THE CENTER FOR FAMILY RESOURCES

FINANCIAL REPORT

DECEMBER 31, 2016

THE CENTER FOR FAMILY RESOURCES

FINANCIAL REPORT
DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

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

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, 2016 and 2015, 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. 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.

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, 2016 and 2015, 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
April 4, 2017

THE CENTER FOR FAMILY RESOURCES

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS	2016	2015
CURRENT ASSETS		
Cash	$ 291,780	$ 198,521
Grants receivable	172,618	203,408
Pledges receivable, net	7,151	32,890
Other receivables	13,760	2,818
Prepaid expenses and other current assets	36,777	41,532
Investments	3,970	4,945
Inventory	5,247	1,079
Tenant security deposits	12,145	10,189
Total current assets	543,448	495,382
NONCURRENT ASSETS		
Pledges receivable, net	137,181	168,352
Other	10,605	12,474
Total noncurrent assets	147,786	180,826
PROPERTY AND EQUIPMENT		
Land	1,400,000	1,400,000
Buildings and improvements	8,438,228	8,438,228
Furniture and equipment, including assets acquired under capital leases 2016: $23,175; 2015: $23,517	1,041,328	1,114,077
	10,879,556	10,952,305
Accumulated depreciation, including amounts applicable to assets acquired under capital leases 2016: $9,689; 2015: $14,060	(3,331,057)	(3,155,381)
Total property and equipment, net	7,548,499	7,796,924
Total assets	$ 8,239,733	$ 8,473,132
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of notes payable	$ 106,273	$ 101,695
Current portion of capital lease obligation	4,863	4,710
Deferred revenue	112,186	112,409
Tenant security deposits	12,145	10,189
Line of credit	125,000	125,000
Accounts payable and accrued expenses	169,271	214,710
Total current liabilities	529,738	568,713
NONCURRENT LIABILITIES		
Notes payable, less current portion	2,051,803	2,157,923
Capital lease obligation, less current portion	10,000	6,474
Total noncurrent liabilities	2,061,803	2,164,397
NET ASSETS		
Unrestricted	5,449,373	5,682,411
Temporarily restricted	198,819	57,611
Total net assets	5,648,192	5,740,022
Total liabilities and net assets	$ 8,239,733	$ 8,473,132

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Totals
PUBLIC SUPPORT AND REVENUES			
Public support:			
Federal awards	$ 665,026	$ -	$ 665,026
State and local awards	179,580	-	179,580
United Way	76,438	-	76,438
Contributions	287,322	512,259	799,581
Special events	569,853	-	569,853
Net assets released from restrictions	371,051	(371,051)	-
Total public support	2,149,270	141,208	2,290,478
Revenues:			
Rental income	509,562	-	509,562
Other income	49,483	-	49,483
Total revenues	559,045	-	559,045
Total public support and revenues	2,708,315	141,208	2,849,523
EXPENSES			
Program services	2,398,323	-	2,398,323
Supporting services			
Management and general	189,320	-	189,320
Cost of direct benefits to donors	136,095	-	136,095
Fundraising	268,951	-	268,951
Total supporting services	594,366	-	594,366
Total expenses	2,992,689	-	2,992,689
Operating income (loss)	(284,374)	141,208	(143,166)
Gain on disposal of property and equipment	51,336	-	51,336
Change in net assets	(233,038)	141,208	(91,830)
NET ASSETS, BEGINNING OF YEAR	5,682,411	57,611	5,740,022
NET ASSETS, END OF YEAR	$ 5,449,373	$ 198,819	$ 5,648,192

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Totals
PUBLIC SUPPORT AND REVENUES			
Public support:			
Federal awards	$ 1,102,373	$ -	$ 1,102,373
State and local awards	207,455	-	207,455
United Way	76,649	-	76,649
Contributions	386,417	261,673	648,090
Special events	564,819	-	564,819
Net assets released from restrictions	241,886	(241,886)	-
Total public support	2,579,599	19,787	2,599,386
Revenues:			
Rental income	451,438	-	451,438
Other income	48,848	-	48,848
Total revenues	500,286	-	500,286
Total public support and revenues	3,079,885	19,787	3,099,672
EXPENSES			
Program services	2,720,006	-	2,720,006
Supporting services			
Management and general	218,695	-	218,695
Cost of direct benefits to donors	161,909	-	161,909
Fundraising	283,480	-	283,480
Total supporting services	664,084	-	664,084
Total expenses	3,384,090	-	3,384,090
Operating income (loss)	(304,205)	19,787	(284,418)
Loss on disposal of assets held for sale	(50,059)	-	(50,059)
Forgiveness of debt	100,000	-	100,000
Change in net assets	(254,264)	19,787	(234,477)
NET ASSETS, BEGINNING OF YEAR	5,936,675	37,824	5,974,499
NET ASSETS, END OF YEAR	$ 5,682,411	$ 57,611	$ 5,740,022

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Program Services							Supporting Services			
	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	**Total 2016**
Salaries	$ 72,903	$ 227,756	$ 277,253	$ 40,319	$ 73,270	$ 46,957	$ 738,458	$ 95,543	$ 160,379	$ 255,922	**$ 994,380**
Fringe benefits	6,979	20,309	24,875	3,979	17,073	6,407	79,622	835	14,948	15,783	**95,405**
Payroll taxes	7,192	16,736	20,387	2,917	4,756	3,592	55,580	6,125	11,644	17,769	**73,349**
Total compensation	87,074	264,801	322,515	47,215	95,099	56,956	873,660	102,503	186,971	289,474	**1,163,134**
Professional fees and contracts	821	6,225	10,359	377	3,879	765	22,426	3,235	2,079	5,314	**27,740**
Program supplies/catering	780	5,913	5,468	358	11,505	32,023	56,047	-	1,975	1,975	**58,022**
Janitorial and maintenance	103	782	724	47	4,532	1,228	7,416	-	261	261	**7,677**
Office supplies	429	1,315	7,430	83	875	280	10,412	822	1,138	1,960	**12,372**
Telephone	484	3,667	3,585	222	3,418	334	11,710	2,717	2,515	5,232	**16,942**
Postage	222	1,355	1,262	200	752	-	3,791	186	2,456	2,642	**6,433**
Utilities	1,345	10,192	9,424	618	59,031	15,992	96,602	-	3,405	3,405	**100,007**
Repairs and maintenance	2,096	15,882	17,524	963	51,747	15,794	104,006	10,898	15,499	26,397	**130,403**
Equipment rental	350	1,743	6,610	106	1,065	185	10,059	833	582	1,415	**11,474**
Outside printing	767	4,652	643	694	171	-	6,927	-	9,597	9,597	**16,524**
Marketing and promotional	26	199	184	12	1,151	312	1,884	-	4,873	4,873	**6,757**
Auto expense	34	318	238	16	157	-	763	35	86	121	**884**
Conference and fees	26	225	185	12	122	-	570	27	230	257	**827**
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	136,095	136,095	**136,095**
Specific assistance	5,615	480,595	380,727	-	-	-	866,937	-	-	-	**866,937**
Dues and subscriptions	345	2,615	2,418	159	1,554	90	7,181	691	3,029	3,720	**10,901**
Insurance	920	6,971	8,785	423	6,216	2,066	25,381	5,637	2,329	7,966	**33,347**
Staff recruitment and training	294	2,226	2,058	180	1,361	-	6,119	330	4,424	4,754	**10,873**
Awards and recognition	85	641	593	859	392	-	2,570	91	355	446	**3,016**
Bank and other service fees	626	4,744	4,982	288	2,896	-	13,536	650	4,236	4,886	**18,422**
Taxes, licenses and fees	36	369	251	16	172	-	844	76	91	167	**1,011**
Interest expense	2,844	21,548	19,925	1,306	21,703	7,469	74,795	18,416	7,198	25,614	**100,409**
Reimbursed travel	88	734	616	151	418	8	2,015	204	406	610	**2,625**
	18,336	572,911	483,991	7,090	173,117	76,546	1,331,991	44,848	202,859	247,707	**1,579,698**
Total expenses before depreciation and amortization	105,410	837,712	806,506	54,305	268,216	133,502	2,205,651	147,351	389,830	537,181	**2,742,832**
Depreciation and amortization	7,153	51,007	44,281	2,876	64,751	22,604	192,672	41,969	15,216	57,185	**249,857**
Total expenses by function	$ 112,563	$ 888,719	$ 850,787	$ 57,181	$ 332,967	$ 156,106	$ 2,398,323	$ 189,320	$ 405,046	$ 594,366	**$ 2,992,689**

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Program Services							Supporting Services			
	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	Total 2015
Salaries	$ 72,769	$ 200,260	$ 279,203	$ 22,104	$ 99,435	$ 29,146	$ 702,917	$ 120,325	$ 165,348	$ 285,673	**$ 988,590**
Fringe benefits	9,096	18,600	21,866	2,228	15,189	3,959	70,938	3,892	17,355	21,247	**92,185**
Payroll taxes	6,896	14,393	24,065	2,784	6,278	2,230	56,646	6,154	12,191	18,345	**74,991**
Total compensation	88,761	233,253	325,134	27,116	120,902	35,335	830,501	130,371	194,894	325,265	**1,155,766**
Professional fees and contracts	607	3,649	10,369	160	3,350	709	18,844	2,811	1,804	4,615	**23,459**
Program supplies/catering	653	3,928	7,319	173	13,758	29,792	55,623	-	1,942	1,942	**57,565**
Janitorial and maintenance	89	538	1,003	24	4,432	1,533	7,619	-	266	266	**7,885**
Office supplies	583	883	14,862	39	1,260	573	18,200	1,169	919	2,088	**20,288**
Telephone	293	1,760	3,534	77	1,934	392	7,990	1,322	2,178	3,500	**11,490**
Postage	220	764	1,205	299	485	-	2,973	139	3,452	3,591	**6,564**
Utilities	1,200	7,216	15,173	317	59,431	20,559	103,896	-	3,566	3,566	**107,462**
Repairs and maintenance	1,757	12,825	26,917	465	58,701	22,043	122,708	8,444	17,215	25,659	**148,367**
Equipment rental	771	1,026	6,355	45	644	539	9,380	846	507	1,353	**10,733**
Outside printing	1,341	5,780	1,655	1,341	-	-	10,117	-	8,399	8,399	**18,516**
Marketing and promotional	42	251	468	11	2,097	686	3,555	-	6,082	6,082	**9,637**
Auto expense	77	465	866	20	436	-	1,864	125	230	355	**2,219**
Conference and fees	12	618	136	3	68	-	837	20	131	151	**988**
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	161,909	161,909	**161,909**
Specific assistance	4,731	490,482	690,162	788	-	-	1,186,163	-	-	-	**1,186,163**
Dues and subscriptions	256	1,540	3,019	68	1,400	92	6,375	690	3,174	3,864	**10,239**
Insurance	869	5,226	12,337	230	6,169	2,436	27,267	6,159	2,583	8,742	**36,009**
Staff recruitment and training	322	1,974	3,714	85	1,823	-	7,918	577	6,410	6,987	**14,905**
Awards and recognition	30	180	335	869	180	-	1,594	101	89	190	**1,784**
Bank and other service fees	659	3,962	9,320	174	3,721	-	17,836	1,057	4,554	5,611	**23,447**
Taxes, licenses and fees	26	154	287	7	145	-	619	42	76	118	**737**
Interest expense	2,518	15,139	28,206	666	22,394	9,761	78,684	19,989	7,483	27,472	**106,156**
Reimbursed travel	129	777	1,533	463	752	9	3,663	376	1,813	2,189	**5,852**
	17,185	559,137	838,775	6,324	183,180	89,124	1,693,725	43,867	234,782	278,649	**1,972,374**
Total expenses before depreciation and amortization	105,946	792,390	1,163,909	33,440	304,082	124,459	2,524,226	174,238	429,676	603,914	**3,128,140**
Depreciation and amortization	6,481	34,458	63,955	1,517	61,853	27,516	195,780	44,457	15,713	60,170	**255,950**
Total expenses by function	$ 112,427	$ 826,848	$ 1,227,864	$ 34,957	$ 365,935	$ 151,975	$ 2,720,006	$ 218,695	$ 445,389	$ 664,084	**$ 3,384,090**

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (91,830)	$ (234,477)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	249,857	255,950
Forgiveness of debt	-	(100,000)
Provision for uncollectible contributions	60,739	-
Present value discount adjustment	(3,829)	-
Gain on disposal of property and equipment	(51,336)	-
Loss on disposal of assets held for sale	-	50,059
Unrealized (gain) loss on investments	975	(1,585)
Changes in operating assets and liabilities:		
(Increase) decrease in grants receivable	30,790	(64,091)
(Increase) in other receivables	(10,942)	(1,396)
(Increase) decrease in prepaid expenses and other current assets	4,755	(2,002)
(Increase) decrease in inventory	(4,168)	1,624
Increase (decrease) in deferred revenue	(223)	55,010
Increase (decrease) in accounts payable and accrued expenses	(45,439)	15,971
Net cash provided by (used in) operating activities	139,349	(24,937)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(7,677)	(49,484)
Net sales proceeds from disposals of property and equipment	68,250	-
Net sales proceeds from assets held for sale	-	164,941
Net receipts from reserve for replacements	-	41,586
Net cash provided by investing activities	60,573	157,043
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from lines of credit	-	5,000
Payments on notes payable	(101,542)	(118,985)
Payments of loan costs	-	(13,083)
Net payments on capital lease obligations	(5,121)	(4,711)
Net cash (used in) financing activities	(106,663)	(131,779)
Net increase in cash	93,259	327
Cash		
Beginning of year	198,521	198,194
End of year	$ 291,780	$ 198,521
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 100,733	$ 102,779
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of equipment through capital leases	$ 8,800	$ -

See Notes to Financial Statements.

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, 2016 and 2015, the Organization was dependent on federal, state, and local funding for 29% and 42% 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.

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, 2016 and 2015. 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 restricted by donors or the donor-imposed restrictions which are used to account for resources available to carry out the purposes of the Organization in accordance with the limitations of its bylaws. Board designated net assets are unrestricted, but are designated by the Board of Directors to be used for specific purposes. As of December 31, 2016 and 2015, the Board of Directors has designated net assets of $98,592, representing a six-month debt service cash reserve for the Organization's note payable (see Note 8).

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, 2016 and 2015.

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, 2016 and 2015 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 $21,620 and $29,465 for the years ended December 31, 2016 and 2015, 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.

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.

During the year ended December 31, 2016, the Organization sold a condominium that had previously been used in its operations. The difference between the sales price and the net book value resulted in a gain on disposal of $51,336 which is included as an increase in unrestricted net assets on the statement of activities.

Impairment

The Organization periodically assesses whether there are any indicators, including general market conditions, that the value of property and equipment (including assets held for sale) may be impaired. Property and equipment is considered impaired only if the estimated undiscounted cash flows from operating and disposing of the property over its remaining estimated useful life are less than the net carrying value of the property and equipment. To the extent impairment has occurred, the carrying value of the property is adjusted to an amount to reflect the estimated fair value of the property. For the years ending December 31, 2016 and 2015, the Organization did not have any impairment losses.

Income Tax Exemption

The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been made in these financial statements.

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

Significant Accounting Policies: (Continued)

Income Tax Exemption (Continued)

Management of the Organization considers the likelihood of changes by taxing authorities in its exempt organization returns and discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in filed returns that require disclosure in the accompanying financial statements.

The Organization files Form 990 in the U.S. federal jurisdiction and the State of Georgia.

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.

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.

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

Significant Accounting Policies: (Continued)

Fair Value of Financial Instruments (Continued)

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, 2016 and 2015, 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.

NOTE 2. RESTRICTED DEPOSITS

All tenants of the Mansour Center are required to pay a deposit as security against damage to their leased space. The deposits are placed in a segregated bank account insured by the Federal Deposit Insurance Corporation. When the tenants vacate their leased space, the deposits, less amounts for damages, are returned to the tenants. Tenant deposits (asset and liability) totaled $12,145 and $10,189 at December 31, 2016 and 2015, respectively.

NOTE 3. INVESTMENTS

Investments consist primarily of individual stocks that are traded or listed on national exchanges. At December 31, 2016 and 2015, the Organization owned corporate common stock with a fair value of $3,970 and $4,945, respectively. For the years ended December 31, 2016 and 2015, the unrealized gains were $526 and $1,585, 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, 2016 and 2015, respectively, are discounted using a 3% risk-free interest rate. As of December 31, 2016 and 2015, the Organization has unconditional promises to give as follows:

	2016	2015
Unconditional promises to give before discount and allowance for uncollectible pledges	**$ 229,539**	$ 269,539
Less: discounts to net present value	**(9,458)**	(13,287)
	220,081	256,252
Less: allowance for uncollectible pledges	**(75,749)**	(55,010)
	$ 144,332	$ 201,242
Amount due in:		
Less than one year	**$ 82,900**	$ 87,900
One to five years	**146,639**	181,639
Total	**$ 229,539**	$ 269,539

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.

Activity in the trust during the years ended December 31, 2016 and 2015 is summarized as follows:

	2016	2015
Amount available to pay claims, beginning of year	**$ 25,021**	$ 20,654
Subsequent trust adjustments to beginning of year amount	**(23)**	(119)
Contributions	**4,808**	5,657
Net expenses, investment income (expense), interest, fees	**499**	(1,171)
Amount available to pay claims, end of year	**$ 30,305**	$ 25,021

NOTE 6. RENTAL PROPERTY

The Organization has nine leases which expire at various times through 2025. At December 31, 2016, total cost and associated accumulated depreciation of the Organization's leasing assets was $2,871,186 and $819,334, respectively.

At December 31, 2016, future minimum lease payments receivable under the noncancelable operating leases described in the preceding paragraph are due as follows:

Years ending December 31,		
2017	$	106,585
2018		39,235
2019		14,014
2020		10,000
2021		10,000
Thereafter		10,000
	$	189,834

NOTE 7. LINE OF CREDIT

At December 31, 2016 and 2015, the Organization had an available line of credit in the amount of $125,000. The outstanding balance on the line of credit at both December 31, 2016 and 2015 was $125,000. The line of credit matures on July 28, 2017, with any outstanding principal plus any accrued interest due upon maturity. Interest accrues at a fixed rate of 4.25%, and is payable monthly. The line of credit is secured by real estate. See Note 13.

NOTE 8. NOTES PAYABLE

As of December 31, 2016 and 2015, notes payable consisted of the following:

	2016	2015
Note payable to local financial institution (see payment and interest terms below), secured by real estate, unpaid principal and interest balance due in August 2022	**$ 2,158,076**	$ 2,259,618
	2,158,076	2,259,618
Less: current portion	**(106,273)**	(101,695)
	$ 2,051,803	$ 2,157,923

NOTE 8. NOTES PAYABLE (Continued)

In July 2011, the Organization refinanced the note payable, which at the time carried a balance of $2,690,824. The note required 60 monthly installments of $17,182 (principal and interest) using a fixed interest rate of 4.5%. The outstanding balance of principal and interest was due in August 2016. The note was secured by real estate.

In August 2015, the Organization refinanced the above note payable, which at the time carried a balance of $2,292,502. The note requires 84 monthly installments of $16,432 (principal and interest) using a fixed interest rate of 4.25%. The outstanding balance of principal and interest is due in August 2022. The note is secured by real estate. See Note 13.

Scheduled maturities on notes payable as of December 31, 2016 were as follows:

2017	$	106,273
2018		110,950
2019		115,826
2020		120,697
2021		126,222
Thereafter		1,578,108
	$	2,158,076

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 the present value as of December 31, 2016:

Year ending December 31,		
2017	$	5,773
2018		4,998
2019		2,223
2020		2,128
2021		1,500
Total minimum lease payments		16,622
Less: amount representing interest		1,759
	$	14,863

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 the years ended December 31, 2016 and 2015, contributions of $17,013 and $20,204, respectively, were made by the Organization to the plan.

NOTE 11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of cash and grants receivable and are available for the following purposes at December 31:

	2016	2015
Housing	**$ 15,444**	$ 23,080
Mansour Conference Center	**92,346**	-
Direct Services	**91,029**	34,531
	$ 198,819	$ 57,611

NOTE 12. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2016 and 2015 by incurring expenses satisfying the restricted purposes specified by donors as follows:

Purpose restrictions accomplished:

	2016	2015
Housing	**$ 46,428**	$ 31,139
Direct Services	**324,623**	210,747
	$ 371,051	$ 241,886

NOTE 13. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 4, 2017, the date on which the financial statements were available to be issued.

In January 2017, the Organization refinanced the outstanding line of credit and note payable with another financial institution.

At the time of refinancing, the line of credit carried an outstanding balance of $125,000. The line of credit requires monthly interest payments using a variable interest rate of the Wall Street Journal prime rate plus 1.00% (4.75% at the time of refinancing). The outstanding balance of principal and interest is due in February 2018. The note is secured by real estate.

At the time of refinancing, the note payable carried an outstanding balance of $2,156,647. Under the new terms, the Organization can borrow up to a maximum amount of $3,800,000 at a fixed rate of 5.50%. The note requires interest-only payments for the first six months, then beginning in September 2017 monthly payments of principal and interest will commence. The outstanding balance of principal and interest is due in February 2022. The note is secured by real estate.