

**THE CENTER FOR FAMILY
RESOURCES**

FINANCIAL REPORT

DECEMBER 31, 2019

THE CENTER FOR FAMILY RESOURCES

FINANCIAL REPORT DECEMBER 31, 2019

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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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2019 and 2018, 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
August 27, 2020

THE CENTER FOR FAMILY RESOURCES

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 103,430	\$ 98,584
Grants receivable	191,698	212,387
Pledges receivable, net	-	25,347
Prepaid expenses	53,603	47,328
Other current assets	35,572	68,694
Total current assets	384,303	452,340
NONCURRENT ASSETS		
Pledges receivable, net	-	27,555
Total noncurrent assets	-	27,555
PROPERTY AND EQUIPMENT		
Land	1,400,000	1,400,000
Buildings and improvements	9,919,873	9,937,434
Furniture and equipment, including assets acquired under capital leases 2019: \$23,175; 2018: \$23,175	1,074,419	1,085,356
	12,394,292	12,422,790
Accumulated depreciation, including amounts applicable to assets acquired under capital leases 2019: \$21,983; 2018: \$18,219	(4,067,476)	(3,784,134)
Total property and equipment, net	8,326,816	8,638,656
Total assets	\$ 8,711,119	\$ 9,118,551
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of notes payable	\$ 126,089	\$ 114,596
Current portion of capital lease obligation	2,000	2,223
Line of credit	125,000	125,000
Accounts payable and accrued expenses	132,997	157,834
Deferred revenues	202,461	211,440
Other current liabilities	13,355	10,855
Total current liabilities	601,902	621,948
NONCURRENT LIABILITIES		
Notes payable, less current portion and unamortized debt issuance costs	3,462,685	3,505,394
Capital lease obligation, less current portion	1,500	3,500
Total noncurrent liabilities	3,464,185	3,508,894
NET ASSETS		
Without donor restrictions	4,619,980	4,802,390
With donor restrictions	25,052	185,319
Total net assets	4,645,032	4,987,709
Total liabilities and net assets	\$ 8,711,119	\$ 9,118,551

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals
PUBLIC SUPPORT AND REVENUES			
Public support:			
Federal awards	\$ 709,604	\$ -	\$ 709,604
State and local awards	105,061	-	105,061
United Way	12,758	21,170	33,928
Contributions	724,369	299,733	1,024,102
Special events	491,565	-	491,565
Net assets released from restrictions	481,170	(481,170)	-
Total public support	2,524,527	(160,267)	2,364,260
Revenues:			
Rental income	526,513	-	526,513
Other income	44,772	-	44,772
Total revenues	571,285	-	571,285
Total public support and revenues	3,095,812	(160,267)	2,935,545
EXPENSES			
Program services	2,481,687	-	2,481,687
Supporting services			
Management and general	418,495	-	418,495
Cost of direct benefits to donors	191,034	-	191,034
Fundraising	187,006	-	187,006
Total supporting services	796,535	-	796,535
Total expenses	3,278,222	-	3,278,222
Change in net assets	(182,410)	(160,267)	(342,677)
NET ASSETS, BEGINNING OF YEAR	4,802,390	185,319	4,987,709
NET ASSETS, END OF YEAR	\$ 4,619,980	\$ 25,052	\$ 4,645,032

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

STATEMENT OF ACTIVITIES 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	<u>2,308,027</u>	<u>37,524</u>	<u>2,345,551</u>
Revenues:			
Rental income	660,244	-	660,244
Other income	43,694	-	43,694
Total revenues	<u>703,938</u>	<u>-</u>	<u>703,938</u>
Total public support and revenues	<u>3,011,965</u>	<u>37,524</u>	<u>3,049,489</u>
EXPENSES			
Program services	<u>2,760,738</u>	<u>-</u>	<u>2,760,738</u>
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	<u>612,772</u>	<u>-</u>	<u>612,772</u>
Total expenses	<u>3,373,510</u>	<u>-</u>	<u>3,373,510</u>
Change in net assets	<u>(361,545)</u>	<u>37,524</u>	<u>(324,021)</u>
NET ASSETS, BEGINNING OF YEAR	<u>5,163,935</u>	<u>147,795</u>	<u>5,311,730</u>
NET ASSETS, END OF YEAR	<u>\$ 4,802,390</u>	<u>\$ 185,319</u>	<u>\$ 4,987,709</u>

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2019

	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
Salaries	\$ 76,858	\$ 116,219	\$ 246,722	\$ -	\$ 115,912	\$ -	\$ 555,711	\$ 212,536	\$ 90,905	\$ 303,441	\$ 859,152
Fringe benefits	5,445	12,009	23,943	-	18,180	-	59,577	12,179	3,572	15,751	75,328
Payroll taxes	5,851	7,475	18,830	-	8,507	-	40,663	17,394	7,087	24,481	65,144
Total compensation	88,154	135,703	289,495	-	142,599	-	655,951	242,109	101,564	343,673	999,624
Auto expense	-	-	-	-	-	-	-	92	-	92	92
Awards and recognition	-	-	-	28	-	-	28	751	-	751	779
Bad debt expense	-	-	-	-	-	-	-	-	47,752	47,752	47,752
Bank and other service fees	-	-	1,158	-	-	-	1,158	14,086	2,423	16,509	17,667
Cost of direct benefits to donors	-	-	-	-	-	-	-	519	191,034	191,553	191,553
Dues and subscriptions	-	-	599	-	134	-	733	2,502	231	2,733	3,466
Equipment rental	-	350	106	-	4,760	-	5,216	425	-	425	5,641
Insurance	-	-	2,270	-	12,532	-	14,802	16,273	-	16,273	31,075
Interest expense	1,099	40,673	22,425	-	115,643	20,886	200,726	19,128	-	19,128	219,854
Janitorial and maintenance	-	-	-	-	-	3,581	3,581	-	-	-	3,581
Marketing and promotional	-	-	-	-	17,335	-	17,335	7,745	14,455	22,200	39,535
Miscellaneous expenses	-	-	-	-	-	-	-	31,052	4,518	35,570	35,570
Office supplies	-	-	89	-	-	-	89	19,551	89	19,640	19,729
Outside printing	-	101	101	-	-	-	202	1,168	438	1,606	1,808
Postage	-	12	12	12	-	-	36	1,867	43	1,910	1,946
Professional fees and contracts	-	-	500	-	4,274	288	5,062	22,719	2,013	24,732	29,794
Program supplies/catering	40	-	7,882	-	15,015	29,564	52,501	52	-	52	52,553
Reimbursed travel	-	262	1,542	-	71	375	2,250	646	237	883	3,133
Repairs and maintenance	310	3,928	2,067	-	74,108	12,506	92,919	1,654	8,785	10,439	103,358
Specific assistance	-	672,176	371,162	-	-	-	1,043,338	-	-	-	1,043,338
Staff recruitment and training	-	-	-	-	-	-	-	2,756	3,763	6,519	6,519
Taxes, licenses and fees	-	-	-	-	-	3,506	3,506	262	-	262	3,768
Telephone	-	-	4,402	-	12,679	-	17,081	989	695	1,684	18,765
Utilities	-	630	-	-	64,124	-	64,754	6,247	-	6,247	71,001
	1,449	718,132	414,315	40	320,675	70,706	1,525,317	150,484	276,476	426,960	1,952,277
Total expenses before depreciation	89,603	853,835	703,810	40	463,274	70,706	2,181,268	392,593	378,040	770,633	2,951,901
Depreciation	6,360	58,617	29,172	541	202,877	2,852	300,419	25,902	-	25,902	326,321
Total expenses by function	\$ 95,963	\$ 912,452	\$ 732,982	\$ 581	\$ 666,151	\$ 73,558	\$ 2,481,687	\$ 418,495	\$ 378,040	\$ 796,535	\$ 3,278,222

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2018

	Program Services						Supporting Services				Total
	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	\$ 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
Auto expense	4	222	121	-	59	13	419	101	-	101	520
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
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	186,899	186,899	186,899
Dues and subscriptions	31	1,634	894	-	746	148	3,453	743	2,006	2,749	6,202
Equipment rental	33	1,770	968	-	2,280	421	5,472	804	-	804	6,276
Insurance	131	6,956	6,063	-	12,425	2,268	27,843	3,162	4,826	7,988	35,831
Interest expense	753	39,915	21,840	-	112,292	20,269	195,069	18,142	-	18,142	213,211
Janitorial and maintenance	-	-	-	-	4,570	809	5,379	-	-	-	5,379
Marketing and promotional	152	2,742	1,500	-	4,695	858	9,947	1,246	4,069	5,315	15,262
Miscellaneous expenses	49	2,602	1,423	-	687	147	4,908	1,247	-	1,247	6,155
Office supplies	100	5,609	3,538	-	2,795	547	12,589	2,412	202	2,614	15,203
Outside printing	1	200	33	-	16	3	253	27	5,979	6,006	6,259
Postage	18	986	549	22	255	55	1,885	438	1,164	1,602	3,487
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
Reimbursed travel	5	369	2,510	-	244	16	3,144	130	-	130	3,274
Repairs and maintenance	101	5,338	2,921	-	100,865	17,098	126,323	2,426	11,968	14,394	140,717
Specific assistance	4,721	618,590	406,794	-	85	-	1,030,190	-	-	-	1,030,190
Staff recruitment and training	74	573	313	-	225	32	1,217	260	-	260	1,477
Taxes, licenses and fees	4	232	127	-	61	1,459	1,883	105	-	105	1,988
Telephone	86	4,552	2,491	-	11,123	2,014	20,266	2,069	744	2,813	23,079
Utilities	-	-	-	-	54,293	9,610	63,903	-	-	-	63,903
	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

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (342,677)	\$ (324,021)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	333,545	330,541
Change in provision for uncollectible contributions	-	(33,000)
Present value discount adjustment	-	3,948
Changes in operating assets and liabilities:		
Decrease in grants receivable	20,689	18,540
(Increase) decrease in prepaid expenses	(6,275)	9,675
Decrease (increase) in other current assets	33,122	(39,014)
(Decrease) increase in deferred revenue	(8,979)	9,893
(Decrease) increase in accounts payable and accrued expenses	(22,337)	22,431
Net cash provided by (used in) operating activities	7,088	(1,007)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(14,481)	-
Net cash (used in) investing activities	(14,481)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes:		
Decrease in pledges receivable	52,902	44,849
Payments on notes payable	(38,440)	(110,044)
Net payments on capital lease obligations	(2,223)	(4,283)
Net cash provided by (used in) financing activities	12,239	(69,478)
Net increase (decrease) in cash	4,846	(70,485)
Cash		
Beginning of year	98,584	169,069
End of year	\$ 103,430	\$ 98,584
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 202,466	\$ 208,255

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

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, 2019 and 2018, the Organization was dependent on federal, state, and local funding for 28% and 32% 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.

NOTES TO FINANCIAL STATEMENTS

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 any cash equivalents at December 31, 2019 and 2018. 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 \$25,052 and \$185,319 in net assets with donor restrictions at December 31, 2019 and 2018, respectively.

NOTES TO FINANCIAL STATEMENTS

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, 2019 and 2018 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 \$42,150 and \$32,500 for the years ended December 31, 2019 and 2018, 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

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

Significant Accounting Policies: (Continued)

Allowance for Doubtful Pledges Receivable

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, 2019 and 2018, 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.

NOTES TO 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 Organization reports certain categories of expenses that are attributed to more than one program or supporting function as required by the FASB Codification. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries, fringe benefits, payroll taxes, insurance, marketing and promotional, office supplies, outside printing, postage, professional fees and contracts include certain expenses that are allocated on the basis of estimates of time and effort. Interest expense, repairs and maintenance, telephone and internet, and utilities include certain expenses that are allocated on a square footage basis.

Recent Accounting Pronouncements

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC Topic 606) affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. This ASU requires entities to make new judgements and estimates and provide expanded disclosures about revenue.

For the year ending December 31, 2019, the Organization adopted ASU 2014-09 and has adjusted the presentation in these financial statements accordingly. The Organization recognizes certain sponsorships of special events revenue in accordance with ASC Topic 606, which is recognized at the time the special events take place and the transaction is executed, as that is the point in time the Organization fulfills the performance obligation.

NOTES TO FINANCIAL STATEMENTS

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

Significant Accounting Policies: (Continued)

Recent Accounting Pronouncements (Continued)

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and establishes standards for characterizing grants and similar contracts with resource providers as contributions (nonreciprocal) subject to ASC Topic 958, or as exchange transactions (reciprocal) subject to ASC Topic 606.

For the year ending December 31, 2019, the Organization adopted ASU 2018-08 and has adjusted the presentation in these financial statements accordingly. The Organization recognizes contributions and grant income in the accompanying statements of activities in accordance with ASC Topic 958. The adoption of ASU 2018-08 did not have an impact on the timing of the revenue recognition of the contributions.

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 as of December 31, 2019 and 2018, comprise the following:

	2019	2018
Cash	\$ 103,430	\$ 98,584
Grants and pledges receivable	191,698	241,886
Other current assets	29,772	62,593
Financial assets, at year-end	324,900	403,063
Less those unavailable for general expenditures within one year, due to Donor-imposed restrictions:		
Restricted by donor with time or purpose restriction (<i>conditional</i>)	(149,952)	(75,490)
Restricted by donor with time or purpose restriction (<i>unconditional</i>)	-	(185,319)
Security tenant deposits	(13,285)	(10,907)
	<u>\$ 161,663</u>	<u>\$ 131,347</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. LIQUIDITY AND AVAILABILITY (Continued)

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

Unconditional promises to give before discount	
and allowance for uncollectible pledges	\$ 167,207
Less: discounts to net present value	<u>(3,948)</u>
	163,259
Less: allowance for uncollectible pledges	<u>(110,357)</u>
	<u>\$ 52,902</u>

As of December 31, 2019, the Organization does not have any outstanding unconditional promises to give.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. UNEMPLOYMENT TRUST AGREEMENT (Continued)

Activity in the trust during the years ended December 31, 2019 and 2018 is summarized as follows:

	<u>2019</u>	<u>2018</u>
Amount available to pay claims, beginning of year	\$ 39,189	\$ 34,828
Subsequent trust adjustments to beginning of year amount	(972)	2,934
Contributions	2,704	2,704
Net expenses, investment income (expense), interest, and fees	<u>(8,551)</u>	<u>(1,277)</u>
Amount available to pay claims, end of year	<u>\$ 32,370</u>	<u>\$ 39,189</u>

NOTE 5. RENTAL PROPERTY

The Organization has four leases which expire at various times through 2024. At December 31, 2019, total cost and associated accumulated depreciation of the Organization's leasing fixed assets was \$4,970,003 and \$1,572,191, respectively.

In July 2020, the Organization sold the Mansour Conference Center building (see Note 11). During 2020, in anticipation of the property sale, the Organization exercised its option to terminate the remaining lease agreements.

NOTE 6. LINE OF CREDIT

At December 31, 2019 and 2018, 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, 2019 and 2018 was \$125,000 and \$125,000, respectively. The line of credit was scheduled to mature in July 2019, with any outstanding principal plus any accrued interest due upon maturity. In July 2019, the Organization and the bank mutually agreed and entered into a forbearance agreement that modified the line of credit to monthly interest-only payments through July 2020.

Interest accrues at a fixed rate of the Wall Street Journal prime plus 1.00% (5.75% and 6.50% at December 31, 2019 and 2018, respectively), and is payable monthly. The line of credit is secured by real estate.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LINE OF CREDIT (Continued)

In July 2020, the Organization sold the Mansour Conference Center building (see Note 11), and used a portion of the sales proceeds to pay off the outstanding line of credit balance.

NOTE 7. NOTE PAYABLE

As of December 31, 2019 and 2018, a summary of the components of the note payable consisted of the following:

	2019	2018
Note payable to local financial institution, secured by real estate	\$ 3,603,818	\$ 3,642,266
Less: unamortized debt issuance costs	(15,044)	(22,276)
	<u>\$ 3,588,774</u>	<u>\$ 3,619,990</u>

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. In July 2019, the Organization and the bank mutually agreed and entered into a forbearance agreement that modified the note payable to monthly interest-only payments through July 2020.

Scheduled maturities on note payable as of December 31, 2019 are as follows:

2020	\$ 126,089
2021	133,202
2022	<u>3,344,527</u>
	<u>\$ 3,603,818</u>

In July 2020, the Organization sold the Mansour Conference Center building (see Note 11), and used a portion of the sales proceeds to pay off the outstanding note payable balance in full.

NOTE 8. 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, 2019 and 2018, contributions of \$2,279 and \$16,640, respectively, were made by the Organization to the plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2019</u>	<u>2018</u>
Housing	\$ 13,000	\$ 77,331
Mansour Conference Center	-	50,000
Direct Services	-	57,718
Other	12,052	270
	<u>\$ 25,052</u>	<u>\$ 185,319</u>

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

	<u>2019</u>	<u>2018</u>
Cash	\$ 25,052	\$ 98,584
Due from net assets without donor restrictions	-	86,735
	<u>\$ 25,052</u>	<u>\$ 185,319</u>

NOTE 10. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2019 and 2018 by incurring expenses satisfying the restricted purposes specified by donors as follows:

Purpose restrictions accomplished:

	<u>2019</u>	<u>2018</u>
Housing	\$ 51,481	\$ 25,741
Mansour Conference Center	50,000	49,597
Direct Services	343,039	281,232
Employment Education	36,650	-
	<u>\$ 481,170</u>	<u>\$ 356,570</u>

NOTE 11. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring through August 27, 2020, the date on which the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. SUBSEQUENT EVENTS (Continued)

Due to the COVID-19 coronavirus and the abrupt cancellation of gatherings and events, the Organization was impacted on multiple levels. The Mansour Conference Center hosts about 12,000 people annually for meetings, conferences, trainings, and special events, generating revenue to help the Organization achieve its mission. Cancellations from the pandemic caused the Organization to lose approximately \$35,000 per month. Additionally, the Organization's annual gala that historically raises over \$300,000 in without donor restricted funds, was also canceled, and will not be rescheduled in the 2020 calendar year.

The health emergency and subsequent shutdowns, quarantines and closures also resulted in a significant change in services being sought by clients and community members. These changes significantly impacted the Organization's housing programs, specifically a decrease in the number of referrals, delays in collecting information from clients, increased lag time for locating sufficient housing and complications in facilitating inspections and dealing with property owners. These issues will likely impact the total amount drawn from federal reimbursement grants.

The impacts of the COVID-19 coronavirus were not all negative. The Organization reacted quickly and was able to apply for a loan under U.S. Small Business Administration (SBA)'s Paycheck Protection Program. In April 2020, the Organization was approved for nearly \$200,000 in loan proceeds to maintain operations and keep staff employed. The loan has a fixed interest rate of 1.00%, with payments deferred for the first six months, and then monthly (interest and principal) payments due thereafter through maturity in April 2022. The SBA's Paycheck Protection Program offers a forgiveness feature if certain requirements are met. The Organization has evaluated these requirements, and expects the loan to be forgiven in full. In addition to that, contributions, and grant awards of over \$250,000 specifically related to the COVID-19 coronavirus have been received by the Organization. Most of those funds were used to provide emergency assistance for families.

In July 2020, the Organization finalized the sale of the Mansour Conference Center property and a large portion of the fixed assets inside the building for the purchase price of \$7,500,000 to a third party. The Organization used the sale proceeds to eliminate the outstanding note payable balance on the property, the outstanding line of credit balance and to establish a board designated investment fund, reserved to provide long-term financial stability.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the change in net assets. Other financial impacts could occur though the extent of potential impact is unknown at this time.