THE CENTER FOR FAMILY RESOURCES

FINANCIAL REPORT

DECEMBER 31, 2018

THE CENTER FOR FAMILY RESOURCES

FINANCIAL REPORT
DECEMBER 31, 2018

TABLE OF CONTENTS

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

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, 2018 and 2017, 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 audit. We conducted our audit in accordance with 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. 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, 2018 and 2017, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 May 31, 2019 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 the effectiveness of The Center for Family Resources' 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
May 31, 2019

THE CENTER FOR FAMILY RESOURCES

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS	2018	2017
CURRENT ASSETS		
Cash	$ 98,584	$ 169,069
Grants receivable	212,387	230,927
Pledges receivable, net	25,347	23,800
Prepaid expenses	47,328	57,003
Other miscellaneous	68,694	31,061
Total current assets	452,340	511,860
NONCURRENT ASSETS		
Pledges receivable, net	27,555	44,899
Total noncurrent assets	27,555	44,899
PROPERTY AND EQUIPMENT		
Land	1,400,000	1,400,000
Buildings and improvements	9,937,434	9,937,434
Furniture and equipment, including assets acquired under capital leases 2018: $23,175; 2017: $23,175	1,085,356	1,110,756
	12,422,790	12,448,190
Accumulated depreciation, including amounts applicable to assets acquired under capital leases 2018: $18,219; 2017: $14,454	(3,784,134)	(3,487,598)
Total property and equipment, net	8,638,656	8,960,592
Total assets	$ 9,118,551	$ 9,517,351
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of notes payable	$ 114,596	$ 110,065
Current portion of capital lease obligation	2,223	4,531
Deferred revenue	211,440	201,547
Other miscellaneous	10,855	11,761
Line of credit	125,000	125,000
Accounts payable and accrued expenses	157,834	134,497
Total current liabilities	621,948	587,401
NONCURRENT LIABILITIES		
Notes payable, less current portion and debt issuance costs	3,505,394	3,612,745
Capital lease obligation, less current portion	3,500	5,475
Total noncurrent liabilities	3,508,894	3,618,220
NET ASSETS		
Without donor restrictions	4,802,390	5,163,935
With donor restrictions	185,319	147,795
Total net assets	4,987,709	5,311,730
Total liabilities and net assets	$ 9,118,551	$ 9,517,351

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Totals
PUBLIC SUPPORT AND REVENUES			
Public support:			
Federal awards	$ 807,392	$ -	$ 807,392
State and local awards	155,787	-	155,787
United Way	114,234	-	114,234
Contributions	463,714	394,094	857,808
Special events	410,330	-	410,330
Net assets released from restrictions	356,570	(356,570)	-
Total public support	2,308,027	37,524	2,345,551
Revenues:			
Rental income	660,244	-	660,244
Other income	43,694	-	43,694
Total revenues	703,938	-	703,938
Total public support and revenues	3,011,965	37,524	3,049,489
EXPENSES			
Program services	2,760,738	-	2,760,738
Supporting services			
Management and general	315,258	-	315,258
Cost of direct benefits to donors	186,899	-	186,899
Fundraising	110,615	-	110,615
Total supporting services	612,772	-	612,772
Total expenses	3,373,510	-	3,373,510
Change in net assets	(361,545)	37,524	(324,021)
NET ASSETS, BEGINNING OF YEAR	5,163,935	147,795	5,311,730
NET ASSETS, END OF YEAR	$ 4,802,390	$ 185,319	$ 4,987,709

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Totals
PUBLIC SUPPORT AND REVENUES			
Public support:			
Federal awards	$ 1,023,183	$ -	$ 1,023,183
State and local awards	153,010	-	153,010
United Way	91,837	-	91,837
Contributions	269,134	152,087	421,221
Special events	588,361	-	588,361
Net assets released from restrictions	203,111	(203,111)	-
Total public support	2,328,636	(51,024)	2,277,612
Revenues:			
Rental income	528,862	-	528,862
Other income	59,776	-	59,776
Total revenues	588,638	-	588,638
Total public support and revenues	2,917,274	(51,024)	2,866,250
EXPENSES			
Program services	2,566,040	-	2,566,040
Supporting services			
Management and general	304,089	-	304,089
Cost of direct benefits to donors	147,720	-	147,720
Fundraising	184,863	-	184,863
Total supporting services	636,672	-	636,672
Total expenses	3,202,712	-	3,202,712
Change in net assets	(285,438)	(51,024)	(336,462)
NET ASSETS, BEGINNING OF YEAR	5,449,373	198,819	5,648,192
NET ASSETS, END OF YEAR	$ 5,163,935	$ 147,795	$ 5,311,730

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	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 2018
Salaries	$ 85,839	$ 150,321	$ 291,378	$ 8,606	$ 100,003	$ 40,117	$ 676,264	$ 213,404	$ 65,467	$ 278,871	**$ 955,135**
Fringe benefits	14,329	19,082	41,657	2,585	10,764	7,120	95,537	12,791	5,099	17,890	**113,427**
Payroll taxes	6,108	8,842	21,297	626	10,458	-	47,331	22,480	4,833	27,313	**74,644**
Total compensation	106,276	178,245	354,332	11,817	121,225	47,237	819,132	248,675	75,399	324,074	**1,143,206**
Professional fees and contracts	288	15,287	11,485	-	8,648	1,681	37,389	6,948	-	6,948	**44,337**
Program supplies/catering	-	9	14	-	27,474	44,116	71,613	4	-	4	**71,617**
Janitorial and maintenance	-	-	-	-	4,570	809	5,379	-	-	-	**5,379**
Office supplies	100	5,609	3,538	-	2,795	547	12,589	2,412	202	2,614	**15,203**
Telephone	86	4,552	2,491	-	11,123	2,014	20,266	2,069	744	2,813	**23,079**
Postage	18	986	549	22	255	55	1,885	438	1,164	1,602	**3,487**
Utilities	-	-	-	-	54,293	9,610	63,903	-	-	-	**63,903**
Repairs and maintenance	101	5,338	2,921	-	100,865	17,098	126,323	2,426	11,968	14,394	**140,717**
Equipment rental	33	1,770	968	-	2,280	421	5,472	804	-	804	**6,276**
Outside printing	1	200	33	-	16	3	253	27	5,979	6,006	**6,259**
Marketing and promotional	152	2,742	1,500	-	4,695	858	9,947	1,246	4,069	5,315	**15,262**
Auto expense	4	222	121	-	59	13	419	101	-	101	**520**
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	186,899	186,899	**186,899**
Specific assistance	4,721	618,590	406,794	-	85	-	1,030,190	-	-	-	**1,030,190**
Dues and subscriptions	31	1,634	894	-	746	148	3,453	743	2,006	2,749	**6,202**
Insurance	131	6,956	6,063	-	12,425	2,268	27,843	3,162	4,826	7,988	**35,831**
Staff recruitment and training	74	573	313	-	225	32	1,217	260	-	260	**1,477**
Awards and recognition	5	255	139	202	152	14	767	116	4,258	4,374	**5,141**
Bank and other service fees	137	7,271	7,439	85	1,921	422	17,275	3,305	-	3,305	**20,580**
Taxes, licenses and fees	4	232	127	-	61	1,459	1,883	105	-	105	**1,988**
Interest expense	753	39,915	21,840	-	112,292	20,269	195,069	18,142	-	18,142	**213,211**
Reimbursed travel	5	369	2,510	-	244	16	3,144	130	-	130	**3,274**
Miscellaneous expenses	49	2,602	1,423	-	687	147	4,908	1,247	-	1,247	**6,155**
	6,693	715,112	471,162	309	345,911	102,000	1,641,187	43,685	222,115	265,800	**1,906,987**
Total expenses before depreciation	112,969	893,357	825,494	12,126	467,136	149,237	2,460,319	292,360	297,514	589,874	**3,050,193**
Depreciation	6,360	58,617	29,172	541	202,877	2,852	300,419	22,898	-	22,898	**323,317**
Total expenses by function	$ 119,329	$ 951,974	$ 854,666	$ 12,667	$ 670,013	$ 152,089	$ 2,760,738	$ 315,258	$ 297,514	$ 612,772	**$ 3,373,510**

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	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 2017**
Salaries	$ 65,633	$ 215,101	$ 352,781	$ 40,296	$ 63,068	$ 65,028	$ 801,907	$ 165,845	$ 101,117	$ 266,962	**$ 1,068,869**
Fringe benefits	7,669	16,217	33,638	6,491	13,769	8,806	86,590	10,868	10,972	21,840	**108,430**
Payroll taxes	4,998	18,175	31,302	3,215	2,773	4,975	65,438	6,541	7,856	14,397	**79,835**
Total compensation	78,300	249,493	417,721	50,002	79,610	78,809	953,935	183,254	119,945	303,199	**1,257,134**
Professional fees and contracts	691	7,172	8,719	418	6,265	1,608	24,873	6,322	985	7,307	**32,180**
Program supplies/catering	449	4,660	5,074	272	4,318	30,785	45,558	-	640	640	**46,198**
Janitorial and maintenance	43	445	484	26	2,761	591	4,350	-	61	61	**4,411**
Office supplies	162	1,968	6,130	98	960	126	9,444	947	395	1,342	**10,786**
Telephone	408	4,238	4,615	247	2,965	199	12,672	2,892	2,336	5,228	**17,900**
Postage	52	697	667	122	293	-	1,831	176	3,838	4,014	**5,845**
Utilities	727	7,545	8,215	440	46,813	10,021	73,761	-	1,036	1,036	**74,797**
Repairs and maintenance	1,087	11,278	13,305	657	33,896	8,345	68,568	9,341	10,877	20,218	**88,786**
Equipment rental	231	2,019	3,918	118	1,135	113	7,534	1,040	277	1,317	**8,851**
Outside printing	15	297	376	9	320	-	1,017	156	9,066	9,222	**10,239**
Marketing and promotional	31	326	354	19	2,019	432	3,181	-	4,425	4,425	**7,606**
Auto expense	26	282	290	15	146	-	759	81	36	117	**876**
Conference and fees	-	-	1,421	-	-	-	1,421	-	-	-	**1,421**
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	147,720	147,720	**147,720**
Specific assistance	3,032	475,386	449,857	-	-	-	928,275	-	-	-	**928,275**
Dues and subscriptions	292	3,034	3,304	177	1,658	64	8,529	1,180	982	2,162	**10,691**
Insurance	571	5,930	8,752	346	6,276	1,696	23,571	5,607	815	6,422	**29,993**
Staff recruitment and training	193	2,084	2,394	116	1,099	-	5,886	626	13,380	14,006	**19,892**
Awards and recognition	42	464	471	109	240	-	1,326	147	59	206	**1,532**
Bank and other service fees	485	5,037	5,484	294	2,764	-	14,064	1,536	3,227	4,763	**18,827**
Taxes, licenses and fees	23	340	261	14	136	-	774	94	33	127	**901**
Interest expense	3,427	35,565	38,721	2,073	54,849	14,210	148,845	41,801	4,886	46,687	**195,532**
Reimbursed travel	35	364	2,493	21	239	1	3,153	212	478	690	**3,843**
	12,022	569,131	565,305	5,591	169,152	68,191	1,389,392	72,158	205,552	277,710	**1,667,102**
Total expenses before depreciation	90,322	818,624	983,026	55,593	248,762	147,000	2,343,327	255,412	325,497	580,909	**2,924,236**
Depreciation	7,093	58,305	56,787	3,219	76,192	21,117	222,713	48,677	7,086	55,763	**278,476**
Total expenses by function	$ 97,415	$ 876,929	$ 1,039,813	$ 58,812	$ 324,954	$ 168,117	$ 2,566,040	$ 304,089	$ 332,583	$ 636,672	**$ 3,202,712**

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	**$**	**(324,021)**	$	(336,462)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization		**330,541**		295,704
Change in provision for uncollectible contributions		**(33,000)**		68,358
Present value discount adjustment		**3,948**		(4,307)
Other miscellaneous adjustments		**(1,381)**		-
Changes in operating assets and liabilities:				
(Increase) decrease in grants receivable		**18,540**		(58,309)
(Increase) decrease in prepaid expenses		**9,675**		(20,976)
(Increase) decrease in other miscellaneous current assets		**(37,633)**		4,811
Increase in deferred revenue		**9,893**		89,361
Increase (decrease) in accounts payable and accrued expenses		**22,431**		(35,158)
Net cash provided by (used in) operating activities		**(1,007)**		3,022
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment		**-**		(1,690,569)
Net cash (used in) investing activities		**-**		(1,690,569)
CASH FLOWS FROM FINANCING ACTIVITIES				
Contributions restricted for long-term purposes:				
Decrease in pledges receivable		**44,849**		11,582
Proceeds from note payable		**-**		3,800,000
Payments on notes payable		**(110,044)**		(2,205,766)
Payments for loan costs		**-**		(36,123)
Net payments on capital lease obligations		**(4,283)**		(4,857)
Net cash provided by (used in) financing activities		**(69,478)**		1,564,836
Net (decrease) in cash		**(70,485)**		(122,711)
Cash				
Beginning of year		**169,069**		291,780
End of year	**$**	**98,584**	$	169,069
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash paid for interest	**$**	**208,255**	$	175,390

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, 2018 and 2017, the Organization was dependent on federal, state, and local funding for 32% and 41% of its revenues, respectively.

Significant Accounting Policies:

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

Basis of Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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, 2018 and 2017. 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

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The principal sources of non-restricted funds are grants and contributions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, this is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were $185,319 and $147,795 in net assets with donor restrictions at December 31, 2018 and 2017, respectively.

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, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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, 2018 and 2017 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 $32,500 and $20,306 for the years ended December 31, 2018 and 2017, 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.

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 ended December 31, 2018 and 2017, 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.

Recent Accounting Pronouncements

In August 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, which did not have an effect on total net assets or change in net assets for the year ended December 31, 2017.

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash	$	**98,584**
Accounts receivable		**265,289**
Other miscellaneous		**62,601**
Financial assets, at year-end	$	**426,474**
Less those unavailable for general expenditures within one year, due to		
Donor-imposed restrictions:		
Restricted by donor with time or purpose restriction		**(185,319)**
Security deposits		**(10,907)**
Financial assets available to meet cash needs for general expenditures within one year	$	**230,248**

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Organization are expected to be met on a monthly basis from the program service revenue generated. In general, the Organization maintains sufficient financial assets on hand to meet 30 days of normal operating expenses.

NOTE 3. 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, 2018 and 2017, respectively, are discounted using a 3% risk-free interest rate. As of December 31, 2018 and 2017, the Organization has unconditional promises to give as follows:

		2018		2017
Unconditional promises to give before discount and allowance for uncollectible pledges	$	**167,207**	$	217,207
Less: discounts to net present value		**(3,948)**		(5,151)
		163,259		212,056
Less: allowance for uncollectible pledges		**(110,357)**		(143,357)
	$	**52,902**	$	68,699
Amount due in:				
Less than one year	$	**80,000**	$	70,000
One to five years		**87,207**		147,207
Total	$	**167,207**	$	217,207

NOTE 4. 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, 2018 and 2017 is summarized as follows:

	2018	2017
Amount available to pay claims, beginning of year	**$ 34,828**	$ 30,305
Subsequent trust adjustments to beginning of year amount	**2,934**	(513)
Contributions	**2,704**	2,970
Net expenses, investment income (expense), interest, fees	**(1,277)**	2,066
Amount available to pay claims, end of year	**$ 39,189**	$ 34,828

NOTE 5. RENTAL PROPERTY

The Organization has ten leases which expire at various times through 2024. At December 31, 2018, total cost and associated accumulated depreciation of the Organization's leasing assets was $4,970,003 and $1,440,753, respectively.

At December 31, 2018, future minimum lease payments receivable under the noncancelable operating leases described in the preceding paragraph are due as follows:

Years ending December 31,	
2019	$ 99,920
2020	44,654
2021	37,134
2022	37,872
2023	38,622
Thereafter	39,390
	$ 297,592

NOTE 6. LINE OF CREDIT

At December 31, 2018 and 2017, the Organization had an available line of credit in the amount of $125,000. The outstanding balance on the line of credit at December 31, 2018 and 2017 was $125,000 and $125,000, respectively. The line of credit matures in July 2019, with any outstanding principal plus any accrued interest due upon maturity. Interest accrues at a fixed rate of the Wall Street Journal prime plus 1.00% (6.50% at December 31, 2018), and is payable monthly. The line of credit is secured by real estate.

NOTE 7. NOTES PAYABLE

As of December 31, 2018 and 2017, notes payable consisted of the following:

	2018	2017
Note payable to local financial institution, secured by real estate	**$ 3,642,266**	$ 3,752,310
Less: current portion	**(114,596)**	(110,065)
Less: unamortized debt issuance costs	**(22,276)**	(29,500)
	$ 3,505,394	$ 3,612,745

In January 2017, the Organization entered into a loan with a new financial institution. The proceeds were used to pay off the prior note balance, as well as fund approximately $1,700,000 of building improvements. The note, in the original amount of $3,800,000, requires monthly payments of $26,380 (principal and interest) using a fixed interest rate of 5.50%. The outstanding balance of principal and interest is due in February 2022. The note is secured by real estate.

Scheduled maturities on notes payable as of December 31, 2018 are as follows:

2019	$ 114,596
2020	119,357
2021	126,090
2022	3,282,223
	$ 3,642,266

NOTE 8. 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, 2018:

Year ending December 31,	
2019	$ 2,223
2020	2,178
2021	1,500
Total minimum lease payments	5,901
Less: amount representing interest	178
	$ 5,723

NOTE 9. 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, 2018 and 2017, contributions of $16,640 and $16,283, respectively, were made by the Organization to the plan.

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31:

	2018	2017
Housing	**$ 77,331**	$ 17,573
Mansour Conference Center	**50,000**	49,597
Direct Services	**57,718**	80,625
Other	**270**	-
	$ 185,319	$ 147,795

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions consist of the following at December 31:

	2018	2017
Cash	**$ 98,584**	$ 147,795
Due from net assets without donor restrictions	**86,735**	-
	$ 185,319	$ 147,795

NOTE 11. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2018 and 2017 by incurring expenses satisfying the restricted purposes specified by donors as follows:

Purpose restrictions accomplished:

	2018	2017
Housing	**$ 25,741**	$ 21,370
Mansour Conference Center	**49,597**	42,749
Direct Services	**281,232**	138,992
	$ 356,570	$ 203,111

NOTE 12. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 31, 2019, the date on which the financial statements were available to be issued.

SINGLE AUDIT SECTION

THE CENTER FOR FAMILY RESOURCES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2018

Grant Program	CFDA No.	Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development			
Direct Programs:			
Rapid Rehousing 1	14.235	$ 47,918	$
Multi-Agency Group Transitional Housing	14.235	194,049	161,486
Rapid Rehousing 2	14.235	47,302	
Rapid Rehousing 3	14.235	93,024	
		382,293	
Passed through Georgia Department of Community Affairs			
Emergency Shelter Grants Program (Emergency Housing)	14.231	40,287	
Passed through Cobb County, Georgia			
Emergency Solutions Grant Program	14.231	125,372	
		165,659	
Direct Program:			
Continuum of Care Program	14.267	49,868	
Passed through Georgia Department of Community Affairs			
HMIS Grant	14.267	24,491	
		74,359	
Passed through Cobb County, Georgia			
Community Development Block Grant	14.218	2,454	
Passed through Cobb County, Georgia			
Tenant Based Rental Assistance	14.239	9,026	
Total U.S. Department of Housing and Urban Development		633,791	
U.S. Department of Health and Human Services			
Passed through Georgia Department of Human Services			
Temporary Assistance for Needy Families	93.558	20,370	
Passed through Cobb County, Georgia			
Community Services Block Grant	93.569	86,381	
Total U.S. Department of Health and Human Services		106,751	
U.S. Department of Homeland Security			
Passed through Cobb County, Georgia			
Emergency Food and Shelter National Board Program	97.024	66,850	
Total U.S. Department of Homeland Security		66,850	
Total Expenditures of Federal Awards		$ 807,392	

See Notes to Schedule of Expenditures of Federal Awards.

THE CENTER FOR FAMILY RESOURCES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2018

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of The Center for Family Resources under programs for the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The Center for Family Resources, it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Center for Family Resources.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) The Center for Family Resources has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance

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*

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, 2018, 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 May 31, 2019.

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 nave 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
May 31, 2019

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

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, 2018.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 a 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 of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 31, 2019

THE CENTER FOR FAMILY RESOURCES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018

SUMMARY OF INDEPENDENT AUDITOR'S RESULTS:
Financial Statements:

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

Federal Awards:

Internal controls over major programs:		
Material weaknesses identified?		**X**
Significant deficiencies identified not considered to be material weaknesses?		**None Reported**
Type of auditors' report issued on compliance for major programs	**Unmodified**	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?		**X**

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	$ 750,000	
	Yes	**No**
Auditee qualified as low-risk auditee?	**X**	
Financial Statement Findings?		**X**
Federal Award Findings Questioned Costs?		**X**

THE CENTER FOR FAMILY RESOURCES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018

II. FINANCIAL STATEMENT FINDINGS:

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

NONE