

**THE CENTER FOR FAMILY
RESOURCES**

FINANCIAL REPORT

DECEMBER 31, 2022

THE CENTER FOR FAMILY RESOURCES

FINANCIAL REPORT DECEMBER 31, 2022

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, 2022 6

Statement of functional expenses – year ended December 31, 2021 7

Statements of cash flows..... 8

Notes to financial statements..... 9-23

SUPPLEMENTARY INFORMATION

Schedule of expenditures of federal awards 24

Notes to schedule of expenditures of federal awards 25

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* 26 and 27

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE..... 28-30

Schedule of findings and questioned costs..... 31 and 32

Schedule of prior audit findings and questioned costs..... 33

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, 2022 and 2021, 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, 2022 and 2021, 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 24, 2023, 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 24, 2023

THE CENTER FOR FAMILY RESOURCES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 727,287	\$ 828,974
Grants receivable	161,567	286,201
Accounts receivable, net	260,379	32,022
Prepaid expenses	21,080	20,168
Investments	1,834,337	2,181,819
Other current assets	15,149	12,012
Total current assets	3,019,799	3,361,196
NONCURRENT ASSETS		
Security deposits	13,893	13,893
Right of use assets	553,864	639,549
Total noncurrent assets	567,757	653,442
PROPERTY AND EQUIPMENT		
Buildings and improvements	458,494	458,494
Furniture and equipment	189,022	182,789
	647,516	641,283
Accumulated depreciation and amortization	(283,911)	(224,221)
Total property and equipment, net	363,605	417,062
Total assets	\$ 3,951,161	\$ 4,431,700
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 84,010	\$ 93,384
Deferred revenues	568,783	321,175
Lease liability - operating leases, current	141,047	135,710
Total current liabilities	793,840	550,269
NONCURRENT LIABILITIES		
Lease liability - operating leases	836,760	977,807
Total noncurrent liabilities	836,760	977,807
Total liabilities	1,630,600	1,528,076
NET ASSETS		
Without donor restrictions		
Undesignated	61,019	264,392
Board designated	2,249,542	2,595,305
Total without donor restrictions	2,310,561	2,859,697
With donor restrictions	10,000	43,927
Total net assets	2,320,561	2,903,624
Total liabilities and net assets	\$ 3,951,161	\$ 4,431,700

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals
PUBLIC SUPPORT AND OPERATING REVENUES			
Public support:			
Government awards	\$ 5,141,226	\$ -	\$ 5,141,226
United Way	25,000	-	25,000
Contributions	1,479,022	8,000	1,487,022
In-kind contributions	164,880	-	164,880
Special events revenue	427,185	-	427,185
Less: costs of direct benefits to donors	(140,739)	-	(140,739)
Total special events revenue, net	286,446	-	286,446
Net assets released from restrictions	41,927	(41,927)	-
Total public support	7,138,501	(33,927)	7,104,574
Operating revenues:			
Other income	2,123	-	2,123
Total public support and operating revenues	7,140,624	(33,927)	7,106,697
OPERATING EXPENSES			
Program services			
Education and employment assistance	43,042	-	43,042
Direct services	4,672,055	-	4,672,055
Housing assistance	1,910,062	-	1,910,062
Community services	3,649	-	3,649
Total program services	6,628,808	-	6,628,808
Supporting services			
Management and general	562,402	-	562,402
Fundraising	137,843	-	137,843
Total supporting services	700,245	-	700,245
Total operating expenses	7,329,053	-	7,329,053
Change in net assets from operating activities	(188,429)	(33,927)	(222,356)
NONOPERATING CHANGE IN NET ASSETS			
Unrealized and realized losses on investments	(360,707)	-	(360,707)
Change in net assets	(549,136)	(33,927)	(583,063)
NET ASSETS, BEGINNING OF YEAR	2,859,697	43,927	2,903,624
NET ASSETS, END OF YEAR	\$ 2,310,561	\$ 10,000	\$ 2,320,561

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 revenues	7,688,818	30,000	7,718,818
OPERATING EXPENSES			
Program services			
Education and employment assistance	28,465	-	28,465
Direct services	5,503,532	-	5,503,532
Housing assistance	1,690,327	-	1,690,327
Community services	3,708	-	3,708
Total program services	7,226,032	-	7,226,032
Supporting services			
Management and general	509,381	-	509,381
Fundraising	111,011	-	111,011
Total supporting services	620,392	-	620,392
Total operating expenses	7,846,424	-	7,846,424
Change in net assets from operating activities	(157,606)	30,000	(127,606)
NONOPERATING CHANGE IN NET ASSETS			
Unrealized gains on investments	212,828	-	212,828
Change in net assets	55,222	30,000	85,222
NET ASSETS, BEGINNING OF YEAR prior to adoption	2,787,118	13,927	2,801,045
Cumulative effect of adoption of ASC 842, Leases (Note 1)	17,357	-	17,357
NET ASSETS, BEGINNING OF YEAR after adoption	2,804,475	13,927	2,818,402
NET ASSETS, END OF YEAR	\$ 2,859,697	\$ 43,927	\$ 2,903,624

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	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	\$ 30,853	\$ 329,098	\$ 308,529	\$ -	\$ 668,480	\$ 308,529	\$ 51,422	\$ 359,951	\$ 1,028,431
Fringe benefits	2,409	25,695	24,089	-	52,193	24,089	4,014	28,103	80,296
Payroll taxes	2,177	23,225	21,774	-	47,176	21,774	3,629	25,403	72,579
Total compensation	35,439	378,018	354,392	-	767,849	354,392	59,065	413,457	1,181,306
Awards and recognition	-	90	90	-	180	720	-	720	900
Bank and other service fees	397	4,231	3,967	-	8,595	3,967	661	4,628	13,223
Dues and subscriptions	-	-	-	-	-	3,767	942	4,709	4,709
Equipment rental	16	205	205	16	442	360	16	376	818
Insurance	674	16,169	11,116	-	27,959	5,053	674	5,727	33,686
Janitorial and maintenance	215	2,692	2,692	215	5,814	4,737	215	4,952	10,766
Marketing and promotional	-	-	-	-	-	2,088	18,791	20,879	20,879
Miscellaneous expenses	-	-	741	-	741	6,829	-	6,829	7,570
Office supplies	-	2,268	2,268	-	4,536	504	-	504	5,040
Outside printing	53	1,277	878	-	2,208	399	53	452	2,660
Postage	30	148	148	-	326	1,121	30	1,151	1,477
Professional fees and contracts	-	8,028	4,110	-	12,138	43,087	14,555	57,642	69,780
Program supplies/catering	-	94	94	-	188	21	-	21	209
Rent expense	2,595	19,457	19,457	1,297	42,806	84,314	2,595	86,909	129,715
Repairs and maintenance	465	7,312	5,864	262	13,903	8,845	465	9,310	23,213
Specific assistance	1,299	4,208,340	1,480,329	-	5,689,968	-	37,922	37,922	5,727,890
Staff recruitment and training	-	508	493	-	1,001	1,353	-	1,353	2,354
Taxes, licenses and fees	3	38	38	3	82	66	3	69	151
Telephone	148	1,846	1,846	148	3,988	3,248	148	3,396	7,384
Utilities	514	6,411	6,411	514	13,850	11,269	514	11,783	25,633
	6,409	4,279,114	1,540,747	2,455	5,828,725	181,748	77,584	259,332	6,088,057
Total expenses before depreciation	41,848	4,657,132	1,895,139	2,455	6,596,574	536,140	136,649	672,789	7,269,363
Depreciation	1,194	14,923	14,923	1,194	32,234	26,262	1,194	27,456	59,690
Total expenses by function	\$ 43,042	\$ 4,672,055	\$ 1,910,062	\$ 3,649	\$ 6,628,808	\$ 562,402	\$ 137,843	\$ 700,245	\$ 7,329,053

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	5	1	6	46
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	2,754	20,657	20,657	1,378	45,446	89,511	2,754	92,265	137,711
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
	5,776	5,123,409	1,353,095	2,465	6,484,745	181,785	45,430	227,215	6,711,960
Total expenses before depreciation	27,222	5,487,992	1,674,787	2,465	7,192,466	482,029	109,768	591,797	7,784,263
Depreciation	1,243	15,540	15,540	1,243	33,566	27,352	1,243	28,595	62,161
Total expenses by function	\$ 28,465	\$ 5,503,532	\$ 1,690,327	\$ 3,708	\$ 7,226,032	\$ 509,381	\$ 111,011	\$ 620,392	\$ 7,846,424

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (583,063)	\$ 85,222
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	59,690	62,161
Unrealized and realized (losses) gains on investments	360,707	(212,828)
Changes in operating assets and liabilities:		
Decrease (increase) in grants receivable	124,634	(69,851)
(Increase) in grants receivable	(228,357)	(32,022)
(Increase) decrease in prepaid expenses	(912)	1,752
(Increase) in other current assets	(3,137)	(2,407)
Decrease in right of use assets	85,685	62,483
(Decrease) in accounts payable and accrued expenses	(9,374)	(12,070)
Increase in deferred revenues	247,608	180,659
(Decrease) in lease liability - operating leases	(135,710)	(41,815)
Net cash (used in) provided by operating activities	(82,229)	21,284
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(6,233)	(1,972)
Proceeds from sale of investments	45,996	116,080
Purchases of investments	(59,221)	(75,305)
Net cash (used in) provided by investing activities	(19,458)	38,803
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments on capital lease obligations	-	(1,500)
Net cash (used in) financing activities	-	(1,500)
Net (decrease) increase in cash and cash equivalents	(101,687)	58,587
Cash and cash equivalents		
Beginning of year	828,974	770,387
End of year	\$ 727,287	\$ 828,974
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ -	\$ 32

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, 2022 and 2021, the Organization was dependent on federal, state, and local funding for 76% and 75% 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, 2022 and 2021, board designated net assets were \$2,249,542 and \$2,595,305, 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, 2022 and 2021, net assets with donor restrictions were \$10,000 and \$43,927, 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)

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.

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.

NOTES TO FINANCIAL STATEMENTS

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

Significant Accounting Policies: (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS

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

Significant Accounting Policies (Continued)

Fair Value of Financial Instruments (Continued)

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, 2022 and 2021, 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.

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.

NOTES TO FINANCIAL STATEMENTS

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

Significant Accounting Policies (Continued)

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, 2022 and 2021, 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.

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.

NOTES TO FINANCIAL STATEMENTS

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

Significant Accounting Policies (Continued)

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.

Recent accounting pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, *Leases* ("ASC Topic 842"). This standard requires lessees to recognize leases on-statement of financial position and disclose key information about leasing arrangements. The new standard establishes a right-of-use model ("ROU") that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the consolidated statements of activities. These included transition elections that permitted the Organization to not reassess its prior conclusions about lease identification, lease classification, and initial direct costs for existing or expired leases under the new standard. In addition, the Organization adopted ongoing accounting policies to not recognize ROU assets and lease liabilities for leasing arrangements with terms of less than one year and to not separate lease and non-lease components for all classes of underlying assets. Also, the Organization elected the practical expedient to use the risk free rate when determining the present value of lease payments over the lease term. The Organization adopted the new standard on January 1, 2021 using a modified retrospective approach and utilized the optional transitional method under which the Organization will adjust the prior periods presented. The Organization has elected the package of practical expedients permitted under the transition guidance.

NOTES TO FINANCIAL STATEMENTS

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

Recent accounting pronouncements (Continued)

As a result of the adoption, the Organization's ROU asset and lease liability were \$623,802 and \$1,097,770, respectively, as of January 1, 2021. The adoption of this standard did not have a material impact on the Organization's statements of activities or cash flows; however, for the year ending December 31, 2021, change in net assets increased by \$153, refer to Note 9.

In September 2020, FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* to increase transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. For the year ending December 31, 2022, the Organization adopted ASU 2020-07 and has adjusted the presentation in these financial statements accordingly. This adjustment did not have an effect on the total net assets or the change in total net assets for 2022 or 2021.

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, 2022 and 2021, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 727,287	\$ 828,974
Investments	1,834,337	2,181,819
Grants receivable	161,567	286,201
Accounts receivable, net	<u>260,379</u>	<u>32,022</u>
Financial assets, at year-end	2,983,570	3,329,016
Less those unavailable for general expenditures within one year, due to Donor-imposed restrictions:		
Restricted by donor with purpose restriction (<i>conditional</i>)	(35,350)	(48,750)
Restricted by donor with time or purpose restriction (<i>unconditional</i>)	(10,000)	(43,927)
Board designations:		
Designated for investment reserve	(1,800,802)	(2,146,565)
Designated for operating reserve	(250,000)	(250,000)
Designated for program expansion	<u>(198,740)</u>	<u>(198,740)</u>
	<u>\$ 688,678</u>	<u>\$ 641,034</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. Board designated amounts can be altered, upon a vote of the board, in order to increase organizational liquidity.

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, 2022 and 2021 is summarized as follows:

	<u>2022</u>	<u>2021</u>
Amount available to pay claims, beginning of year	\$ 36,278	\$ 33,331
Subsequent trust adjustments to beginning of year amount	1,013	(1,187)
Contributions	2,298	2,264
Net expenses, investment income (expense), interest, and fees	<u>(22,195)</u>	<u>1,870</u>
Amount available to pay claims, end of year	<u>\$ 17,394</u>	<u>\$ 36,278</u>

NOTES TO FINANCIAL STATEMENTS

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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 144,586	\$ -	\$ -	\$ 144,586
Bond funds	149,401	-	-	149,401
Exchange traded funds	226,905	-	-	226,905
Equity funds	<u>1,313,445</u>	<u>-</u>	<u>-</u>	<u>1,313,445</u>
Total investments at fair value	<u>\$ 1,834,337</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,834,337</u>

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>

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, 2022 and 2021, 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>2022</u>	<u>2021</u>
Other programs	<u>\$ 10,000</u>	<u>\$ 43,927</u>

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	<u>\$ 10,000</u>	<u>\$ 43,927</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2022 and 2021 by incurring expenses satisfying the restricted purposes specified by donors as follows:

Purpose restrictions accomplished:

	<u>2022</u>	<u>2021</u>
Housing	\$ -	\$ 5,346
Other programs	<u>41,927</u>	<u>17,700</u>
	<u>\$ 41,927</u>	<u>\$ 23,046</u>

NOTE 8. BOARD DESIGNATED NET ASSETS

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

	<u>2022</u>	<u>2021</u>
Investment reserve	\$ 1,800,802	\$ 2,146,565
Operating reserve	250,000	250,000
Program expansion	<u>198,740</u>	<u>198,740</u>
	<u>\$ 2,249,542</u>	<u>\$ 2,595,305</u>

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 448,740	\$ 448,740
Investments	<u>1,800,802</u>	<u>2,146,565</u>
	<u>\$ 2,249,542</u>	<u>\$ 2,595,305</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. LEASES

The Organization leases office space and office equipment under non-cancelable operating leases expiring at various times through May 2029.

As disclosed in Note 1, the Organization adopted FASB ASC 842 as of January 1, 2021, using a modified retrospective approach and utilized the optional transitional method, which allowed the recognition of a cumulative effect adjustment to the beginning net assets without donor restrictions on the initial date of adoption and the application of new disclosure requirements beginning in the period of adoption.

In November 2020, the Organization entered into an operating lease agreement with a third party to rent office space. As prescribed in the 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%. The lease included a tenant improvement construction allowance of \$438,592 which was used to tailor the office space to the Organization's specific needs. This incentive is included in buildings and improvements in the accompanying statements of financial position and is being depreciated over the life of the office space lease. Rental expense for base minimum rents is recognized on the straight-line basis for this lease, which contains an adjustment to the initial base rental amount through a rent escalation.

In May 2021, the Organization entered into an operating lease for office equipment under non-cancellable operating lease agreements expiring on various dates through April 2024 with monthly payments of \$598. The lease asset and liability were calculated utilizing the risk-free discount rate (5.144%), according to the Organization's elected policy.

The adoption of FASB ASC 842, *Leases*, resulted in the following impact at January 1, 2021:

Right-of-use assets	\$ 702,032
Building and improvements, net	430,157
Total assets	<u>\$ 1,132,189</u>
Deferred lease incentive	\$ (40,499)
Current lease liability – operating leases	(57,562)
Noncurrent lease liability – operating leases	1,212,893
Total liabilities	<u>\$ 1,114,832</u>
Without donor restrictions	\$ 17,357
Total net assets	<u>\$ 17,357</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. LEASES (Continued)

The following is a schedule by years of minimum future rentals on the operating leases and the amortization of the net present value (NPV) of the lease liability as of December 31, 2022:

Year Ending December 31,	Office Space	Office Equipment	Total	Amortization of NPV of lease liabilities
2023	\$ 142,116	\$ 7,176	\$ 149,292	\$ 141,047
2024	146,070	2,392	148,462	141,698
2025	150,133	-	150,133	144,634
2026	154,305	-	154,305	150,092
2027	158,587	-	158,587	155,708
Thereafter	246,335	-	246,335	244,628
Total	<u>\$ 997,546</u>	<u>\$ 9,568</u>	<u>\$ 1,007,114</u>	<u>\$ 977,807</u>

The following summarizes the carrying value of the related right-of-use assets as of December 31:

	<u>2022</u>	<u>2021</u>
Accumulated basis	\$ 721,942	\$ 721,942
Less – accumulated amortization	<u>(168,078)</u>	<u>(82,394)</u>
	<u>\$ 553,864</u>	<u>\$ 639,548</u>

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

	<u>2022</u>	<u>2021</u>
Weighted average remaining lease term	7 years	8 years
Weighted average discount rate	0.91%	0.94%

The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. For the year ending December 31, 2022 and 2021, the short-term rent expense were approximately \$53,000 and \$35,000, respectively, and are expected to increase by approximately \$42,000 in 2023 due to several new short-term leases entered into beginning in October of 2022.

Total rental expense under all operating leases totaled \$129,715 and \$137,711 for the years ended December 31, 2022 and 2021, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. IN-KIND CONTRIBUTIONS

During the year ended December 31, 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the accompanying statements of activities are made up of:

	2022	2021
Audio visual	\$ 4,300	\$ -
Services	115,787	26,351
Supplies	44,793	70,579
	<u>\$ 164,880</u>	<u>\$ 96,930</u>

The Organization recognized contributed nonfinancial assets within revenue, including contributed supplies, services, promotional materials, and other services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

For the year ended December 31, 2022, contributed services and materials is included in direct services and fundraising in the amount of \$126,958 and \$37,922, respectively, in the accompanying statements of functional expenses.

For the year ended December 31, 2021, contributed services and materials is included in direct services and fundraising in the amount of \$74,636 and \$22,294, respectively, in the accompanying statements of functional expenses.

In valuing contributed materials, the Organization estimated fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States. In valuing contributed services, the Organization estimated fair value based on current rates for similar services.

NOTE 11. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring through May 24, 2023, 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, 2022

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	\$ 19,033
Continuum of Care Program	n/a	GA0307L4B061904	14.267	26,705
Continuum of Care Program	n/a	GA0411L4B062000	14.267	153,088
Continuum of Care Program	n/a	GA0307L4B062005	14.267	18,743
Continuum of Care Program	n/a	GA0285L4B062006	14.267	58,534
				<u>276,103</u>
Community Development Block Grant	Cobb County	M-20-DC-130201	14.225	124,890
Community Development Block Grant	Cobb County	B-20-UC-20-0002	14.225	623
Community Development Block Grant	Cobb County	M-21-DC-130201	14.225	105,648
Community Development Block Grant	City of Marietta	B-20-MW-13-0019	14.225	11,803
Community Development Block Grant	City of Marietta	B-21-MW-13-0019	14.225	12,423
				<u>255,387</u>
Emergency Solutions Grant	Cobb County	E-21-UC-13-0008	14.231	<u>35,500</u>
Total U.S. Department of Housing and Urban Development				<u>566,990</u>
U.S. Department of Health and Human Services				
Community Service Block Grant Program	Cobb County	CSBG-21-C21B	93.569	<u>42,134</u>
Total U.S. Department of Health and Human Services				<u>42,134</u>
U.S. Department of Homeland Security				
Emergency Food and Shelter National Board Program	n/a	n/a	97.024	<u>37,013</u>
Total U.S. Department of Homeland Security				<u>37,013</u>
U.S. Department of Treasury				
COVID-19 - Consolidated Appropriations Act: Emergency Rental Assistance	Cobb County	ERA1	21.023	1,285,758
COVID-19 - American Rescue Plan Act: Emergency Rental Assistance	Cobb County	ERA2	21.023	<u>3,071,662</u>
Total U.S. Department of Treasury				<u>4,357,420</u>
Total Expenditures of Federal Awards				<u>\$ 5,003,557</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, 2022**

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, 2022. 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, 2022, 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 24, 2023.

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 24, 2023



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, 2022. 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, 2022.

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 24, 2023

**THE CENTER FOR FAMILY RESOURCES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

**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, 2022**

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, 2021**

SECTION II – FINANCIAL STATEMENT FINDINGS:

None

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None