THEODORE R. AND VIVIAN M. JOHNSON SCHOLARSHIP FOUNDATION, INC.

REPORT ON AUDITS OF FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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& COMPANY
Certified Public Accountants and Consultants

Report of Independent Auditors

To the Board of Directors of
Theodore R. and Vivian M. Johnson Scholarship Foundation, Inc.

We have audited the accompanying financial statements of Theodore R. and Vivian M. Johnson Scholarship Foundation, Inc. (a private foundation), which comprise the statements of net assets – modified cash basis as of December 31, 2014 and 2013, and the related statements of changes in net assets – modified cash basis and cash flows – modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 in the first paragraph present fairly, in all material respects, the assets, liabilities, and net assets of Theodore R. and Vivian M. Johnson Scholarship Foundation, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with the modified cash basis of accounting described in Note 1.

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Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Templeton & Company, LLP

West Palm Beach, Florida
August 18, 2015

THEODORE R. AND VIVIAN M. JOHNSON SCHOLARSHIP FOUNDATION, INC.

STATEMENTS OF NET ASSETS – MODIFIED CASH BASIS
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 1,623,571	$ 2,432,926
Investments, at fair value	166,597,589	165,649,399
Total assets	$ 168,221,160	$ 168,082,325
LIABILITIES AND NET ASSETS		
Liabilities	$ -	$ -
Net assets - temporarily restricted	168,221,160	168,082,325
Total liabilities and net assets	$ 168,221,160	$ 168,082,325

See accompanying notes to financial statements.

THEODORE R. AND VIVIAN M. JOHNSON SCHOLARSHIP FOUNDATION, INC.

STATEMENTS OF CHANGES IN NET ASSETS –
MODIFIED CASH BASIS
For the Years Ended December 31, 2014 and 2013

	2014	2013
Temporarily restricted net assets:		
Revenue, net of investment advisory fees:		
Net realized gain on sales of investments	$ 520,694	$ 2,462,400
Net unrealized appreciation on investments	1,901,572	14,684,577
Interest, dividends and distributions	6,417,357	2,837,082
	8,839,623	19,984,059
Expenses:		
Scholarships and grants distributed	6,654,233	6,555,841
Management and general expenses	1,770,916	1,600,240
Federal excise and other taxes, net of (refunds)	275,639	(255)
	8,700,788	8,155,826
Increase in temporarily restricted net assets	138,835	11,828,233
Net assets, beginning of year	168,082,325	156,254,092
Net assets, end of year	$ 168,221,160	$ 168,082,325

See accompanying notes to financial statements.

THEODORE R. AND VIVIAN M. JOHNSON SCHOLARSHIP FOUNDATION, INC.

STATEMENTS OF CASH FLOWS –
MODIFIED CASH BASIS
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Increase in net assets - modified cash basis	$ 138,835	$ 11,828,233
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Net realized gain on sales of investments	(520,694)	(2,462,400)
Net unrealized appreciation on investments	(1,901,572)	(14,684,577)
Net cash used in operating activities	(2,283,431)	(5,318,744)
Cash flows from investing activities:		
Purchases of investments	(8,836,184)	(7,807,811)
Proceeds from sales of investments	10,310,260	9,437,776
Net cash provided by investing activities	1,474,076	1,629,965
Decrease in cash and cash equivalents	(809,355)	(3,688,779)
Cash and cash equivalents, beginning of year	2,432,926	6,121,705
Cash and cash equivalents, end of year	$ 1,623,571	$ 2,432,926

See accompanying notes to financial statements.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Organization and purpose

The Theodore R. and Vivian M. Johnson Scholarship Foundation, Inc. (the Foundation) provides educational scholarships and grants.

The Foundation was incorporated in the State of Florida in 1998 and received all of the assets of the Theodore R. and Vivian M. Johnson Scholarship Foundation, a private foundation trust, (the Foundation Trust) on December 31, 2001 in a tax-free transfer and operates as its successor.

Donated assets of the Foundation are invested in accordance with donor intention, with earnings derived from such assets used for grant, reinvestment, and operating purposes.

Basis of accounting

The Foundation prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Revenue is recognized when collected and expenses are recorded when paid, rather than when due or the commitment or obligation is incurred.

Assets and liabilities generally arise from cash transactions, except for non-cash contributions of investments, which are recorded, when received, at their fair values.

Classification of net assets

The Foundation records all income or losses from its investments as temporarily restricted net assets. These amounts are subject to donor-imposed restrictions that permit the Foundation to use or expend the assets for grant or operating purposes. The donor restrictions expire when payments are made for grant or operating purposes.

Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, unless needed to meet the Internal Revenue Service (IRS) distribution requirements, but permit the Foundation to use or expend all of the income derived from the donated assets for grant or operating purposes. There were no permanently restricted net assets or donations during 2014 or 2013.

Cash and cash equivalents

The Foundation considers all highly-liquid investments with original maturity terms of three months or less to be cash equivalents. Cash and cash equivalents are carried at cost which approximates fair value.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies, Continued

Investments

Equity securities with readily determinable fair market values and all debt securities are carried at fair values based on quoted market prices. The values of certain investments are estimated by management of the investee in the absence of readily determinable fair market values.

Investment gains or losses are recognized upon realization, or when the investment values are deemed to have been permanently impaired. The Foundation uses the specific identification method to determine its historical basis, which is based on the fair value at the beginning of the period, in computing realized gains and losses. Unrealized gains and losses are recognized based on changes in fair values during the period for those securities held at the end of the period. Interest, dividends and distributions are recognized as income when received and are restricted for grant and operating purposes.

Income taxes

The Foundation is incorporated as a private foundation exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code (the Code) and is classified as a private foundation as defined under Section 509(a) of the Code. In accordance with the provisions of the Code, the Foundation is liable for excise tax of up to 2% on net investment income as defined by the Code and is taxed on unrelated business income for both federal and state income tax purposes. With regard to unrelated business income, for federal tax purposes the Foundation is subject to federal corporate tax rates of up to 38% and, for state tax purposes, tax rates range from 5% to 9% of allocable taxable income.

Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Based on its evaluation, management did not identify any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease. The Foundation is no longer subject to income tax examinations for years prior to 2011.

Use of estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates also affect the amounts of revenue and expenses recognized during the reporting period. Actual results could differ from those estimates.

Risks and uncertainties

The investments of the Foundation are exposed to various risks, such as market, geographic, interest rate and credit. Due to the level of risk associated with the Foundation’s investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near-term would materially affect the Foundation’s investment balances and the amounts reported in the statements of changes in net assets – modified cash basis and the statements of net assets – modified cash basis.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies, Continued

Risks and uncertainties, continued

Financial instruments which potentially subject the Foundation to a concentration of credit risk include the Foundation's cash and cash equivalent accounts. The Foundation maintains its cash and cash equivalents with high credit-quality financial institutions. Such balances may exceed the FDIC federally insured limits. Cash and cash equivalents exceeded the FDIC limit by $1,589,647 and $2,279,299 as of December 31, 2014 and 2013, respectively.

The Foundation has significant investments in equities, fixed income securities, private equity partnerships, and mutual funds and is therefore subject to concentrations of investment risk. Investments are generally made by investment managers engaged by the Foundation and the investments are monitored on behalf of the Foundation by an independent investment adviser. Although the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Foundation and its beneficiaries.

Published market quotations do not necessarily represent realizable values, particularly where sizable holdings of a fund's unit shares or a company's stock exist. In addition, certain private equity and venture capital fund investment agreements restrict the timing and amounts of fund shares that may be redeemed. Management frequently evaluates various risks related to the Foundation's investments.

Portfolio investment concentrations

At December 31, 2014 and 2013, approximately 28% and 29%, respectively, of the Foundation's investments were invested in private funds which are considered alternative investments. These alternative investment funds invest primarily in domestic and foreign private equity partnerships and other alternative investment funds. The fair values of alternative investment funds have been estimated by the Foundation's management in the absence of readily ascertainable market values. The Foundation may liquidate a portion or all of its investments in the private funds at the then net asset value in a manner provided for under the partnership or investment agreements. These agreements generally provide for exit fees and lock-up periods, as well as restrictions for liquidity positions of the alternative investment funds, thus making the investments non-marketable. Therefore, the values of such funds are not necessarily indicative of the amounts that could be realized in a current transaction.

Note 2 – Investments

The cost, fair value, and unrealized gain or loss attributable to the Foundation's investments at December 31, 2014 and 2013 are presented below:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
December 31, 2014:			
United States equities	$ 15,848,898	$ 31,941,411	$ 16,092,513
Non-United States equities	37,422,865	35,635,376	(1,787,489)
Alternative non-marketable equity entities	22,124,304	25,472,150	3,347,846
Private equity entities and venture capital	14,418,842	21,563,717	7,144,875
Inflation protection managers	15,961,486	19,748,132	3,786,646
Fixed income	33,494,577	32,236,803	(1,257,774)
	$ 139,270,972	$ 166,597,589	$ 27,326,617
December 31, 2013:			
United States equities	$ 14,377,213	$ 29,060,196	$ 14,682,983
Non-United States equities	34,515,301	36,108,058	1,592,757
Alternative non-marketable equity entities	23,312,976	26,473,187	3,160,211
Private equity entities and venture capital	15,380,861	21,449,144	6,068,283
Inflation protection managers	16,392,764	21,667,633	5,274,869
Fixed income	32,417,727	30,891,181	(1,526,546)
	$ 136,396,842	$ 165,649,399	$ 29,252,557

The cost presented above represents the historical cost basis for income tax purposes. Realized gains or losses for financial reporting purposes for securities sold are determined based on the fair value at the beginning of the period (see Note 1).

Investment advisory fees are recorded as reductions to the net realized gain on sales of investments in the accompanying statements of changes in net assets – modified cash basis in the amount of $1,014,764 and $995,765 for the years ended December 31, 2014 and 2013, respectively.

The following is a list of investments representing more than 5% of the total fair value of investments at December 31, 2014 and 2013:

Investment	2014	2013
Vanguard Intermediate-Term Treasury Shares	$ 20,246,759	$ 18,012,989
Adage Capital Partners	18,608,139	15,715,251
Silchester International Value Equity Trust	15,051,449	15,364,384
Brandywine Global	11,990,045	9,433,480
Forester Offshore Ltd.	11,511,366	10,869,284
Semper Vic	8,507,471	* 8,037,530
Wellington Trust Company, NA	* 5,751,594	8,959,471
Other	74,930,766	79,257,010
	$ 166,597,589	$ 165,649,399

* Represents an individual investment of less than 5% of total investments

Note 3 – Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

> *Level 1* inputs consist of quoted prices that are available in active markets for identical investments as of the reporting date. Investments included in Level 1 include listed U.S. and non-U.S. equity securities and listed debt instruments and derivatives.
>
> *Level 2* inputs consist of direct or indirect observable inputs other than quoted prices for identical investments, and fair value is determined through the use of models and other valuation methodologies.
>
> *Level 3* inputs have the lowest priority and consist of unobservable inputs that are significant to the fair value of the investments. Level 3 inputs require significant management judgment or estimation. Investments which are generally included in this category include venture capital investments in equity or equity-oriented securities of privately held entities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The Foundation assesses the fair value classification of each investment at the end of each year, and any transfers between levels are recognized on the date of the event or change in circumstances that caused the transfer. There were no reclassifications during the years ended December 31, 2014 and 2013.

Investments in private partnerships and companies are recorded at an estimate of fair value using metrics such as security prices of comparable public companies, discounted cash flow models, and original investment purchase price multiples, while also incorporating a portfolio company's financial performance and specific factors.

Note 3 – Fair Value Measurements, Continued

The following table summarizes the Foundation's investments based on the valuation methodology applied by the Foundation as of December 31, 2014 and 2013:

	December 31, 2014			
	Level 1: Quoted prices in markets for identical assets	Level 2: Significant other observable inputs	Level 3: Significant unobservable inputs	Total
United States equities	$ 4,825,801	$ 27,115,610	$ -	$ 31,941,411
Non-United States equities	23,213,428	12,421,948	-	35,635,376
Alternative non-marketable equity entities	-	13,446,215	12,025,935	25,472,150
Private equity entities and venture capital	-	-	21,563,717	21,563,717
Inflation protection managers	-	10,549,182	9,198,950	19,748,132
Fixed income	20,246,759	11,990,044	-	32,236,803
	$ 48,285,988	$ 75,522,999	$ 42,788,602	$ 166,597,589

	December 31, 2013			
	Level 1: Quoted prices in markets for identical assets	Level 2: Significant other observable inputs	Level 3: Significant unobservable inputs	Total
United States equities	$ 5,307,415	$ 23,752,781	$ -	$ 29,060,196
Non-United States equities	25,356,069	10,751,989	-	36,108,058
Alternative non-marketable equity entities	-	15,003,560	11,469,627	26,473,187
Private equity entities and venture capital	-	-	21,449,144	21,449,144
Inflation protection managers	-	12,275,371	9,392,262	21,667,633
Fixed income	21,457,701	9,433,480	-	30,891,181
	$ 52,121,185	$ 71,217,181	$ 42,311,033	$ 165,649,399

Note 3 – Fair Value Measurements, Continued

The following is a schedule of Level 3 investment activity for the years ended December 31, 2014 and 2013 measured on a recurring basis using significant unobservable inputs:

	Alternative Non-Marketable Equity Entities	Private Equity Entities and Venture Capital	Inflation Protection Managers	Total
Balance as of January 1, 2014	$ 11,469,627	$ 21,449,144	$ 9,392,262	$ 42,311,033
Net unrealized appreciation (depreciation) included in the statement of changes in net assets – modified cash basis	556,308	(1,802,342)	(987,801)	(2,233,835)
Net realized gains included in the statement of changes in net assets – modified cash basis	-	(217,916)	(6,864)	(224,780)
Sales and return of capital	-	-	-	-
Purchases	-	2,134,831	801,353	2,936,184
Balance as of December 31, 2014	$ 12,025,935	$ 21,563,717	$ 9,198,950	$ 42,788,602

	Alternative Non-Marketable Equity Entities	Private Equity Entities and Venture Capital	Inflation Protection Managers	Total
Balance as of January 1, 2013	$ 10,156,838	$ 21,001,452	$ 8,919,777	$ 40,078,067
Net unrealized appreciation (depreciation) included in the statement of changes in net assets – modified cash basis	1,441,611	627,162	(282,198)	1,786,575
Net realized gains (losses) included in the statement of changes in net assets – modified cash basis	(10,483)	1,121,029	65,810	1,176,356
Sales and return of capital	(118,339)	(2,608,310)	(211,127)	(2,937,776)
Purchases	-	1,307,811	900,000	2,207,811
Balance as of December 31, 2013	$ 11,469,627	$ 21,449,144	$ 9,392,262	$ 42,311,033

The Foundation's investments in United States equities consist of publicly traded United States equities with no unfunded commitments to United States equity managers as of December 31, 2014 and 2013.

Note 3 – Fair Value Measurements, Continued

The Foundation’s investments in non-United States equities consist of publicly traded funds and limited partnerships with redemption restrictions ranging from 30 to 60 days in applicable lock-up periods. The Foundation had no unfunded commitments with respect to its non-United States equity managers as of December 31, 2014 and 2013.

The Foundation’s investments in alternative non-marketable equity entities consist of investments in hedge funds, primarily limited partnerships and fund of fund investments that invest in multi-strategy funds. The alternative non-marketable equity entities require a sixty to ninety day notice in order to redeem the investment balances with redemption restrictions in place at year end. There were no unfunded commitments to alternative non-marketable equity entities as of December 31, 2014 and 2013.

The Foundation’s investments in private equity entities and venture capital consist of limited partnership interests and interests in closed-end funds that primarily invest in United States and non-United States fund of fund investments in venture capital and private equity capital. The Foundation had $6,453,567 and $4,077,342 in related unfunded commitments as of December 31, 2014 and 2013, respectively.

The Foundation’s investments in inflation protection managers consist primarily of limited partnership interests that invest in fund of fund energy and real estate securities as well as other direct investments in real estate and energy related ventures. The Foundation had $1,605,000 and $2,389,500 in related unfunded commitments as of December 31, 2014 and 2013, respectively.

Note 4 – Foundation Funds

The Foundation’s funds are established for the purposes expressed in the Foundation’s charter. The Foundation’s funds consist of donor-restricted funds and funds designated by the Board of Directors to function as restricted funds. The Foundation’s net assets are classified and reported based on the existence or absence of donor-imposed restrictions.

<u>Interpretation of relevant law</u>

The Board of Directors have interpreted the current law, Uniform Management of Institutional Funds Act (UMIFA), which became effective in the State of Florida on July 1, 2012, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation will classify as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment; (b) the original value of the subsequent gifts to the endowment; (c) accumulations of the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulations are added to the fund. Endowment balances are classified as temporarily restricted net assets and consist solely of accumulated instrument return that has yet to be expended in accordance with the terms of the donor agreement. Due to the purpose of the Foundation, all endowment balances are classified as temporarily restricted net assets.

<u>Funds with deficiencies</u>

From time to time, the fair value of assets associated with individual donor-restricted funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. There were no such funds with deficiencies as of December 31, 2014.

Note 4 – Foundation Funds, Continued

Return objectives and risk parameters

The Foundation has adopted investment and spending policies for fund assets that attempt to provide a predictable stream of funding to grant programs supported by its funds while seeking to maintain purchasing power of the assets.

Under this policy, as approved by the Board of Directors, the assets are invested in a manner that is intended to produce results that exceed the price and yield results of multiple benchmarks based on the type of investment while assuming a moderate level of investment risk. The Foundation expects that its funds, over time, will provide an average rate of return of approximately 5% annually after adjusting for inflation. Actual returns in any given year may vary from this amount.

Strategies employed to achieve objectives

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified allocation to achieve its long-term return objectives within prudent risk constraints.

Spending policy

The Foundation's policy is to appropriate for distribution each year such amounts as are determined by the Foundation's calculation for disbursements as determined by Section 509(a) of the Code. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its assets to grow at an average of approximately 5% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the assets held to provide additional real growth through investment return.

Changes in net assets for the year ended December 31, 2014 follow:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance as of January 1, 2014	$ -	$ 168,082,325	$ -	$ 168,082,325
Investment return:				
Interest, dividends and distributions	-	6,417,357	-	6,417,357
Net appreciation (realized and unrealized)	-	2,422,266	-	2,422,266
Total investment return	-	8,839,623	-	8,839,623
Appropriations for distributions and expenditures	-	(8,700,788)	-	(8,700,788)
Balance as of December 31, 2014	$ -	$ 168,221,160	$ -	$ 168,221,160

Note 5 – Expenses

Expenses for the years ended December 31, 2014 and 2013 are presented as follows:

	2014	2013
Scholarships and grants distributed:		
Palm Beach Atlantic University	$ 1,417,500	$ 1,114,000
Scholarship America	1,206,875	1,148,125
Gallaudet University	475,000	475,000
The Florida School for the Deaf and the Blind	475,000	475,000
Florida State University System	450,000	550,000
Martin Aboriginal Education Initiative	250,000	-
University of Florida Foundation	212,400	200,000
Northern Arizona University Foundation	211,982	228,333
University of Central Florida Foundation	202,918	200,000
Pathways to Education Canada	120,000	-
Four Bands Community Fund	100,000	75,000
Providence St. Mel School	100,000	-
CAPE	96,968	495,543
First Nations Development Institute	80,000	20,000
Clarke Schools for Hearing and Speech	75,000	50,000
Northeastern State University Foundation	73,750	67,500
Blackfeet Community College	71,000	55,750
Northwest Indian College	70,000	42,000
Gonzaga University	65,000	-
Oklahoma State University Foundation	62,500	-
Institute of American Indian Art	60,000	49,000
Little Big Horn College	60,000	62,400
Berklee College of Music	51,000	50,000
American Indian College Fund	50,000	50,000
Valencia State College Foundation	50,000	50,000
Maricopa County Community College Foundation	45,750	49,604
The School District of Palm Beach County	37,175	37,175
Olmsted Center	35,000	-
Heritage University	34,564	-
Florida Atlantic University Foundation	27,900	-
University of New Mexico Foundation	27,468	36,000
First Peoples Fund	13,250	88,200
Eye to Eye	-	250,000
National Organization on Disabilities	-	150,000
Edge Foundation	-	100,000
Landmark East School	-	50,000
Lakota Federal Credit Union	-	50,000
Dalhousie University	-	3,000
Other	346,233	284,211
	$ 6,654,233	$ 6,555,841

Note 5 – Expenses, Continued

	2014	2013
Management and general expenses:		
Salaries and benefits	$ 658,082	$ 637,948
Scholarship administrative expenses	409,815	317,732
Investment consultant fees and expenses	343,616	322,085
Office expenses	136,634	127,876
Professional fees	44,337	38,233
Directors' consulting fees	70,932	68,866
Directors' fees	107,500	87,500
	1,770,916	1,600,240
Federal excise and other taxes:		
Federal excise tax	275,297	-
Various other state excise tax (refund)	342	(255)
	275,639	(255)
	$ 8,700,788	$ 8,155,826

During 2014 and 2013, the Foundation received refunds of certain federal and state excise taxes paid in prior years. Such amounts were offset against expense in 2014 and 2013 under the modified cash basis of accounting.

Note 6 – Lease Agreement

The Foundation leases its premises located in West Palm Beach, Florida pursuant to a non-cancelable operating lease. The following table presents future minimum base rent payments due under the operating lease as of the date of this report for the years ending as follows:

Year Ending December 31,	Amount
2015	$ 55,116
2016	56,769
2017	58,473
2018	60,228
2019	30,558
Total	$ 261,144

Rent expense for the years ended December 31, 2014 and 2013 totaled $54,370 and $52,854, respectively.

Note 7 – Defined Contribution Plan

The Foundation has established a qualified cash or deferred compensation plan (the Plan) under Section 401(k) of the Internal Revenue Code for the benefit of qualified employees. Under the terms of the Plan, qualified employees may elect to defer a portion of their salary, subject to Internal Revenue Service limits or may elect to make after tax contributions to their Roth 401(k). The Foundation makes a discretionary match as well as a discretionary contribution. The Foundation's contributions for the years ended December 31, 2014 and 2013 totaled $61,170 and $59,388, respectively.

Note 8 – Trust Beneficiary

The Foundation is named as the sole beneficiary of the Theodore R. Johnson Charitable Remainder Unitrust (CRUT). As of December 31, 2014 and 2013, the CRUT's net asset value approximated $56,000,000 and $57,000,000, respectively. The value of this beneficial interest is not reflected in the accompanying statements of net assets – modified cash basis due to the Foundation's accounting method.

Note 9 – Grants

The Board of Directors grants awards, contingent on the Foundation's financial performance, to recipient organizations on both a single-year and long-term basis. Such grants are recorded as an expense when the award is disbursed to the recipient in the accompanying financial statements under the modified cash basis of accounting. The minimum future grant award commitments in each of the five years subsequent to December 31, 2014 based on the projected rate of return of 5% per year are as follows:

Year Ending December 31,	Amount
2015	$ 7,082,758
2016	$ 7,056,870
2017	$ 7,020,601
2018	$ 6,980,855
2019	$ 6,936,645

Note 10 – Subsequent Events

Management evaluated activity of the Foundation subsequent to December 31, 2014 through August 18, 2015, the date on which the financial statements were available to be issued, for events that require recognition in the financial statements or disclosure in the notes thereto. There were no subsequent events that required adjustment to or disclosure in the financial statements.