

**THE CENTER FOR FAMILY
RESOURCES**

FINANCIAL REPORT

DECEMBER 31, 2021

THE CENTER FOR FAMILY RESOURCES

FINANCIAL REPORT DECEMBER 31, 2021

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT..... 1 and 2

FINANCIAL STATEMENTS

Statements of financial position 3

Statements of activities..... 4 and 5

Statement of functional expenses – year ended December 31, 2021 6

Statement of functional expenses – year ended December 31, 2020 7

Statements of cash flows..... 8

Notes to financial statements..... 9-22

SUPPLEMENTARY INFORMATION

Schedule of expenditures of federal awards 23

Notes to schedule of expenditures of federal awards 24

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* 25 and 26

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE..... 27-29

Schedule of findings and questioned costs..... 30 and 31

Schedule of prior audit findings and questioned costs..... 32

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **The Center for Family Resources** (the "Organization"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on 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 schedule of expenditures of federal awards 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 25, 2022, on our consideration of the Organization's 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 solely 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 Organization's 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 Organization's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 25, 2022

THE CENTER FOR FAMILY RESOURCES

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 828,974	\$ 770,387
Grants receivable	286,201	216,350
Prepaid expenses	20,168	21,920
Investments	2,181,819	2,009,766
Other current assets	44,034	9,605
Total current assets	3,361,196	3,028,028
NONCURRENT ASSETS		
Security deposits	13,893	13,893
Total noncurrent assets	13,893	13,893
PROPERTY AND EQUIPMENT		
Buildings and improvements	19,902	19,902
Furniture and equipment, including assets acquired under capital leases 2021: \$23,175; 2020: \$23,175	205,964	203,992
	225,866	223,894
Accumulated depreciation, including amounts applicable to assets acquired under capital leases 2021: \$23,175; 2020: \$21,739	(188,355)	(176,801)
Total property and equipment, net	37,511	47,093
Total assets	\$ 3,412,600	\$ 3,089,014
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of capital lease obligation	\$ -	\$ 1,500
Accounts payable and accrued expenses	93,384	105,454
Deferred revenues	321,175	140,516
Total current liabilities	414,559	247,470
NONCURRENT LIABILITIES		
Deferred lease incentive	94,570	40,499
Total noncurrent liabilities	94,570	40,499
Total liabilities	509,129	287,969
NET ASSETS		
Without donor restrictions		
Undesignated	264,239	312,612
Board designated	2,595,305	2,474,506
Total without donor restrictions	2,859,544	2,787,118
With donor restrictions	43,927	13,927
Total net assets	2,903,471	2,801,045
Total liabilities and net assets	\$ 3,412,600	\$ 3,089,014

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals
PUBLIC SUPPORT AND OPERATING REVENUES			
Public support:			
Government awards	\$ 5,964,588	\$ -	\$ 5,964,588
United Way	10,000	-	10,000
Contributions	1,404,265	53,046	1,457,311
In-kind contributions	96,930	-	96,930
Special events revenue	216,831	-	216,831
Less: costs of direct benefits to donors	(50,137)	-	(50,137)
Total special events revenue, net	166,694	-	166,694
Net assets released from restrictions	23,046	(23,046)	-
Total public support	7,665,523	30,000	7,695,523
Operating revenues:			
Other income	23,295	-	23,295
Total public support and operating revenues	7,688,818	30,000	7,718,818
OPERATING EXPENSES			
Program services			
Education and employment assistance	28,121	-	28,121
Direct services	5,495,891	-	5,495,891
Housing assistance	1,682,686	-	1,682,686
Community services	3,030	-	3,030
Total program services	7,209,728	-	7,209,728
Supporting services			
Management and general	508,825	-	508,825
Fundraising	110,667	-	110,667
Total supporting services	619,492	-	619,492
Total operating expenses	7,829,220	-	7,829,220
NONOPERATING CHANGE IN NET ASSETS			
Unrealized and realized gains on investments	212,828	-	212,828
Change in net assets	72,426	30,000	102,426
NET ASSETS, BEGINNING OF YEAR	2,787,118	13,927	2,801,045
NET ASSETS, END OF YEAR	\$ 2,859,544	\$ 43,927	\$ 2,903,471

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
PUBLIC SUPPORT AND OPERATING REVENUES			
Public support:			
Government awards	\$ 794,804	\$ -	\$ 794,804
SBA's Paycheck Protection Program grant	199,400	-	199,400
United Way	167,958	28,116	196,074
Contributions	627,967	170,399	798,366
In-kind contributions	131,666	-	131,666
Special events revenue	325,905	-	325,905
Less: costs of direct benefits to donors	(61,613)	-	(61,613)
Total special events revenue, net	264,292	-	264,292
Net assets released from restrictions	209,640	(209,640)	-
Total public support	2,395,727	(11,125)	2,384,602
Operating revenues:			
Rental income	176,890	-	176,890
Other income	137,239	-	137,239
Total revenues	314,129	-	314,129
Total public support and revenues	2,709,856	(11,125)	2,698,731
OPERATING EXPENSES			
Program services			
Education and employment assistance	72,673	-	72,673
Direct services	1,465,490	-	1,465,490
Housing assistance	962,839	-	962,839
Community services	3,087	-	3,087
Non-profit tenant services	351,619	-	351,619
Mansour rentals	37,136	-	37,136
Total program services	2,892,844	-	2,892,844
Supporting services			
Management and general	516,995	-	516,995
Fundraising	142,594	-	142,594
Total supporting services	659,589	-	659,589
Total operating expenses	3,552,433	-	3,552,433
NONOPERATING CHANGE IN NET ASSETS			
Unrealized gains on investments	7,140	-	7,140
Loss on disposal of property and equipment	(997,425)	-	(997,425)
Total nonoperating change in net assets	(990,285)	-	(990,285)
Change in net assets	(1,832,862)	(11,125)	(1,843,987)
NET ASSETS, BEGINNING OF YEAR	4,619,980	25,052	4,645,032
NET ASSETS, END OF YEAR	\$ 2,787,118	\$ 13,927	\$ 2,801,045

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services					Supporting Services			
	Education and Employment Assistance	Direct Services	Housing Assistance	Community Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 18,277	\$ 310,714	\$ 274,160	\$ -	\$ 603,151	\$ 255,882	\$ 54,832	\$ 310,714	\$ 913,865
Fringe benefits	1,727	29,348	25,895	-	56,970	24,168	5,179	29,347	86,317
Payroll taxes	1,442	24,521	21,637	-	47,600	20,194	4,327	24,521	72,121
Total compensation	21,446	364,583	321,692	-	707,721	300,244	64,338	364,582	1,072,303
Awards and recognition	-	135	135	-	270	1,082	-	1,082	1,352
Bank and other service fees	260	4,415	3,895	-	8,570	3,815	779	4,594	13,164
Dues and subscriptions	-	-	-	-	-	2,994	749	3,743	3,743
Equipment rental	23	291	291	23	628	512	23	535	1,163
Insurance	607	14,571	10,018	-	25,196	4,554	607	5,161	30,357
Interest expense	-	-	-	-	-	32	-	32	32
Janitorial and maintenance	238	2,980	2,980	238	6,436	5,245	238	5,483	11,919
Marketing and promotional	-	-	-	-	-	4,198	16,792	20,990	20,990
Miscellaneous expenses	-	-	-	-	-	946	-	946	946
Office supplies	-	2,061	2,061	-	4,122	458	-	458	4,580
Outside printing	1	23	16	-	40	7	1	8	48
Postage	49	1,185	814	-	2,048	370	49	419	2,467
Professional fees and contracts	-	6,651	5,843	-	12,494	44,050	-	44,050	56,544
Program supplies/catering	-	94	94	-	188	21	-	21	209
Rent expense	3,422	25,667	25,667	1,712	56,468	111,222	3,422	114,644	171,112
Repairs and maintenance	707	11,124	8,735	389	20,955	13,655	707	14,362	35,317
Specific assistance	700	5,053,665	1,292,002	-	6,346,367	-	22,294	22,294	6,368,661
Staff recruitment and training	-	91	88	-	179	718	-	718	897
Telephone	153	1,913	1,913	153	4,132	3,367	153	3,520	7,652
Utilities	284	3,553	3,553	284	7,674	6,252	284	6,536	14,210
	6,444	5,128,419	1,358,105	2,799	6,495,767	203,498	46,098	249,596	6,745,363
Total expenses before depreciation	27,890	5,493,002	1,679,797	2,799	7,203,488	503,742	110,436	614,178	7,817,666
Depreciation	231	2,889	2,889	231	6,240	5,083	231	5,314	11,554
Total expenses by function	\$ 28,121	\$ 5,495,891	\$ 1,682,686	\$ 3,030	\$ 7,209,728	\$ 508,825	\$ 110,667	\$ 619,492	\$ 7,829,220

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020

	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	Total Supporting Services	Total
Salaries	\$ 31,156	\$ 167,489	\$ 309,024	\$ -	\$ 47,209	\$ -	\$ 554,878	\$ 265,808	\$ 54,432	\$ 320,240	\$ 875,118
Fringe benefits	3,981	11,814	26,982	-	4,843	-	47,620	18,413	25	18,438	66,058
Payroll taxes	3,040	15,481	24,951	-	2,802	-	46,274	19,276	5,450	24,726	71,000
Total compensation	38,177	194,784	360,957	-	54,854	-	648,772	303,497	59,907	363,404	1,012,176
Auto expense	26	185	185	-	53	-	449	53	26	79	528
Awards and recognition	-	-	-	-	-	-	-	393	-	393	393
Bank and other service fees	-	2,327	-	-	-	-	2,327	2,327	7,592	9,919	12,246
Dues and subscriptions	-	-	-	-	-	-	-	610	252	862	862
Equipment rental	-	-	-	-	-	354	354	1,697	-	1,697	2,051
Grant expense	-	70,071	180,214	-	-	-	250,285	30,000	-	30,000	280,285
Insurance	2,574	9,818	15,154	-	1,841	-	29,387	11,629	2,387	14,016	43,403
Interest expense	9,403	26,507	26,507	1,175	41,137	-	104,729	14,240	9,403	23,643	128,372
Janitorial and maintenance	-	-	-	-	-	1,048	1,048	203	-	203	1,251
Marketing and promotional	-	-	-	-	22,883	-	22,883	8,395	36,324	44,719	67,602
Miscellaneous expenses	-	7,222	7,222	-	-	7,100	21,544	11,137	-	11,137	32,681
Moving expenses	1,590	3,000	3,000	-	3,000	-	10,590	4,000	1,310	5,310	15,900
Office supplies	-	2,702	676	-	-	-	3,378	1,351	676	2,027	5,405
Outside printing	-	-	-	-	-	-	-	-	1,170	1,170	1,170
Postage	-	6	6	6	-	-	18	2,211	262	2,473	2,491
Professional fees and contracts	-	-	-	-	-	156	156	62,055	-	62,055	62,211
Program supplies/catering	-	-	1,923	-	2,597	10,205	14,725	-	51	51	14,776
Rent expense	-	16,142	16,142	-	-	16,142	48,426	16,142	-	16,142	64,568
Reimbursed travel	77	37	88	-	-	-	202	429	-	429	631
Repairs and maintenance	680	6,718	13,007	-	60,072	-	80,477	22,303	1,680	23,983	104,460
Sub-lease termination fees	-	-	-	-	60,000	-	60,000	-	-	-	60,000
Specific assistance	250	1,082,074	291,205	-	-	-	1,373,529	-	4,158	4,158	1,377,687
Staff recruitment and training	2,500	1,378	4,028	-	-	-	7,906	595	-	595	8,501
Taxes, licenses and fees	-	100	-	-	-	2,131	2,231	1,050	-	1,050	3,281
Telephone	-	-	106	-	12,550	-	12,656	3,137	-	3,137	15,793
Utilities	2,144	4,289	4,289	-	25,905	-	36,627	4,289	2,144	6,433	43,060
	19,244	1,232,576	563,752	1,181	230,038	37,136	2,083,927	198,246	67,435	265,681	2,349,608
Total expenses before depreciation	57,421	1,427,360	924,709	1,181	284,892	37,136	2,732,699	501,743	127,342	629,085	3,361,784
Depreciation	15,252	38,130	38,130	1,906	66,727	-	160,145	15,252	15,252	30,504	190,649
Total expenses by function	\$ 72,673	\$ 1,465,490	\$ 962,839	\$ 3,087	\$ 351,619	\$ 37,136	\$ 2,892,844	\$ 516,995	\$ 142,594	\$ 659,589	\$ 3,552,433

THE CENTER FOR FAMILY RESOURCES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 102,426	\$ (1,843,987)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	11,554	205,701
Unrealized and realized gains on investments	(212,828)	(7,140)
Loss on sale of property and equipment	-	997,425
Changes in operating assets and liabilities:		
(Increase) in grants receivable	(69,851)	(24,652)
Decrease in prepaid expenses	1,752	32,739
(Increase) decrease in other current assets	(34,429)	25,967
(Increase) in security deposits	-	(13,593)
(Decrease) in accounts payable and accrued expenses	(12,070)	(27,543)
Increase (decrease) in deferred revenues	180,659	(61,945)
Increase in deferred lease incentive	54,071	40,499
(Decrease) in other current liabilities	-	(13,355)
	<u>21,284</u>	<u>(689,884)</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,972)	(36,262)
Net sale proceeds on property and equipment	-	7,126,555
Proceeds from sale of investments	116,080	-
Purchases of investments	(75,305)	(2,002,626)
	<u>38,803</u>	<u>5,087,667</u>
Net cash provided by investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	-	(3,603,826)
Principal payments on line of credit	-	(125,000)
Net payments on capital lease obligations	(1,500)	(2,000)
	<u>(1,500)</u>	<u>(3,730,826)</u>
Net cash (used in) financing activities		
Net increase in cash and cash equivalents	58,587	666,957
Cash and cash equivalents		
Beginning of year	<u>770,387</u>	<u>103,430</u>
End of year	<u>\$ 828,974</u>	<u>\$ 770,387</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 32</u>	<u>\$ 131,007</u>

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, 2021 and 2020, the Organization was dependent on federal, state, and local funding for 75% and 47% 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. 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, 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 without donor restrictions but are designated by the Board to be spent for specific purposes. At December 31, 2021 and 2020, board designated net assets were \$2,595,305 and \$2,474,506, respectively.

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. At December 31, 2021 and 2020, net assets with donor restrictions were \$43,927 and \$13,927, 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.

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. In-kind contributions and contributed professional services, such as marketing, phone service, and catering, are reflected in the financial statements. 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.

NOTES TO FINANCIAL STATEMENTS

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

Significant Accounting Policies: (Continued)

Contributions (Continued)

For the years ended December 31, 2021 and 2020, the in-kind contributions revenues and expenses that are included in the accompanying statements activities and statements of functional expenses are as follows:

	2021	2020
Costs of direct benefits to donors	\$ 20,400	\$ 31,575
Marketing and promotional	5,025	1,743
Specific assistance	71,505	97,848
	<u>\$ 96,930</u>	<u>\$ 131,166</u>

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.

The Organization recognizes certain sponsorships of special events revenue in accordance with FASB's *Revenue from Contracts with Customers* (ASC Topic 606) guidance, 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.

Investments

In December 2020, the Organization established an investment account for its board designated investment fund (Note 8). Investments consist primarily of money market accounts, exchange traded funds, bond funds, and equity funds, and are carried at fair value.

NOTES TO FINANCIAL STATEMENTS

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

Significant Accounting Policies: (Continued)

Investments (Continued)

Realized and unrealized gains and losses on the portfolio are recognized as income or loss.

Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the accompanying financial statements.

Fair Value of Financial Instruments

The Organization follows FASB's *Fair Value Measurements* presentation and disclosure guidance, which provides a framework for measuring fair value under generally accepted accounting principles. This guidance applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in the FASB issued guidance, 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 uses various methods including market, income and cost approaches.

Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, 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.

NOTES TO FINANCIAL STATEMENTS

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

Significant Accounting Policies: (Continued)

Fair Value of Financial Instruments (Continued)

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 for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions.

Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

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.

For the years ended December 31, 2021 and 2020, 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.

NOTES TO FINANCIAL STATEMENTS

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

Significant Accounting Policies: (Continued)

Property and Equipment

Property and equipment is made up of land, building and improvements, and equipment, and 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, 2021 and 2020, the Organization did not have any impairment losses.

Deferred Lease Incentive

In September 2020, the Organization entered into an operating lease agreement with a third party to rent office space that included a lease incentive. The Organization presents its financial statements in accordance with FASB's *Lease* presentation and disclosure guidance.

Under this guidance, the Organization defers the lease incentive payments and is recognizing it as a reduction of rent expense over the term of the lease using the straight-line method.

NOTES TO FINANCIAL STATEMENTS

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

Significant Accounting Policies: (Continued)

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.

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, utilities, depreciation, and loss on disposal of property and equipment include certain expenses that are allocated on a square footage basis.

NOTES TO FINANCIAL STATEMENTS

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 statements of financial position as of December 31, 2021 and 2020, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 828,974	\$ 770,387
Investments	2,181,819	2,009,766
Grants receivable	286,201	216,350
Other current assets	32,022	3,604
Financial assets, at year-end	<u>3,329,016</u>	<u>3,000,107</u>
Less those unavailable for general expenditures within one year, due to Donor-imposed restrictions:		
Restricted by donor with purpose restriction (<i>conditional</i>)	(48,750)	(162,634)
Restricted by donor with time or purpose restriction (<i>unconditional</i>)	(43,927)	(13,927)
Board designations:		
Designated for investment reserve	(2,146,565)	(2,009,766)
Designated for operating reserve	(250,000)	(250,000)
Designated for program expansion	(198,740)	(214,740)
Security tenant deposits	-	(40)
	<u>\$ 641,034</u>	<u>\$ 349,000</u>

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. 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, 2021 and 2020 is summarized as follows:

	<u>2021</u>	<u>2020</u>
Amount available to pay claims, beginning of year	\$ 33,331	\$ 32,370
Subsequent trust adjustments to beginning of year amount	(1,187)	136
Contributions	2,264	2,298
Net expenses, investment income (expense), interest, and fees	<u>1,870</u>	<u>(1,473)</u>
Amount available to pay claims, end of year	<u>\$ 36,278</u>	<u>\$ 33,331</u>

NOTE 4. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 14,712	\$ -	\$ -	\$ 14,712
Bond funds	372,139	-	-	372,139
Exchange traded funds	149,024	-	-	149,024
Equity funds	<u>1,645,944</u>	<u>-</u>	<u>-</u>	<u>1,645,944</u>
Total investments at fair value	<u>\$ 2,181,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,181,819</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 253,024	\$ -	\$ -	\$ 253,024
Bond funds	1,251,134	-	-	1,251,134
Exchange traded funds	40,436	-	-	40,436
Equity funds	465,172	-	-	465,172
Total investments at fair value	<u>\$ 2,009,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,009,766</u>

NOTE 5. RETIREMENT PLAN

The Organization has a defined contribution plan covering substantially all employees. In accordance with the terms of the plan, the Organization may contribute up to 2% of an employee's earnings after one year of qualifying service. For the years ended December 31, 2021 and 2020, the Organization did not make any employer contributions to the plan.

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Other programs	<u>\$ 43,927</u>	<u>\$ 13,927</u>

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	<u>\$ 43,927</u>	<u>\$ 13,927</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2021 and 2020 by incurring expenses satisfying the restricted purposes specified by donors as follows:

Purpose restrictions accomplished:

	<u>2021</u>	<u>2020</u>
Housing	\$ 5,346	\$ 13,000
Employment Education	-	15,900
Other programs	17,700	180,740
	<u>\$ 23,046</u>	<u>\$ 209,640</u>

NOTE 8. BOARD DESIGNATED NET ASSETS

The Organization's board designated net assets for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Investment reserve	\$ 2,146,565	\$ 2,009,766
Operating reserve	250,000	250,000
Program expansion	198,740	214,740
	<u>\$ 2,595,305</u>	<u>\$ 2,474,506</u>

The Organization's board designated net assets consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 448,740	\$ 464,740
Investments	2,146,565	2,009,766
	<u>\$ 2,595,305</u>	<u>\$ 2,474,506</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. LEASES

In September 2020, the Organization entered into an operating lease agreement with a third party to rent office space. As prescribed in the lease agreement, the Organization received eight months of rent abatement. In June 2021, the Organization started monthly payments of \$11,160. The lease term is approximately nine years maturing in May 2029, with annually scheduled increases of approximately 2.8%. As prescribed in FASB's *Lease* presentation and disclosure guidance, the Organization deferred the lease incentives for the new office space, and is recognizing it monthly as a reduction of rental expense over the term of the lease using the straight-line method. At December 31, 2021 and 2020, the deferred lease incentive was \$94,570 and \$40,499, respectively.

The Organization also leases office equipment under non-cancellable operating lease agreements expiring on various dates through April 2024.

Minimum annual lease payments under non-cancellable leases are as follows:

Year Ending December 31,	Office Space	Office Equipment	Total
2022	\$ 138,590	\$ 7,176	\$ 145,766
2023	142,444	7,176	149,620
2024	146,407	2,392	148,799
2025	150,479	-	150,479
2026	154,660	-	154,660
Thereafter	391,766	-	391,766
Total	<u>\$ 1,124,346</u>	<u>\$ 16,744</u>	<u>\$ 1,141,090</u>

Total rental expense under all operating leases totaled \$171,112 and \$66,619 for the years ended December 31, 2021 and 2020, respectively, and is recognized on a straight-line basis over the lease term.

NOTE 10. EFFECTS OF COVID-19 CORONAVIRUS

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 traditionally hosted 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 resulted in the reduction of anticipated revenues of approximately \$35,000 per month during 2020. Additionally, the Organization's annual gala that historically raises over \$300,000 in unrestricted funds, was also canceled, and was not rescheduled in 2020 or 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EFFECTS OF COVID-19 CORONAVIRUS (Continued)

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 long-term impact is unknown at this time.

NOTE 11. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring through May 25, 2022, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE CENTER FOR FAMILY RESOURCES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Granting Agency / Program	Pass-Through Grantor	Pass-Through / Grant Number	Assistance Listing Number	Federal Expenditures
U.S. Department of Housing and Urban Development				
Continuum of Care Program	n/a	GA0308L4B061904	14.267	\$ 85,344
Continuum of Care Program	n/a	GA0285L4B061905	14.267	57,270
Continuum of Care Program	n/a	GA0307L4B061904	14.267	51,231
Continuum of Care Program	n/a	GA0411L4B062000	14.267	67,064
Continuum of Care Program	n/a	GA0307L4B062005	14.267	46,181
Continuum of Care Program	n/a	GA0285L4B062006	14.267	49,525
				<u>356,615</u>
Community Development Block Grant	Cobb County	M-20-DC-130201	14.225	84,926
Community Development Block Grant	Cobb County	B-20-UC-20-0002	14.225	4,000
Community Development Block Grant	Cobb County	M-21-DC-130201	14.225	389,004
Community Development Block Grant	City of Marietta	B-20-MW-13-0019	14.225	10,768
Community Development Block Grant	City of Marietta	B-21-MW-13-0019	14.225	34,962
				<u>523,660</u>
Emergency Solutions Grant	Cobb County	E-21-UC-13-0008	14.231	<u>20,000</u>
Total U.S. Department of Housing and Urban Development				<u>900,275</u>
U.S. Department of Health and Human Services				
Community Service Block Grant Program	Cobb County	CSBG-21-C21B	93.569	40,553
Community Service Block Grant Program - CARES	Cobb County	n/a	93.569	<u>23,533</u>
Total U.S. Department of Health and Human Services				<u>64,086</u>
U.S. Department of Homeland Security				
Emergency Food and Shelter National Board Program	n/a	n/a	97.024	<u>48,544</u>
Total U.S. Department of Homeland Security				<u>48,544</u>
U.S. Department of Treasury				
Consolidated Appropriations Act: Emergency Rental Assistance	Cobb County	ERA1	21.023	4,152,456
American Rescue Plan Act: Emergency Rental Assistance	Cobb County	ERA2	21.023	<u>717,838</u>
Total U.S. Department of Treasury				<u>4,870,294</u>
Total Expenditures of Federal Awards				<u><u>\$ 5,883,199</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

THE CENTER FOR FAMILY RESOURCES

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of The Center for Family Resources under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because this 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

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.

NOTE 3. INDIRECT COST RATE

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**

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, 2021, and the related statements of activities, 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 25, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Center for Family Resources' internal control. Accordingly, we do not express an opinion on the effectiveness of The Center for Family Resources' 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 or significant deficiencies may exist that were not identified.

Report on 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 provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 25, 2022



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 Trustees of
The Center for Family Resources

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Center for Family Resources' compliance with the types of compliance requirements identified as subject to audit 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, 2021. 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.

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, 2021.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Center for Family Resources and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Center for Family Resources' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Center for Family Resources' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Center for Family Resources' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Center for Family Resources' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Center for Family Resources' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Center for Family Resources' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 The Center for Family Resources' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 25, 2022

THE CENTER FOR FAMILY RESOURCES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

Financial Statements:

Type of auditor's 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 auditor's 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)?

No

Identification of major programs:

Emergency Rental Assistance

21.023

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

Findings and questioned costs for Federal awards?

X

THE CENTER FOR FAMILY RESOURCES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS:

None

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None

THE CENTER FOR FAMILY RESOURCES

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS:

None

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None