

**THE CENTER FOR FAMILY  
RESOURCES**

**FINANCIAL REPORT**

**DECEMBER 31, 2013**

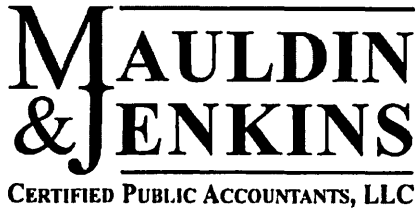
# THE CENTER FOR FAMILY RESOURCES

## FINANCIAL REPORT DECEMBER 31, 2013

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of  
The Center for Family Resources  
Marietta, Georgia

### Report on the Financial Statements

We have audited the accompanying financial statements of **The Center for Family Resources** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and related notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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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 The Center for Family Resources as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion of the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated April 25, 2014, on our consideration of The Center for Family Resources' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Center for Family Resources' internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
April 25, 2014

# THE CENTER FOR FAMILY RESOURCES

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013 AND 2012

ASSETS	2013	2012
<b>CURRENT ASSETS</b>		
Cash	\$ 178,797	\$ 238,655
Grants receivable	169,338	182,972
Pledges receivable, net of allowance 2013 \$55,010; 2012 \$55,010	35,090	35,440
Other receivables	4,398	2,960
Prepaid expenses and other current assets	44,422	48,224
Investments	4,599	4,151
Inventory	5,369	872
Total current assets	<u>442,013</u>	<u>513,274</u>
<b>NONCURRENT ASSETS</b>		
Restricted deposits and reserves		
Tenant security deposits	16,721	15,726
Reserve for replacements	34,246	26,238
	<u>50,967</u>	<u>41,964</u>
Pledges receivable, net	169,343	171,543
Loan costs, net	7,805	10,865
Total noncurrent assets	<u>228,115</u>	<u>224,372</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land	1,400,000	1,400,000
Land improvements	97,125	97,125
Buildings and improvements	9,832,024	9,799,193
Work in progress	4,800	-
Furniture and equipment, including assets acquired under capital leases 2013 \$21,142 and 2012 \$20,942	1,070,735	1,077,865
	<u>12,404,684</u>	<u>12,374,183</u>
Accumulated depreciation, including amounts applicable to assets acquired under capital leases 2013 \$4,662; 2012 \$10,484	(3,741,988)	(3,397,124)
Total property and equipment, net	<u>8,662,696</u>	<u>8,977,059</u>
Total assets	<u>\$ 9,332,824</u>	<u>\$ 9,714,705</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of notes payable	\$ 113,424	\$ 109,138
Current portion of capital lease obligation	3,811	4,417
Deferred revenue	169,564	134,098
Accounts payable and accrued expenses	243,895	209,569
Total current liabilities	<u>530,694</u>	<u>457,222</u>
<b>NONCURRENT LIABILITIES</b>		
Tenant security deposits	16,721	15,726
Notes payable, less current portion	2,479,863	2,595,658
Capital lease obligation, less current portion	13,568	7,099
Total noncurrent liabilities	<u>2,510,152</u>	<u>2,618,483</u>
<b>NET ASSETS</b>		
Unrestricted		
Board designated for specific assistance	19,866	19,866
Undesignated	6,231,155	6,568,324
	<u>6,251,021</u>	<u>6,588,190</u>
Temporarily restricted	40,957	50,810
Total net assets	<u>6,291,978</u>	<u>6,639,000</u>
Total liabilities and net assets	<u>\$ 9,332,824</u>	<u>\$ 9,714,705</u>

See Notes to Financial Statements.

# THE CENTER FOR FAMILY RESOURCES

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Totals
<b>PUBLIC SUPPORT AND REVENUES</b>			
<b>Public support:</b>			
Federal awards	\$ 1,112,004	\$ -	\$ 1,112,004
State and local awards	234,225	-	234,225
United Way	115,211	-	115,211
Contributions	509,130	97,713	606,843
Special events	516,675	-	516,675
Net assets released from restrictions	107,566	(107,566)	-
Total public support	2,594,811	(9,853)	2,584,958
<b>Revenues:</b>			
Investment income	561	-	561
Rental income	513,640	-	513,640
Other income	86,275	-	86,275
Total revenues	600,476	-	600,476
Total public support and revenues	3,195,287	(9,853)	3,185,434
<b>EXPENSES</b>			
Program services	2,904,625	-	2,904,625
<b>Supporting services</b>			
Management and general	237,536	-	237,536
Cost of direct benefits to donors	116,579	-	116,579
Fundraising	273,716	-	273,716
Total supporting services	627,831	-	627,831
Total expenses	3,532,456	-	3,532,456
Change in net assets	(337,169)	(9,853)	(347,022)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>6,588,190</b>	<b>50,810</b>	<b>6,639,000</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 6,251,021</b>	<b>\$ 40,957</b>	<b>\$ 6,291,978</b>

See Notes to Financial Statements.

# THE CENTER FOR FAMILY RESOURCES

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED DECEMBER 31, 2012

	Unrestricted	Temporarily Restricted	Totals
<b>PUBLIC SUPPORT AND REVENUES</b>			
<b>Public support:</b>			
Federal awards	\$ 1,077,231	\$ -	\$ 1,077,231
State and local awards	206,711	-	206,711
United Way	146,243	-	146,243
Contributions	625,576	65,003	690,579
Special events	414,394	-	414,394
Net assets released from restrictions	49,823	(49,823)	-
Total public support	2,519,978	15,180	2,535,158
<b>Revenues:</b>			
Investment income	481	-	481
Rental income	514,497	-	514,497
Other income	88,770	-	88,770
Total revenues	603,748	-	603,748
Total public support and revenues	3,123,726	15,180	3,138,906
<b>EXPENSES</b>			
Program services	2,762,634	-	2,762,634
Supporting services			
Management and general	243,353	-	243,353
Cost of direct benefits to donors	149,772	-	149,772
Fundraising	276,747	-	276,747
Total supporting services	669,872	-	669,872
Total expenses	3,432,506	-	3,432,506
Change in net assets	(308,780)	15,180	(293,600)
<b>NET ASSETS, BEGINNING OF YEAR</b>	6,896,970	35,630	6,932,600
<b>NET ASSETS, END OF YEAR</b>	\$ 6,588,190	\$ 50,810	\$ 6,639,000

See Notes to Financial Statements.

**THE CENTER FOR FAMILY RESOURCES**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2013**

	Program Services							Supporting Services			Total 2013
	Education and Employment Assistance	Direct Services	Housing Assistance	Community Services	Non-profit Tenant Services	Mansour Rentals	Total Program Services	Management and General	Fundraising and Direct Donor Benefits	Total Supporting Services	
Salaries	\$ 96,808	\$ 173,652	\$ 277,455	\$ 25,401	\$ 80,326	\$ 18,090	\$ 671,732	\$ 117,892	\$ 166,921	\$ 284,813	\$ 956,545
Fringe benefits	3,705	24,961	43,113	676	11,920	3,384	87,759	11,551	13,057	24,608	112,367
Payroll taxes	8,464	14,128	21,897	2,101	6,095	1,384	54,069	6,063	14,627	20,690	74,759
Total compensation	<u>108,977</u>	<u>212,741</u>	<u>342,465</u>	<u>28,178</u>	<u>98,341</u>	<u>22,858</u>	<u>813,560</u>	<u>135,506</u>	<u>194,605</u>	<u>330,111</u>	<u>1,143,671</u>
Professional fees and contracts	1,095	6,586	32,399	289	6,177	23	46,569	2,805	3,255	6,060	52,629
Program supplies/catering	168	1,004	2,658	44	10,603	13,146	27,623	-	496	496	28,119
Janitorial and maintenance	86	520	969	23	4,481	1,176	7,255	83	257	340	7,595
Office supplies	385	1,575	37,221	99	931	229	40,440	943	1,028	1,971	42,411
Telephone	380	2,287	6,178	101	1,775	426	11,147	1,215	2,310	3,525	14,672
Postage	327	1,463	2,640	160	1,281	-	5,871	563	2,301	2,864	8,735
Utilities	1,107	6,657	36,394	293	60,914	15,807	121,172	-	3,290	3,290	124,462
Repairs and maintenance	2,509	10,904	85,702	435	62,823	17,483	179,856	7,987	10,141	18,128	197,984
Equipment rental	429	990	2,042	44	1,583	-	5,088	1,236	489	1,725	6,813
Outside printing	971	1,315	1,039	1,047	(256)	346	4,462	57	8,562	8,619	13,081
Marketing and promotional	62	372	693	16	4,264	21	5,428	-	1,907	1,907	7,335
Auto expense	78	470	876	21	420	21	1,886	194	233	427	2,313
Conferences and fees	42	257	540	21	434	22	1,316	335	855	1,190	2,506
Cost of direct benefits to donors	-	-	-	-	(22)	22	-	-	116,579	116,579	116,579
Specific assistance	3,389	476,250	694,360	-	(22)	22	1,173,999	-	-	-	1,173,999
Dues and subscriptions	361	1,402	3,003	102	1,379	22	6,269	910	1,794	2,704	8,973
Insurance	813	4,888	15,738	215	9,337	22	31,013	6,659	2,416	9,075	40,088
Staff recruitment and training	715	1,084	2,129	48	1,341	22	5,339	1,114	7,514	8,628	13,967
Awards and recognition	79	212	377	158	168	22	1,016	84	617	701	1,717
Bank and other service fees	674	4,052	10,268	178	3,785	22	18,979	1,673	5,197	6,870	25,849
Taxes, licenses and fees	24	144	1,469	6	130	22	1,795	111	71	182	1,977
Interest expense	2,718	16,343	30,445	719	36,347	22	86,594	23,392	8,078	31,470	118,064
Reimbursed travel	152	913	2,168	458	967	22	4,680	748	1,126	1,874	6,554
	<u>16,564</u>	<u>539,688</u>	<u>969,308</u>	<u>4,477</u>	<u>208,840</u>	<u>48,920</u>	<u>1,787,797</u>	<u>50,109</u>	<u>178,516</u>	<u>228,625</u>	<u>2,016,422</u>
Total expenses before depreciation and amortization	125,541	752,429	1,311,773	32,655	307,181	71,778	2,601,357	185,615	373,121	558,736	3,160,093
Depreciation and amortization	5,779	37,212	159,418	2,064	74,583	24,212	303,268	51,921	17,174	69,095	372,363
Total expenses	<u>\$ 131,320</u>	<u>\$ 789,641</u>	<u>\$ 1,471,191</u>	<u>\$ 34,719</u>	<u>\$ 381,764</u>	<u>\$ 95,990</u>	<u>\$ 2,904,625</u>	<u>\$ 237,536</u>	<u>\$ 390,295</u>	<u>\$ 627,831</u>	<u>\$ 3,532,456</u>

See Notes to Financial Statements.



**THE CENTER FOR FAMILY RESOURCES**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2012**

	Program Services						Supporting Services				Total 2012
	Education and Employment Assistance	Direct Services	Housing Assistance	Community Services	Non-profit Tenant Services	Mansour Rentals	Total Program Services	Management and General	Fundraising and Direct Donor Benefits	Total Supporting Services	
Salaries	\$ 75,333	\$ 169,977	\$ 274,335	\$ 11,328	\$ 73,164	\$ 15,693	\$ 619,830	\$ 112,569	\$ 179,371	\$ 291,940	\$ 911,770
Fringe benefits	7,415	13,028	32,852	-	10,659	1,764	65,718	7,723	13,063	20,786	86,504
Payroll taxes	6,459	15,983	23,971	1,560	6,580	1,201	55,754	6,418	15,209	21,627	77,381
Total compensation	<u>89,207</u>	<u>198,988</u>	<u>331,158</u>	<u>12,888</u>	<u>90,403</u>	<u>18,658</u>	<u>741,302</u>	<u>126,710</u>	<u>207,643</u>	<u>334,353</u>	<u>1,075,655</u>
Professional fees and contracts	5,044	6,988	23,177	181	3,422	397	39,209	2,995	1,425	4,420	43,629
Program supplies/catering	412	2,100	3,748	84	19,885	19,907	46,136	37	656	693	46,829
Janitorial and maintenance	91	465	686	19	4,196	967	6,424	61	145	206	6,630
Office supplies	561	2,497	20,720	68	1,262	220	25,328	1,225	1,378	2,603	27,931
Telephone	410	2,094	5,383	83	(469)	2,434	9,935	4,813	1,538	6,351	16,286
Postage	237	1,705	2,281	506	892	-	5,621	397	4,886	5,283	10,904
Utilities	1,258	6,418	34,668	255	61,175	13,964	117,738	-	2,005	2,005	119,743
Repairs and maintenance	2,304	13,385	67,385	467	56,662	14,817	155,020	10,680	9,471	20,151	175,171
Equipment rental	457	1,138	1,734	45	863	112	4,349	787	356	1,143	5,492
Outside printing	424	1,107	584	483	45	-	2,643	-	3,872	3,872	6,515
Marketing and promotional	6	375	46	1	324	83	835	-	5,658	5,658	6,493
Auto expense	209	5,114	1,576	42	788	-	7,729	351	333	684	8,413
Conferences and fees	92	469	693	19	334	24	1,630	218	869	1,087	2,717
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	149,772	149,772	149,772
Specific assistance	9,390	364,127	733,808	-	5	-	1,107,330	2	2	4	1,107,334
Dues and subscriptions	582	1,986	3,287	79	1,459	120	7,513	1,124	2,898	4,022	11,535
Insurance	1,052	5,370	14,372	213	6,894	2,001	29,902	6,624	1,677	8,301	38,203
Staff recruitment and training	106	580	797	206	398	-	2,087	177	6,425	6,602	8,689
Awards and recognition	106	173	256	672	128	-	1,335	57	600	657	1,992
Bank and other service fees	1,203	6,139	11,914	244	4,510	67	24,077	2,306	3,715	6,021	30,098
Taxes, licenses and fees	40	203	1,675	8	165	-	2,091	119	63	182	2,273
Interest expense	3,950	20,154	29,778	801	28,367	8,645	91,695	23,965	6,296	30,261	121,956
Reimbursed travel	293	748	1,671	103	596	-	3,411	444	1,033	1,477	4,888
	<u>28,227</u>	<u>443,335</u>	<u>960,239</u>	<u>4,579</u>	<u>191,901</u>	<u>63,758</u>	<u>1,692,038</u>	<u>56,382</u>	<u>205,073</u>	<u>261,455</u>	<u>1,953,493</u>
Total expenses before depreciation and amortization	117,434	642,323	1,291,397	17,467	282,304	82,416	2,433,340	183,092	412,716	595,808	3,029,148
Depreciation and amortization	8,660	48,615	162,013	2,719	91,443	15,844	329,294	60,261	13,803	74,064	403,358
Total expenses	<u>\$ 126,094</u>	<u>\$ 690,938</u>	<u>\$ 1,453,410</u>	<u>\$ 20,186</u>	<u>\$ 373,747</u>	<u>\$ 98,260</u>	<u>\$ 2,762,634</u>	<u>\$ 243,353</u>	<u>\$ 426,519</u>	<u>\$ 669,872</u>	<u>\$ 3,432,506</u>

See Notes to Financial Statements.

**THE CENTER FOR FAMILY RESOURCES**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (347,022)	\$ (293,600)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	372,363	403,358
Unrealized (gain) loss on investments	(448)	554
Changes in operating assets and liabilities:		
(Increase) decrease in grants receivable	13,634	(39,013)
(Increase) decrease in other receivables	(1,438)	2,750
(Increase) decrease in prepaid expenses and other current assets	3,802	(2,943)
(Increase) decrease in inventory	(4,497)	1,865
Increase (decrease) in deferred revenue	35,466	(42,348)
Increase in accounts payable and accrued expenses	34,326	25,982
Net cash provided by operating activities	106,186	56,605
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(44,925)	(52,469)
Net deposits to reserve for replacements	(8,008)	(4,093)
Net cash (used in) investing activities	(52,933)	(56,562)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted for long-term purposes:		
Decrease in pledges receivable	2,550	21,107
Payments on notes payable	(111,509)	(130,212)
Net payments on capital lease obligations	(4,152)	(3,935)
Net cash (used in) financing activities	(113,111)	(113,040)
Net (decrease) in cash	(59,858)	(112,997)
Cash		
Beginning of year	238,655	351,652
End of year	\$ 178,797	\$ 238,655
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 118,256	\$ 122,124
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Acquisition of equipment through capital leases	\$ 10,015	\$ -

**See Notes to Financial Statements.**

**THE CENTER FOR FAMILY RESOURCES  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Nature of Activities:**

The Center for Family Resources (the "Organization") is a non-profit entity which provides comprehensive services and opportunities for homeless and low income individuals and families primarily in Cobb County, Georgia to improve their lives and increase their economic capacity by offering education and employment services, housing services, direct financial resources, and community building programs. For the years ended December 31, 2013 and 2012, the Organization was dependent on federal, state, and local funding for 42% and 41% of its revenues, respectively.

**Significant Accounting Policies:**

The significant accounting policies adopted by the Organization are set forth below:

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Codification. Under the Codification, the Organization is required to report information regarding its financial position and activities according to the three classes of net assets, unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based on stipulations made by the donor.

**Basis of Accounting**

The Organization's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America on an accrual basis. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant Accounting Policies: (Continued)

##### Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization did not have cash equivalents at December 31, 2013 and 2012. Cash consists of cash held in checking and money market accounts. Cash balances are maintained with financial institutions which are insured by the Federal Deposit Insurance Corporation. Balances exceed insured amounts from time to time. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash.

##### Net Assets

The Organization distinguishes contributions received as increases in unrestricted, temporarily restricted, or permanently restricted net assets. The Organization also recognizes the expiration of donor-imposed restrictions in the period in which the restrictions expire. A definition of the above net asset categories is as follows:

##### Unrestricted Net Assets

These net asset amounts are not subject to donor-imposed restrictions.

##### Temporarily Restricted Net Assets

These net assets are subject to donor-imposed restrictions that may be met either by the actions of the Organization or the passage of time.

##### Permanently Restricted Net Assets

These net assets are permanently subject to donor-imposed restrictions. There are no permanently restricted net assets at December 31, 2013 and 2012.

##### Board Designated Net Assets

As of December 31, 2013 and 2012, the Organization's board designated net assets of \$19,866 consists of cash designated by the Board of Directors to be used for specific assistance. If the funds are used for other purposes, they are to be repaid in order to be eventually used for specific assistance.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant Accounting Policies: (Continued)

##### Contributions

The Organization reports gifts of cash and other assets as restricted support if they are pledged or received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a specified period of time passes or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restriction.

Contributions receivable over more than one year are recorded at their discounted present value. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. All long-term contributions receivable at December 31, 2013 and 2012 are due in one to five years.

Contributed assets such as equipment, other assets, and marketable equity securities acquired by gift are recorded at fair market value when the Organization obtains possession or an unconditional promise to give. Contributed professional services, such as marketing, phone service, and catering, are reflected in the financial statements. The fair value of these recorded professional services has been estimated to be \$20,980 and \$50,747 for the years ended December 31, 2013 and 2012, respectively, and is included in contributions and expenses in the statements of activities. A substantial number of volunteers have donated their time to the program services and fund-raising campaigns of the Organization. However, no amounts have been reflected in the financial statements for volunteer services because the criteria for recognition of such volunteer effort under the FASB codification have not been satisfied. If donated services received either create or enhance non-financial assets or require specialized skills which would need to be purchased if not donated, the value of those donated services would be recorded in accordance with the FASB codification.

##### Revenue Recognition

Revenue is recognized in the period when earned. Deferred revenue represents cash received that is to be earned in future periods. Grant revenue is recognized as revenue in the period earned. Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant Accounting Policies: (Continued)

##### Allowance for Doubtful Pledges

The allowance for doubtful pledges receivable is based on specifically identified amounts that the Organization believes to be uncollectible.

##### Land, Building and Equipment

Land, building and equipment is recorded at historical cost or at fair market value at the date of gift, if donated. Expenditures for renovations and improvements that improve or extend the life of the respective assets are capitalized and depreciated over time. Expenditures such as maintenance and repairs that do not improve or extend the life of the respective assets are charged to operations as expense. The Organization removes the cost and related accumulated depreciation from the accounts for properties sold or retired. Depreciation is recognized based on the straight-line method over estimated useful lives ranging from 15 to 40 years for land improvements and buildings and improvements and 3 to 8 years for furniture and equipment.

##### Income Tax Exemption

The Organization is a not-for-profit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code of 1986, as amended.

The Organization's tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

##### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited as required by the FASB Codification.

##### Fair Value of Financial Instruments

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. In determining fair value, the Organization may use various methods including market, income, and cost approaches. Based on these approaches, the Organization utilizes certain assumptions that market participants would use in pricing the assets or liabilities, including assumptions about risk and or the risks inherent in the inputs to the valuation technique.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant Accounting Policies: (Continued)

#### Fair Value of Financial Instruments (Continued)

These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

*Level 1* - Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

*Level 2* - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services identical or similar assets or liabilities.

*Level 3* - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models, and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

For the years ended December 31, 2013 and 2012, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of these instruments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. RESTRICTED DEPOSITS AND RESERVES

All tenants of Cambridge Woods (see Note 13) are required to pay a deposit as security against damage to their apartment units. The deposits are placed in a segregated bank account insured by the Federal Deposit Insurance Corporation. When the tenants vacate their apartments, the deposits, less amounts for damages, are returned to the tenants. Tenant deposits (asset and liability) totaled \$16,721 and \$15,726 at December 31, 2013 and 2012, respectively.

The Organization reserves cash amounts for the future replacement of property and to fund any future operating deficits along with other property expenditures. These deposits, totaling \$34,246 and \$26,238 at December 31, 2013 and 2012, respectively, are held in separate bank accounts and generally are not available for operating purposes.

### NOTE 3. INVESTMENTS

Investments consist primarily of individual stocks that are traded or listed on national exchanges. At December 31, 2013 and 2012, the Organization owned corporate common stock with a fair value of \$4,599 and \$4,151, respectively. For the years ended December 31, 2013 and 2012, the unrealized gains (losses) were \$448 and \$(554), respectively. The investments are valued on a recurring basis using a Level 1 category valuation methodology as described in Note 1.

### NOTE 4. PLEDGES RECEIVABLE

In previous years, the Organization conducted a capital campaign for funds to renovate the Organization's facility. Pledges are restricted to payment of these renovation costs. Pledges receivable to be received after December 31, 2013 are discounted using a 3% risk-free interest rate. As of December 31, 2013 and 2012, the Organization has unconditional promises to give as follows:

	2013	2012
Unconditional promises to give before discount		
and allowance for uncollectible pledges	\$ 272,439	\$ 275,039
Less: discounts to net present value	(12,996)	(13,046)
	259,443	261,993
Less: allowance for uncollectible pledges	(55,010)	(55,010)
	\$ 204,433	\$ 206,983
Amount due in:		
Less than one year	\$ 90,100	\$ 90,450
One to five years	182,339	184,589
Total	\$ 272,439	\$ 275,039



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5. UNEMPLOYMENT TRUST AGREEMENT

In 2005, the Organization entered into a trust agreement with an unemployment services agency as a method to meet its unemployment compensation claim obligations to the State of Georgia. Under the agreement, the Organization is required to make quarterly contributions at a predetermined rate based on unemployment taxable wages. The Organization may revoke its participation in the trust upon written notice at which time it shall receive its proportionate share of the assets of the trust, less any unpaid expenses, claims, or liabilities.

During the years ended December 31, 2013 and 2012, the Organization contributed \$24,043 and \$12,365 of which \$1,376 and \$7,329 worth of claims, expenses and investment income, were paid, respectively. As of December 31, 2013 and 2012, a balance of \$16,080 and \$(17,810), respectively, was available to pay future claims and is included in accounts payable and accrued expenses on the statements of financial position.

### NOTE 6. RENTAL PROPERTY

The Organization has nine leases which expire at various times through 2025. At December 31, 2013, total cost and associated accumulated depreciation of the Organization's leasing assets was \$2,871,186 and \$603,995, respectively.

At December 31, 2013, future minimum lease payments receivable under the noncancelable operating leases described in the preceding paragraph are due as follows:

Years ending December 31,

2014	\$	68,793
2015		30,315
2016		15,445
2017		15,610
2018		11,413
Thereafter		65,000
	\$	<u>206,576</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LINE OF CREDIT

At December 31, 2013 and 2012, the Organization had an available line of credit in the amount of \$125,000. There was no outstanding balance on the line of credit at December 31, 2013 or 2012. The line of credit matures on July 29, 2014, with any outstanding principal plus any accrued interest due upon maturity. Interest accrues at a fixed rate of 3.75%, and is payable monthly. The line of credit is secured by real estate.

### NOTE 8. NOTES PAYABLE

As of December 31, 2013 and 2012, notes payable consisted of the following:

	2013	2012
Note payable to the State Housing Trust Fund, payable in monthly installments of \$1,429, through July 1, 2016, at no stated rate, secured by real estate	\$ 142,876	\$ 160,024
Construction note payable to local financial institution (see payment and interest terms below), secured by real estate, unpaid principal and interest balance due August 18, 2016	2,450,411	2,544,772
	2,593,287	2,704,796
Less: current portion	(113,424)	(109,138)
	\$ 2,479,863	\$ 2,595,658

On July 20, 2011, the Organization refinanced the construction note payable, which at the time carried a balance of \$2,690,824. The note requires 60 monthly installments of \$17,182 (principal and interest) using a fixed interest rate of 4.5%. The outstanding balance of principal and interest is due in August 2016.

The note payable to the State Housing Trust Fund includes a September 1999 modification to the original loan agreement with the State Housing Trust Fund for the Homeless Commission. This modification increased the loan amount by \$100,000. These additional funds were used to finance the construction of improvements to Cambridge Woods apartments. The loan is non-interest bearing, and the entire principal amount of the loan will be forgiven on the maturity date, July 1, 2016, if the Organization has met all the provisions of the agreement.

Maturities of notes payable as of December 31, 2013, were as follows:

2014		\$ 113,424
2015		117,910
2016		2,361,953
		\$ 2,593,287

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. CAPITAL LEASE OBLIGATION

The Organization leases certain office equipment under capital leases. The economic substance of these leases is that the Organization is financing the acquisition of the assets through the lease, and, accordingly, it is recorded in the Organization's assets and liabilities.

The following is a schedule by years of future minimum payments required under the leases together with their present value as of December 31, 2013:

Year ending December 31,			
2014		\$	5,545
2015			5,545
2016			5,138
2017			3,103
2018			2,328
	Total minimum lease payments		21,659
	Less: amount representing interest		4,280
		\$	17,379

### NOTE 10. RETIREMENT PLAN

The Organization has a defined contribution plan covering substantially all employees. In accordance with the terms of the plan, the monthly employer contribution on behalf of each participant is 2% of the participant's compensation. During March 2009, the Organization suspended the employer contribution due to economic conditions. Beginning in July 2012, the employer contribution was reinstated. During the year ended December 31, 2012, the Organization's contributions were funded from the plan's forfeiture account. During the year ended December 31, 2013, contributions of \$10,811 were made by the Organization to the plan.

### NOTE 11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of cash and are available for the following purposes:

	2013	2012
Housing	\$ 21,478	\$ 42,145
Direct Services	19,479	8,665
	\$ 40,957	\$ 50,810

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 11. TEMPORARILY RESTRICTED NET ASSETS (Continued)

Temporarily restricted net assets consist of the following:

	2013	2012
Cash	\$ 40,957	\$ 50,810

### NOTE 12. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2013 and 2012 by incurring expenses satisfying the restricted purposes specified by donors as follows:

**Purpose restrictions accomplished:**

	2013	2012
Housing	\$ 53,017	\$ 4,228
Direct Services	51,899	40,122
Administrative	2,650	5,473
	\$ 107,566	\$ 49,823

### NOTE 13. CAMBRIDGE WOODS

In 1995 the Center for Family Resources purchased Cambridge Woods, a 32 unit apartment complex, to provide affordable housing to low income families. The property is located in Cobb County on 3.085 acres. The property was purchased for \$100 from Resolution Trust Corporation, a federal agency that manages foreclosed properties. The property has gone through several phases of renovation since acquisition. The State Housing Trust Fund for the Homeless Commission provided a loan for \$342,965 which was used to fund the renovations. Cobb County Community Development Block grants through the Home program provided \$753,328 and the Department of Community Affairs provided \$100,000 towards these renovations. Beginning in 2005, 12 of these units are reserved for homeless families as part of the On-Site Transitional Housing Program funded by HUD. The remaining apartments are subject to the restrictions associated with the Home and DCA programs. The cost of Cambridge Woods, including furniture and fixtures totals \$1,356,929 and is included in total fixed assets.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 14. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 25, 2014, the date on which the financial statements were available to be issued.

**SINGLE AUDIT SECTION**

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**THE CENTER FOR FAMILY RESOURCES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2013**

<u>Grant Program</u>	<u>CFDA No.</u>	<u>Eligible Expenditures</u>
U.S. Department of Housing and Urban Development		
Direct Programs:		
Onsite Supportive Services	14.235	\$ 61,293
Multi-Agency Group Transitional Housing	14.235	429,669
Onsite Transitional Housing Program	14.235	89,319
Offsite Transitional Housing Program	14.235	<u>197,752</u>
		<u>778,033</u>
Passed through Georgia Department of Community Affairs		
Emergency Shelter Grants Program (Emergency Housing)	14.231	16,000
Emergency Shelter Grants Program (Onsite)	14.231	10,000
Passed through Cobb County, Georgia		
Emergency Shelter Grant Program	14.231	<u>86,332</u>
		<u>112,332</u>
Total U.S. Department of Housing and Urban Development		<u>890,365</u>
U.S. Department of Health and Human Services		
Passed through Georgia Department of Human Services		
Temporary Assistance for Needy Families	93.558	<u>22,567</u>
Passed through Cobb County, Georgia		
Community Services Block Grant	93.569	<u>64,131</u>
Total U.S. Department of Health and Human Services		<u>86,698</u>
U.S. Department of Justice		
Passed through Cobb County, Georgia		
Edward Byrne Memorial Justice Assistant Grant (ARRA)	16.804	<u>8,403</u>
Total U.S. Department of Justice		<u>8,403</u>
U.S. Department of Homeland Security		
Passed through Cobb County, Georgia		
Emergency Food and Shelter National Board Program	97.024	<u>126,538</u>
Total U.S. Department of Homeland Security		<u>126,538</u>
Total Expenditures of Federal Awards		<u><u>\$ 1,112,004</u></u>

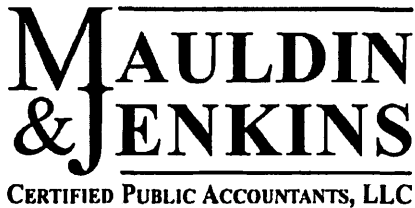
**See Note to Schedule of Expenditures of Federal Awards.**

**THE CENTER FOR FAMILY RESOURCES**  
**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2013**

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**NOTE 1.** The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Center for Family Resources and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.





**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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To the Board of Directors of  
The Center for Family Resources  
Marietta, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Center for Family Resources, which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 25, 2014.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered The Center for Family Resources internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion of the financial statements, but not for the purpose of expressing an opinion of the effectiveness of The Center for Family Resources internal control. Accordingly, we do not express an opinion of the effectiveness of the Organization'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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether The Center for Family Resources financial statements are free from material misstatement we performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

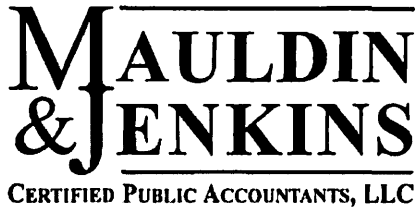
***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia

April 25, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB  
CIRCULAR A-133**

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**To the Board of Directors of  
The Center for Family Resources  
Marietta, Georgia**

**Report on Compliance for Each Major Federal Program**

We have audited The Center for Family Resources' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The Center for Family Resources' major federal programs for the year ended December 31, 2013. The Center for Family Resources' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of The Center for Family Resources' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about The Center for Family Resources' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Center for Family Resources' compliance.

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***Opinion on Each Major Federal Program***

In our opinion, The Center for Family Resources complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

**Report on Internal Control over Compliance**

Management of The Center for Family Resources is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Center for Family Resources' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of The Center for Family Resources' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* 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 of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
April 25, 2014

**THE CENTER FOR FAMILY RESOURCES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**SUMMARY OF INDEPENDENT AUDITOR'S RESULTS:**

**Financial Statements:**

Type of auditors' report issued	<u>Unmodified</u>	
	<u>Yes</u>	<u>No</u>
Internal control over financial reporting:		
Material weaknesses identified?		<u>X</u>
Significant deficiencies identified not considered to be material weaknesses?		<u>None Reported</u>
Noncompliance material to the financial statements noted?		<u>X</u>

**Federal Awards:**

Internal controls over major programs:		
Material weaknesses identified?		<u>X</u>
Significant deficiencies identified not considered to be material weaknesses?		<u>None Reported</u>
Type of auditors' report issued on compliance for major programs	<u>Unmodified</u>	
Audit findings required to be reported in accordance with OMB Circular A-133, Section 510(a)	<u>None</u>	

**Identification of major programs:**

14.235      U.S. Department of Housing and Urban Development – Supportive Housing Program

Dollar threshold used to distinguish between Type A and Type B programs	\$ 300,000	
	<u>Yes</u>	<u>No</u>
Auditee qualified as low-risk auditee?	<u>X</u>	
Financial Statement Findings?		<u>X</u>
Federal Award Findings Questioned Costs?		<u>X</u>

**THE CENTER FOR FAMILY RESOURCES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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**II. FINANCIAL STATEMENT FINDINGS:**

NONE

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:**

NONE