarship Foundation, Inc.

We have audited the accompanying financial statements of AAA Scholarship Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 respects, the financial position of AAA Scholarship Foundation, Inc. as of June 30, 2014 and 2013, 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.

*SGCash LLC*

Athens, Georgia  
October 22, 2014

*Wax 10/24*



**AAA SCHOLARSHIP FOUNDATION, INC.**

**Statements of Financial Position  
As of June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash	\$ 547,334	\$ 490,342
Cash - Restricted	10,967,245	7,468,443
Certificate of deposit	15,121	15,106
Pledges receivable	1,139,090	126,090
Other assets	<u>10,175</u>	<u>3,185</u>
Total assets	\$ <u>12,678,965</u>	\$ <u>8,103,166</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 24,413	\$ 20,016
Scholarships payable - current	4,243,740	3,787,779
Scholarships payable - net of current portion	<u>7,949,899</u>	<u>4,403,058</u>
Total liabilities	<u>12,218,052</u>	<u>8,210,853</u>
Commitments and contingencies	-	-
Net assets:		
Unrestricted	(795,090)	(107,687)
Temporarily restricted	1,256,003	-
Permanently restricted	<u>-</u>	<u>-</u>
Total net assets	<u>460,913</u>	<u>(107,687)</u>
Total liabilities and net assets	\$ <u>12,678,965</u>	\$ <u>8,103,166</u>

The accompanying notes are an integral part of these financial statements

AAA SCHOLARSHIP FOUNDATION, INC.

Statements of Activities and Changes in Net Assets  
For the years ended June 30, 2014 and 2013

	Year Ended June 30, 2014				Year Ended June 30, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and other support -</b>								
Contributions (net of administrative allowance)	\$ -	\$ 7,964,080	\$ -	\$ 7,964,080	\$ -	\$ 6,359,400	\$ -	\$ 6,359,400
Administrative allowance	748,266	-	-	748,266	706,600	-	-	706,600
Donated services	9,000	-	-	9,000	2,409	-	-	2,409
Interest	-	12,727	-	12,727	-	4,602	-	4,602
Net assets released from restrictions	6,720,805	(6,720,805)	-	0	6,364,002	(6,364,002)	-	0
<b>Total revenue and other support</b>	<b>7,478,071</b>	<b>1,256,002</b>	<b>-</b>	<b>8,734,073</b>	<b>7,073,011</b>	<b>0</b>	<b>-</b>	<b>7,073,011</b>
<b>Expenses -</b>								
Program services - scholarships	7,818,213	-	-	7,818,213	6,857,653	-	-	6,857,653
Management and general	17,604	-	-	17,604	122,716	-	-	122,716
Fundraising	329,656	-	-	329,656	143,474	-	-	143,474
<b>Total expenses</b>	<b>8,165,473</b>	<b>-</b>	<b>-</b>	<b>8,165,473</b>	<b>7,123,843</b>	<b>-</b>	<b>-</b>	<b>7,123,843</b>
<b>Change in net assets</b>	<b>(687,402)</b>	<b>1,256,002</b>	<b>-</b>	<b>568,600</b>	<b>(50,832)</b>	<b>0</b>	<b>-</b>	<b>(50,832)</b>
<b>Net assets, beginning of year</b>	<b>(107,687)</b>	<b>0</b>	<b>-</b>	<b>(107,687)</b>	<b>(56,855)</b>	<b>0</b>	<b>-</b>	<b>(56,855)</b>
<b>Net assets, end of year</b>	<b>\$ (795,089)</b>	<b>\$ 1,256,002</b>	<b>\$ -</b>	<b>\$ 460,913</b>	<b>\$ (107,687)</b>	<b>\$ 0</b>	<b>\$ -</b>	<b>\$ (107,687)</b>

The accompanying notes are an integral part of these financial statements

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10/16/14

**AAA SCHOLARSHIP FOUNDATION, INC.**

**Statements of Cash Flows  
For the years ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ 568,600	\$ (50,832)
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Changes in assets and liabilities:		
Pledges receivable	(1,013,000)	(1,090)
Other assets	(6,990)	(3,168)
Accounts payable and accrued expenses	4,397	14,307
Scholarships payable	<u>4,002,802</u>	<u>5,551,699</u>
Net cash provided by operating activities	<u>3,555,809</u>	<u>5,510,916</u>
Cash used in investing activities:		
Purchase of investments	<u>(15)</u>	<u>(16)</u>
Net cash used by investing activities	<u>(15)</u>	<u>(16)</u>
Net change in cash	3,555,794	5,510,900
Cash at beginning of year	<u>7,958,785</u>	<u>2,447,885</u>
Cash at end of year	<u>\$ 11,514,579</u>	<u>\$ 7,958,785</u>

The accompanying notes are an integral part of these financial statements

*Handwritten signature/initials*  
10/29/14

AAA Scholarship Foundation, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2014 and 2013

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Organization**

The AAA Scholarship Foundation, Inc. ("AAA") is a Georgia not-for-profit organization incorporated March 26, 2010 with the mission of ensuring economically disadvantaged families and families of children with disabilities have equal access to the customized K-12 learning options they need to effectively educate their children. AAA believes that educational option programs spur improvements by equipping parents with the tools to seek the best education for their children. AAA's primary focus is in providing learning options for children from low-income and working class families and for children with disabilities.

AAA Scholarship Foundation – FL, LLC ("AAA-FL") is a wholly-owned subsidiary of AAA that commenced operation in December 2013.

AAA is an approved Scholarship Organization (SO) in Georgia, Arizona, Pennsylvania and Alabama. AAA-FL is an approved SO in Florida. As an SO, AAA and AAA-FL (together, referred to as "AAA") may receive re-directed taxes from taxpayers which are then distributed to qualified students in the form of scholarships so they may attend the qualified private school of their parent's choice. Below are tables summarizing the six state tax credit programs administered by AAA during the fiscal year ended June 30, 2014:

	AZ	GA	PA
<b>Cap for Current Year</b>	\$35.8 million	\$58 million	\$50 million
<b>Year for Cap Purposes</b>	July 1 - June 30	Jan 1 - Dec 31	July 1 - June 30
<b>Taxes Available for Redirection</b>	Corporate income tax & insurance premium tax	Corporate and individual income tax	Corporate net income tax, capital stock franchise tax, bank and trust company shares tax, title insurance companies share tax, insurance premiums tax, or mutual thrift institution tax
<b>Percentage of Tax Available for Redirection</b>	100% for both taxes	75% for companies; Individuals filing as single or head of household can redirect up to \$1,000 per tax year. Individuals filing jointly can redirect up to \$2,500 per tax year	Up to \$750,000 annually
<b>Value of Tax Credit</b>	Dollar-for-dollar	Dollar-for-dollar	75 percent for a one year commitment. 90 percent for a two year commitment.
<b>Maximum Annual Scholarship Value</b>	\$5,000 for k – 8 <sup>th</sup> grade \$6,300 for 9 <sup>th</sup> – 12 <sup>th</sup> grade	\$7,500	\$8,500
<b>Scholarship Term</b>	3 years	3 years	1 year
<b>Administrative Allowance</b>	10 percent	10 % for first \$1.5 million; 7% for \$1.5 million – 10 million; 6% for \$10 million – 20 million; 5% over \$20 million	20 percent

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AAA Scholarship Foundation, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2014 and 2013

	AZ - DD	AL	FL
<b>Cap for Current Year</b>	\$5 million	\$25 million	\$286 million
<b>Year for Cap-Purposes</b>	July 1 - June 30	Jan 1 - Dec 31	Income Tax Jan 1 – Corp FYE Insurance Premium Tax Jan 1 – Dec 31 Alcoholic beverage excise tax, direct pay sales and use tax, oil and/or gas production tax July 1 – June 30
<b>Taxes Available for Redirection</b>	Corporate income tax & insurance premium tax	Corporate and individual income tax	Income tax, insurance premium tax, alcoholic beverage excise tax, direct pay sales and use tax, oil and/or gas production tax
<b>Percentage of Tax Available for Redirection</b>	100% for both taxes	50% (not to exceed \$7,500 for individuals)	100% for income tax, insurance premium, direct pays sales and use tax 90% for alcoholic beverage excise tax 50% for oil and/or gas production tax
<b>Value of Tax Credit</b>	Dollar-for-dollar	Dollar-for-dollar	Dollar-for-dollar
<b>Maximum Annual Scholarship Value</b>	90% of the amount of state aid that would otherwise have been computed for the student in Title 15, Chapter 9, Article 15	\$7,500	\$4,880 private school or \$500 transportation to public school outside of district
<b>Scholarship Term</b>	3 years	1 year	1 year
<b>Administrative Allowance</b>	10 percent	5 percent	Zero percent for first 3 years then 3 percent

**2. Basis of Presentation**

The financial statements of AAA have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of AAA and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that may be maintained permanently by AAA. AAA does not currently have any permanently restricted net assets.

**3. Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. AAA has

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AAA Scholarship Foundation, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

not received any contributions with donor-imposed restrictions that would result in permanently restricted net assets.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. AAA recognized \$9,000 and \$2,409 of donated goods during the fiscal years ended June 30, 2014 and 2013 respectively.

#### 4. Cash and Cash Equivalents

AAA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

AAA maintains its cash accounts at a commercial bank. Such amounts on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At June 30, 2014 and 2013, cash on deposit at a commercial bank exceeded the \$250,000 FDIC limit by \$11,264,579 and \$7,708,785 respectively.

AAA also maintains a Certificate of Deposit with a value of \$15,121 and \$15,106 at June 30, 2014 and 2013.

Each state Tax Credit Scholarship Program requires that contributions received under the program after administrative allowance and all interest earned on contributions must be used for scholarships. At June 30, 2014, cash restricted for scholarships is as follows:

Georgia Private School Tax Credit Scholarship Program	\$2,630,167
Arizona Low-Income Corporate Tax Credit Scholarship Program	\$7,547,630
Arizona Disabled-Displaced Tax Credit Scholarship Program	\$162,026
Pennsylvania Opportunity Scholarship Tax Credit	\$450,327
Alabama Educational Scholarship Program	\$177,094

At June 30, 2013, cash restricted for scholarships is as follows:

Georgia Private School Tax Credit Scholarship Program	\$4,644,831
Arizona Low-Income Corporate Tax Credit Scholarship Program	\$2,823,652

#### 5. Pledges Receivable

Pledges receivable represent unconditional promises to give and are recorded as receivable and revenue at fair value when received. Management evaluates the collectability of its pledges receivable and records an allowance for estimated uncollectible amounts, if necessary.

AAA Scholarship Foundation, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

7. Accounting Estimates

The presentation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue's and expenses during the reporting period. Actual results could differ from those estimates.

8. Income Taxes

In 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109*, (FIN 48), which clarifies the accounting for uncertainty in tax positions. FIN 48 has been codified in FASB ASC 740-10. FIN 48 requires that the Association recognize in the financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. AAA adopted the provisions of FIN 48 as of July 1, 2009. AAA is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. At June 30, 2012 and 2013, there are no deferred tax assets and liabilities or current income tax expense.

No interest or penalties resulting from an underpayment of income taxes have been recognized in the statement of activities or in the statement of financial position. AAA has no positions for which it believes it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next twelve months. The tax years 2014 through 2010 remain subject to examination by the Internal Revenue Service.

NOTE B – PLEDGES RECEIVABLE

Pledges receivable at June 30 consists of the following:

	<u>2014</u>	<u>2013</u>
Pledges due within one year	\$ <u>1,139,090</u>	\$ <u>126,090</u>

At June 30, 2014 and 2013, all pledges receivable are expected to be collected during the next year. Management has determined that the pledges receivable are fully collectible; therefore, no allowance for uncollectible pledges is considered necessary at June 30, 2014 and 2013.

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AAA Scholarship Foundation, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2014 and 2013

NOTE C – SCHOLARSHIP CONTRIBUTIONS

During the fiscal years ended June 30, 2014 and 2013, AAA received re-directed taxes from taxpayers in Georgia, Arizona, Pennsylvania and Alabama. Each state Tax Credit Scholarship Program requires that contributions received under the program after administrative allowance and all interest earned on contributions must be used for scholarships.

During the fiscal year ended June 30, 2014, AAA recorded the following re-directed taxes as contributions:

Georgia Private School Tax Credit Scholarship Program	\$120,000
Arizona Low-Income Corporate Tax Credit Scholarship Program	\$6,589,466
Arizona Disabled-Displaced Tax Credit Scholarship Program	\$180,000
Pennsylvania Opportunity Scholarship Tax Credit	\$1,000,000
Alabama Educational Scholarship Program	\$222,880
Florida Tax Credit Scholarship Program	\$600,000

Of the re-directed taxes recorded as contributions, the following pledges were outstanding and deemed as collectible as June 30, 2014:

Pennsylvania Opportunity Scholarship Tax Credit	\$500,000
Alabama Educational Scholarship Program	\$36,500
Florida Tax Credit Scholarship Program	\$600,000

During the fiscal year ended June 30, 2014, AAA claimed the following administrative allowances against contributions:

Georgia Private School Tax Credit Scholarship Program	\$12,000
Arizona Low-Income Corporate Tax Credit Scholarship Program	\$658,946
Arizona Disabled-Displaced Tax Credit Scholarship Program	\$18,000
Pennsylvania Opportunity Scholarship Tax Credit	\$50,000
Alabama Educational Scholarship Program	\$9,319

During the fiscal year ended June 30, 2014, AAA earned the following interest on cash restricted for scholarships:

Georgia Private School Tax Credit Scholarship Program	\$4,503
Arizona Low-Income Corporate Tax Credit Scholarship Program	\$7,755
Arizona Disabled-Displaced Tax Credit Scholarship Program	\$27
Pennsylvania Opportunity Scholarship Tax Credit	\$367
Alabama Educational Scholarship Program	\$74

During the fiscal year ended June 30, 2013, AAA recorded the following re-directed taxes as contributions:

Georgia Private School Tax Credit Scholarship Program	\$3,933,000
Arizona Low-Income Corporate Tax Credit Scholarship Program	\$3,133,000

Georgia contributions totaling \$126,000 were not collected until July 2013.



AAA Scholarship Foundation, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

NOTE C – SCHOLARSHIP CONTRIBUTIONS – CONTINUED

During the fiscal year ended June 30, 2013, AAA claimed the following administrative allowances against contributions:

Georgia Private School Tax Credit Scholarship Program	\$393,300
Arizona Low-Income Corporate Tax Credit Scholarship Program	\$313,300

During the fiscal year ended June 30, 2013, AAA earned the following interest on cash restricted for scholarships:

Georgia Private School Tax Credit Scholarship Program	\$3,025
Arizona Low-Income Corporate Tax Credit Scholarship Program	\$1,577

NOTE D – SCHOLARSHIPS AWARDED AND PAYABLE

AAA scholarships are awarded to qualified students for multi-year periods in Georgia and Arizona and for a one year period in Pennsylvania, Alabama and Florida. To qualify for a scholarship, a student and the parents or guardian of that student must meet certain state and AAA requirements, enroll in an eligible private school and comply with certain other responsibilities for program participation. For multi-year scholarships the parents or guardian must return a completed School Commitment Form by the specified deadline for subsequent years in order to remain eligible.

During the fiscal year ended June 30, 2014, AAA awarded the following net scholarships:

Georgia Private School Tax Credit Scholarship Program	\$180,380
Arizona Low-Income Corporate Tax Credit Scholarship Program	\$6,594,997
Arizona Disabled-Displaced Tax Credit Scholarship Program	\$168,825
Pennsylvania Opportunity Scholarship Tax Credit	\$493,000
Alabama Educational Scholarship Program	\$15,000

During the fiscal year ended June 30, 2013, AAA awarded the following scholarships:

Georgia Private School Tax Credit Scholarship Program	\$3,579,375
Arizona Low-Income Corporate Tax Credit Scholarship Program	\$3,123,525

Scholarship checks are made payable to the student's parent or guardian and are restrictively endorsed for deposit only to the private school. The checks are disbursed in four installments each school year after receipt of a verification report from the school. The verification report limits the risk that a check might be issued for a student who has withdrawn from the eligible private school or the student's parent or guardian has not complied with their responsibilities under the program.

Scholarships awarded in prior fiscal years that were unclaimed due to students leaving the program or forfeiting their scholarships were re-allocated to fund additional scholarships in the current fiscal year.

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AAA Scholarship Foundation, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

NOTE D – SCHOLARSHIPS AWARDED AND PAYABLE - CONTINUED

Georgia and Arizona allow multi-year scholarships. The following schedules illustrate the net multi-year scholarships awarded but unpaid as of June 30, 2014:

	Payable in 2014-15	Payable in 2015-16	Payable in 2016-17	Payable in 2017-18
<b>Georgia Private School Tax Credit Scholarship Program:</b>				
Beginning Balance 6/30/2013	\$1,160,354	\$1,160,354	\$0	\$0
Plus: Refund Due from School	\$2,590	\$0	\$0	\$0
Adjust for Graduating Students	\$0	(\$58,125)	\$0	\$0
Less: Unclaimed Awards	(\$234,104)	(\$234,104)	\$0	\$0
Awarded 2013-14	\$530,625	\$515,625	\$166,875	\$0
<b>Total:</b>	<b>\$1,459,465</b>	<b>\$1,383,750</b>	<b>\$166,875</b>	<b>\$0</b>
<b>Arizona Low-Income Corporate Tax Credit Scholarship Program:</b>				
Beginning Balance 6/30/2013	\$1,041,175	\$1,041,175	\$0	\$0
Awarded 2013-14	\$1,178,825	\$1,118,975	\$2,103,450	\$2,023,125
<b>Total:</b>	<b>\$2,220,000</b>	<b>\$2,160,150</b>	<b>\$2,103,450</b>	<b>\$2,023,125</b>
<b>Arizona Disabled-Displaced Tax Credit Scholarship Program:</b>				
Awarded 2013-14	\$56,275	\$56,275	\$56,275	\$0
<b>Total:</b>	<b>\$56,275</b>	<b>\$56,275</b>	<b>\$56,275</b>	<b>\$0</b>

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2014, net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

Georgia Private School Tax Credit Scholarship Program	\$180,380
Arizona Low-Income Corporate Tax Credit Scholarship Program	\$6,594,997
Arizona Disabled-Displaced Tax Credit Scholarship Program	\$168,824
Pennsylvania Opportunity Scholarship Tax Credit	\$493,000
Alabama Educational Scholarship Program	\$15,000

At June 30, 2013, net assets were released from donor restrictions as follows:

Georgia Private School Tax Credit Scholarship Program	\$3,542,725
Arizona Low-Income Corporate Tax Credit Scholarship Program	\$2,821,277

AAA Scholarship Foundation, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

NOTE F – CONCENTRATION OF RISK

Contributions from three major donors accounted for approximately 82 percent (82%) of contributions received for the fiscal year ended June 30, 2014. The pledges from two of these donors were fully paid as of June 30, 2014. A \$500,000 pledge from one was outstanding and deemed collectible as of June 30, 2014.

Contributions from one major donor accounted for approximately 96% of contributions received for the fiscal year ended June 30, 2013. The pledge from this donor was fully paid as of June 30, 2013.

NOTE G - RELATED PARTY TRANSACTIONS

AAA retained the services of their Chief Executive Officer's accounting firm to provide bi-weekly payroll services for between \$20 and \$30 per month and shares office space and equipment with the same firm for \$1,500 per month.

NOTE H - FAIR VALUE

FASB Statement No. 157 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB Statement No. 157, are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities AAA has the ability to access.

Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include AAA's own data).

The following table presents AAA's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2014.

AAA Scholarship Foundation, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2014 and 2013

Financial instruments owned:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificate of Deposit	\$0	\$15,121	\$0

Financial assets carried at fair value as of June 30, 2013 are classified in the hierarchy as follows:

Financial instruments owned:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificate of Deposit	\$0	\$15,106	\$0

NOTE I – COMPLIANCE WITH STATE STATUTES

As an SO in multiple states, AAA must comply with certain operational and reporting requirements established and adopted into law by each state. Failure to comply with these statutes may result in sanctions that suspend or revoke operations. For the years ending June 30, 2014 and 2013, AAA is in compliance with all operating and reporting requirements for each applicable state.

NOTE J – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the accountant's report and there were no significant events that would require disclosure in the financial statements.

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10/29/14

Supplementary Information

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT  
ON ADDITIONAL INFORMATION

To the Board of Directors of  
AAA Scholarship Foundation, Inc.

We have audited the financial statements of AAA Scholarship Foundation, Inc. as of and for the years ended June 30, 2014 and 2013, and issued our report thereon dated October 22, 2014, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules of functional expenses are presented for the purposes of additional analysis and are 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 audit 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 supplementary schedules of functional expenses are fairly stated in all material respects in relation to the financial statements as a whole.

*SGCash LLC*

Athens, Georgia  
October 22, 2014

*WV 10/27/14*

**AAA Scholarship Foundation, Inc.**  
**Supplementary Schedules of Functional Expenses**  
**For the years ended June 30, 2014 and 2013**

	For the year ended June 30, 2014				For the year ended June 30, 2013			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Direct program costs	\$ 7,452,200	\$ -	\$ -	\$ 7,452,200	\$ 6,702,900	\$ -	\$ -	\$ 6,702,900
Accounting fees	388	49	49	486	300	690	-	990
Audit fees	5,760	720	720	7,200	-	7,200	-	7,200
Advertising / marketing	25,969	-	-	25,969	10,537	-	3,874	14,411
Bank service fees	2,110	84	84	2,278	566	285	-	851
Business registration fees	914	14	2,958	3,886	119	961	1,955	3,035
Conferences / meetings	765	-	6,495	7,260	200	6,000	125,320	131,520
Contractor expenses	25,815	1,707	295,285	322,807	10	3,108	2,700	5,818
Dues, fees, & subscriptions	(1,102)	78	3,457	2,433	31	389	-	420
Equipment rental	1,060	45	45	1,150	-	152	-	152
Insurance	697	87	87	871	-	677	6,348	7,025
Interest expense	-	-	-	0	474	2,505	-	2,979
Legal fees	13,321	57	5,203	18,581	63	336	152	551
License - software	-	-	-	0	-	124	-	124
Meals & entertainment	732	53	105	890	751	307	240	1,298
Meals & entertainment board	95	12	12	119	-	12,000	-	12,000
Office supplies	290	-	216	506	263	313	442	1,018
Postage, mailing service	2,391	210	235	2,836	8,894	5,707	-	14,601
Professional development	-	-	90	90	963	956	43	1,962
Rent	14,400	1,800	1,800	18,000	2,685	-	2,400	5,085
Repairs and maintenance	232	29	29	290	128,897	79,557	-	208,454
Supplies	2,176	208	209	2,593	-	1,098	-	1,098
Taxes - payroll	15,753	705	705	17,163	-	-	-	-
Telephone & communications	2,011	101	227	2,339	-	-	-	-
Travel	15,822	195	195	16,212	-	-	-	-
Wages and benefits	235,354	11,341	11,341	258,036	-	-	-	-
Web / internet hosting	1,060	109	109	1,278	-	-	-	-
<b>Total expenses</b>	<b>\$ 7,818,213</b>	<b>\$ 17,604</b>	<b>\$ 329,656</b>	<b>\$ 8,165,473</b>	<b>\$ 6,857,653</b>	<b>\$ 122,716</b>	<b>\$ 143,474</b>	<b>\$ 7,123,843</b>

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND  
ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Directors of  
AAA Scholarship Foundation, Inc.

Compliance

We have audited the compliance of AAA Scholarship Foundation, Inc., ("AAA Scholarship Foundation") with the types of compliance requirements described in the Rules of the Auditor General - Chapter 10.700 and Florida Statutes - Section 1002.395 that are applicable for the year ended June 30, 2014. Compliance with the requirements of laws, regulations, contract, and grants is the responsibility of AAA Scholarship Foundation's management. Our responsibility is to express an opinion on AAA Scholarship Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and Chapter 10.700 of the Rules of the Auditor General of Florida. These standards and rules require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the financial statements occurred. An audit includes examining, on a test basis, evidence about AAA Scholarship Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on AAA Scholarship Foundation's compliance with those requirements.

In our opinion, AAA Scholarship Foundation complied, in all material respects, with the requirements referred to above that are applicable for the year ended June 30, 2014.

Internal Control Over Compliance

Management of AAA Scholarship Foundation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants. In planning and performing our audit, we considered AAA Scholarship Foundation's internal control over compliance with the requirements that could have a direct and material effect on the financial statements to determine our auditing procedures for the purpose of expressing our opinion on compliance, and test and report on internal control over compliance in accordance with the Rules of the Auditor General Chapter 10.700 and Section 1002.395 Florida Statutes, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of AAA Scholarship Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect noncompliance with a type of compliance requirement on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected on a timely basis.



Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This communication is intended solely for the information and use of management, the board of directors, the Florida Department of Education, the Executive Office of the Governor of the State of Florida, the State of Florida Office of the Auditor General, and the Florida Department of Revenue, and is not intended to be and should not be used by anyone other than these specified parties.

*S B Cash WLC*

Athens, Georgia  
October 22, 2014

*Wm 10/24/14*