

**THE CENTER FOR FAMILY
RESOURCES**

FINANCIAL REPORT

DECEMBER 31, 2008

THE CENTER FOR FAMILY RESOURCES

FINANCIAL REPORT DECEMBER 31, 2008

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of **The Center for Family Resources** as of December 31, 2008 and 2007, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the management of The Center for Family Resources. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Center for Family Resources as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2009, on our consideration of The Center for Family Resources' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 1, 2009

THE CENTER FOR FAMILY RESOURCES

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2008 AND 2007

ASSETS	2008	2007
CURRENT ASSETS		
Unrestricted cash	\$ 179,474	\$ 183,520
Grants receivable	442,499	496,442
Pledges receivable, net of allowance 2008 \$72,699; 2007 \$72,054	214,782	352,529
Other receivables	16,894	7,767
Prepaid expenses	53,201	37,140
Inventory	5,333	1,462
Total current assets	<u>912,183</u>	<u>1,078,860</u>
RESTRICTED DEPOSITS AND RESERVES		
Tenant security deposits	12,558	15,518
Reserve for replacements	21,218	52,171
	<u>33,776</u>	<u>67,689</u>
NONCURRENT ASSETS		
Investments	2,722	6,008
Pledges receivable	309,506	449,853
Loan costs, net	21,018	-
Property and equipment:		
Land	1,400,000	1,400,000
Land improvements	97,125	4,000
Buildings and improvements	9,714,331	9,706,581
Furniture and equipment, including assets acquired under capital leases 2008 \$79,626 and 2007 \$79,626	1,087,204	1,076,963
Construction in progress	-	5,200
	<u>12,298,660</u>	<u>12,192,744</u>
Accumulated depreciation, including amounts applicable to assets acquired under capital leases 2008 \$51,408; 2007 \$35,483	(1,934,112)	(1,503,633)
Total property and equipment	<u>10,364,548</u>	<u>10,689,111</u>
Total noncurrent assets	<u>10,697,794</u>	<u>11,144,972</u>
Total assets	<u>\$ 11,643,753</u>	<u>\$ 12,291,521</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of notes payable	\$ 17,148	\$ 17,148
Current portion of capital lease obligation	10,969	19,791
Deferred revenue	62,602	52,312
Lines of credit	250,000	250,000
Accounts payable and accrued expenses	198,607	261,465
Total current liabilities	<u>539,326</u>	<u>600,716</u>
NONCURRENT LIABILITIES		
Tenant security deposits	12,558	15,518
Notes payable, less current maturities	3,804,463	4,177,499
Capital lease obligation, less current maturities	21,228	32,198
Total noncurrent liabilities	<u>3,838,249</u>	<u>4,225,215</u>
NET ASSETS		
Unrestricted:		
Board designated for specific assistance	19,866	19,866
Undesignated	7,246,312	7,445,724
	<u>7,266,178</u>	<u>7,465,590</u>
Total liabilities and net assets	<u>\$ 11,643,753</u>	<u>\$ 12,291,521</u>

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2008 AND 2007

CHANGES IN UNRESTRICTED NET ASSETS:	2008	2007
PUBLIC SUPPORT AND REVENUES		
Public support:		
Federal awards	\$ 1,568,352	\$ 1,193,483
State and local awards	483,722	465,540
United Way	220,431	237,277
Contributions	754,950	628,685
Special events	324,164	301,643
Total public support	3,351,619	2,826,628
Revenues:		
Investment income	6,391	9,901
Rental income	478,690	322,398
Other income	83,457	65,935
Loss on disposal of assets	-	(10,017)
Total revenues	568,538	388,217
Net assets released from restriction:		
Satisfaction of capital improvement restrictions	21,634	72,244
Total net assets released from restrictions	21,634	72,244
Total unrestricted public support and revenues	3,941,791	3,287,089
EXPENSES		
Program services	3,285,497	3,255,010
Supporting services	855,706	764,215
Total expenses	4,141,203	4,019,225
Change in unrestricted net assets	(199,412)	(732,136)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions - capital campaign	21,634	72,244
Net assets released from restrictions	(21,634)	(72,244)
Change in temporarily restricted net assets	-	-
Change in net assets	(199,412)	(732,136)
NET ASSETS, BEGINNING OF YEAR	7,465,590	8,197,726
NET ASSETS, END OF YEAR	\$ 7,266,178	\$ 7,465,590

See Notes to Financial Statements.

THE CENTER FOR FAMILY RESOURCES

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2008

	Program Services					Total Program Services
	Education and Employment Assistance	Direct Services	Housing Assistance	Community Services	Non-profit Tenant Services	
Salaries	\$ 215,376	\$ 197,628	\$ 249,078	\$ 69,440	\$ 107,859	\$ 839,381
Fringe benefits	31,595	34,540	37,611	8,585	10,991	123,322
Payroll taxes	17,303	17,929	21,103	5,661	10,236	72,232
Total compensation	<u>264,274</u>	<u>250,097</u>	<u>307,792</u>	<u>83,686</u>	<u>129,086</u>	<u>1,034,935</u>
Professional fees and contracts	1,277	3,452	30,517	394	3,690	39,330
Program supplies/catering	3,672	4,370	2,205	332	19,509	30,088
Janitorial and maintenance	2	6	7	1	4,682	4,698
Office supplies	1,507	14,278	12,761	197	12,095	40,838
Telephone	1,157	3,129	6,254	357	6,702	17,599
Postage	1,150	2,121	2,440	830	1,208	7,749
Utilities	-	-	23,186	-	71,634	94,820
Repairs and maintenance	1,998	5,401	69,536	616	42,778	120,329
Equipment rental	1,326	3,585	5,016	409	3,701	14,037
Outside printing	3,350	5,842	5,956	2,838	3,082	21,068
Marketing & promotional	715	1,932	2,329	220	1,875	7,071
Auto expense	428	11,158	1,394	132	1,163	14,275
Conferences and fees	55	119	378	70	64	686
Fundraising	-	-	-	-	-	-
Specific assistance	2,450	497,849	760,193	-	-	1,260,492
Dues and subscriptions	819	1,712	2,459	225	1,697	6,912
Insurance	1,609	4,351	15,831	496	10,043	32,330
Staff recruitment and training	848	2,293	2,764	262	2,292	8,459
Awards and recognition	196	529	900	210	532	2,367
Bank and other service fees	2,340	6,326	12,339	722	6,369	28,096
Taxes, licenses and fees	298	835	2,345	92	810	4,380
Interest expense	14,705	27,179	81,281	3,264	56,938	183,367
Reimbursed travel	4,277	2,496	3,012	579	1,884	12,248
Miscellaneous expense	3	8	10	1	8	30
	<u>44,182</u>	<u>598,971</u>	<u>1,043,113</u>	<u>12,247</u>	<u>252,756</u>	<u>1,951,269</u>
Total expenses before depreciation and amortization	308,456	849,068	1,350,905	95,933	381,842	2,986,204
Depreciation and amortization	23,487	43,411	129,825	5,214	97,356	299,293
Total expenses	<u>\$ 331,943</u>	<u>\$ 892,479</u>	<u>\$ 1,480,730</u>	<u>\$ 101,147</u>	<u>\$ 479,198</u>	<u>\$ 3,285,497</u>

See Notes to Financial Statements.

Supporting Services				
Management and General	Fund-Raising	Mansour Rentals	Total Supporting Services	Total 2008
\$ 202,285	\$ 76,005	\$ 23,498	\$ 301,788	\$ 1,141,169
27,271	9,010	2,529	38,810	162,132
11,363	6,772	1,798	19,933	92,165
<u>240,919</u>	<u>91,787</u>	<u>27,825</u>	<u>360,531</u>	<u>1,395,466</u>
3,785	1,087	655	5,527	44,857
722	746	40,495	41,963	72,051
27	2	1,098	1,127	5,825
(14,978)	1,223	219	(13,536)	27,302
6,066	1,332	444	7,842	25,441
471	3,796	11	4,278	12,027
-	-	16,409	16,409	111,229
17,811	9,163	12,358	39,332	159,661
2,638	1,129	191	3,958	17,995
1,256	34,027	-	35,283	56,351
1,232	4,008	166	5,406	12,477
399	364	-	763	15,038
24	84	5	113	799
-	102,984	-	102,984	102,984
-	-	-	-	1,260,492
1,022	1,460	93	2,575	9,487
9,792	1,370	3,197	14,359	46,689
931	722	29	1,682	10,141
182	166	-	348	2,715
2,229	1,992	-	4,221	32,317
278	253	-	531	4,911
55,366	7,326	23,456	86,148	269,515
1,743	722	207	2,672	14,920
-	3	-	3	33
<u>90,996</u>	<u>173,959</u>	<u>99,033</u>	<u>363,988</u>	<u>2,315,257</u>
331,915	265,746	126,858	724,519	3,710,723
<u>88,433</u>	<u>11,701</u>	<u>31,053</u>	<u>131,187</u>	<u>430,480</u>
<u>\$ 420,348</u>	<u>\$ 277,447</u>	<u>\$ 157,911</u>	<u>\$ 855,706</u>	<u>\$ 4,141,203</u>

THE CENTER FOR FAMILY RESOURCES

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2007

	Program Services					Total Program Services
	Education and Employment Assistance	Direct Services	Housing Assistance	Community Services	Non-profit Tenant Services	
Salaries	\$ 231,755	\$ 213,088	\$ 223,951	\$ 66,948	\$ 109,764	\$ 845,506
Fringe benefits	29,477	35,676	30,656	7,295	11,945	115,049
Payroll taxes	20,953	23,356	25,113	6,022	15,371	90,815
Total compensation	<u>282,185</u>	<u>272,120</u>	<u>279,720</u>	<u>80,265</u>	<u>137,080</u>	<u>1,051,370</u>
Professional fees and contracts	1,397	3,107	21,636	375	4,028	30,543
Program supplies/catering	7,435	911	16,932	304	9,266	34,848
Janitorial and maintenance	167	371	475	45	2,838	3,896
Office supplies	2,616	7,834	13,677	479	2,630	27,236
Telephone	1,348	2,998	6,143	362	3,613	14,464
Postage	1,538	2,668	2,703	791	1,616	9,316
Utilities	2,415	5,373	29,139	648	60,259	97,834
Repairs and maintenance	6,538	11,900	63,421	1,435	55,699	138,993
Equipment rental	3,307	3,931	5,191	474	4,886	17,789
Outside printing	2,567	5,203	3,601	2,080	1,600	15,051
Marketing & promotional	295	657	793	79	5,945	7,769
Auto expense	120	1,614	444	32	316	2,526
Conferences and fees	201	300	343	87	280	1,211
Fundraising	-	-	-	-	-	-
Specific assistance	4,242	428,171	691,207	-	-	1,123,620
Dues and subscriptions	1,274	1,896	2,300	240	2,035	7,745
Insurance	2,712	6,034	16,307	728	11,447	37,228
Staff recruitment and training	5,409	3,088	3,951	347	3,386	16,181
Awards and recognition	304	677	1,003	82	906	2,972
Bank and other service fees	500	1,112	5,512	134	1,313	8,571
Taxes, licenses and fees	262	584	2,005	70	689	3,610
Interest expense	23,604	41,859	109,141	5,050	77,104	256,758
Reimbursed travel	3,814	5,661	2,997	689	2,177	15,338
Miscellaneous expense	55	122	147	15	144	483
	<u>72,120</u>	<u>536,071</u>	<u>999,068</u>	<u>14,546</u>	<u>252,177</u>	<u>1,873,982</u>
Total expenses before depreciation and amortization	354,305	808,191	1,278,788	94,811	389,257	2,925,352
Depreciation and amortization	29,922	53,064	138,356	6,402	101,914	329,658
Total expenses	<u>\$ 384,227</u>	<u>\$ 861,255</u>	<u>\$ 1,417,144</u>	<u>\$ 101,213</u>	<u>\$ 491,171</u>	<u>\$ 3,255,010</u>

See Notes to Financial Statements.

Supporting Services				
Management and General	Fund-Raising	Mansour Rentals	Total Supporting Services	Total 2007
\$ 180,246	\$ 70,686	\$ 18,239	\$ 269,171	\$ 1,114,677
28,256	8,415	8,124	44,795	159,844
10,574	7,632	1,395	19,601	110,416
<u>219,076</u>	<u>86,733</u>	<u>27,758</u>	<u>333,567</u>	<u>1,384,937</u>
3,283	941	687	4,911	35,454
164	261	11,146	11,571	46,419
331	112	738	1,181	5,077
1,648	817	219	2,684	29,920
2,504	911	383	3,798	18,262
594	1,904	11	2,509	11,825
-	1,626	14,803	16,429	114,263
16,960	10,230	9,482	36,672	175,665
3,458	1,190	483	5,131	22,920
913	9,679	-	10,592	25,643
367	499	1,666	2,532	10,301
107	81	-	188	2,714
216	2,195	40	2,451	3,662
-	102,645	-	102,645	102,645
-	-	-	-	1,123,620
965	2,927	72	3,964	11,709
8,884	1,827	3,087	13,798	51,026
1,259	1,045	24	2,328	18,509
757	205	170	1,132	4,104
445	1,000	-	1,445	10,016
233	177	-	410	4,020
55,295	10,760	26,030	92,085	348,843
(1,198)	648	92	(458)	14,880
49	37	-	86	569
<u>97,234</u>	<u>151,717</u>	<u>69,133</u>	<u>318,084</u>	<u>2,192,066</u>
316,310	238,450	96,891	651,651	3,577,003
70,096	13,641	28,827	112,564	442,222
<u>\$ 386,406</u>	<u>\$ 252,091</u>	<u>\$ 125,718</u>	<u>\$ 764,215</u>	<u>\$ 4,019,225</u>

THE CENTER FOR FAMILY RESOURCES
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (199,412)	\$ (732,136)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	430,480	442,222
Loss on disposal of property and equipment	-	10,017
Unrealized loss on investments	3,286	1,261
Contributions restricted for long-term purposes	(21,634)	(72,244)
Provision for contribution of one-tenth of HUD grant	(20,000)	(20,000)
Changes in certain assets and liabilities:		
Decrease in grants receivable	53,943	352,996
(Increase) in other receivables	(9,127)	(1,166)
(Increase) decrease in prepaid expenses	(16,061)	19,398
(Increase) in inventory	(3,871)	(1,462)
Increase (decrease) in deferred revenue	10,290	(68,498)
Increase (decrease) in accounts payable and accrued expenses	(62,858)	78,673
	165,036	9,061
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	-	107
Payments of loan costs	(21,018)	-
Purchases of property and equipment	(105,917)	(42,541)
Net (deposits to) receipts from reserve for replacements	30,953	(10,279)
	(95,982)	(52,713)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes:		
Contributions	21,634	72,244
Decrease in pledges receivable	278,094	570,316
Proceeds on line of credit	-	118,000
Payments on notes payable	(353,036)	(1,139,036)
Payments on capital lease obligations	(19,792)	(19,231)
	(73,100)	(397,707)
Net (decrease) in cash	(4,046)	(441,359)
Cash		
Beginning of year	183,520	624,879
End of year	\$ 179,474	\$ 183,520
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid on debt	\$ 293,710	\$ 324,649
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Loan costs paid through contribution	\$ 20,000	\$ 20,000

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"), formerly known as Cobb Family Resources, is a non-profit entity which provides comprehensive services and opportunities for homeless and low income individuals and families 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, 2008 and 2007, the Organization was dependent on federal and state funding and funding from the United Way for 58% and 58% of its revenues, respectively.

Significant Accounting Policies:

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

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No.117, the Organization is required to report information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets based on stipulations made by the donor. At December 31, 2008 and 2007, there were no permanently restricted or temporarily restricted net assets.

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

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)

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 and cash equivalents consist 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 Asset Categories:

Temporarily restricted net assets carry restrictions that expire upon the passage of a prescribed period or upon the occurrence of a stated event as specified by the donor. Included in this category are gifts held by the Organization pending their use in accordance with donor stipulations.

Unrestricted net assets, as defined by the Financial Accounting Standards Board, are composed of all resources not included in the above category. Included are expendable resources used to support the Organization's core activities. Donor-restricted contributions received and expended in same year are classified as unrestricted. Donor-restricted resources intended for capital projects are released and reclassified as unrestricted support when the related assets are placed in service. All expenses are recorded as reductions to unrestricted net assets.

Contributions:

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, 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 stipulation time ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Pledges and grants in which the donor restriction is met within one year of the promise to give are accounted for as unrestricted contributions.

NOTES TO FINANCIAL STATEMENTS

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

Contributions: (Continued)

Contributions receivable over more than one year are recorded at their discounted present value. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. All long-term contributions receivable at December 31, 2008 and 2007 are due in one to five years.

Contributed assets such as equipment, other assets, and marketable equity securities acquired by gift are recorded at the fair market value when the Organization obtains possession or an unconditional promise to give. Contributed professional services are reflected in the financial statements. However, a substantial number of volunteers have donated their time to the program services and fund-raising campaigns of the Organization, which is not reflected in the financial statements inasmuch as applicable recognition criteria are not met. 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 SFAS No. 116.

Revenue Recognition:

Revenue is recognized when earned or received. Deferred revenue represents revenue received for future events. 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.

Allowance for Doubtful Pledges:

The allowance for doubtful pledges receivable is based on specifically identified amounts that the Organization believes to be uncollectible.

NOTES TO FINANCIAL STATEMENTS

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

Investments:

The Organization carries its investments at fair market value in accordance with SFAS 124 *Accounting for Certain Investments Held for Not-For-Profit Organizations*. Unrealized gains and losses are recognized as income or loss in the accompanying Statements of Activities.

Land, Building and Equipment:

Land, building and equipment is recorded at historical cost or at fair market value at the date of gift, if donated. Expenditures for renovations and improvements are charged to the property accounts. Expenditures such as maintenance and repairs that do not improve or extend the life of the respective assets are charged to operations. The Organization removed 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.

Income Tax Exemption:

The Organization is a not-for-profit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code of 1986, as amended.

Compensated Absences:

The Organization accrues for compensated absences as earned by the employee.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis on the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited as required by SFAS No. 117.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RESTRICTED CASH

All tenants of Cambridge Woods are required to pay a deposit as security against damage to their apartment units. The deposits are placed in a segregated bank account insured by the Federal Deposit Insurance Corporation. When the tenants vacate their apartments, the deposits, less amounts for damages, are returned to the tenants. Tenant deposits (asset) totaled \$12,558 and \$15,518 at December 31, 2008 and 2007, respectively.

The Organization is required by a lender to reserve cash amounts for the future replacement of property and to fund any future operating deficits along with other property expenditures. These deposits, totaling \$21,218 and \$52,171 at December 31, 2008 and 2007, respectively, are held in separate bank accounts and generally are not available for operating purposes.

NOTE 3. INVESTMENTS

Investments consist primarily of individual stocks that are traded or listed on national exchanges. At December 31, 2008 and 2007, the Organization owned corporate common stock with a fair value of \$2,722 and \$6,008, respectively. For the years ended December 31, 2008 and 2007, the unrealized losses were \$3,286 and \$1,261, respectively.

NOTE 4. PLEDGES RECEIVABLE

The Organization is conducting a capital campaign for funds to renovate the Organization's new facility. Pledges are restricted to payment of these renovation costs. Pledges receivable to be received after December 31, 2008 are discounted using a 3% risk-free interest rate. As of December 31, 2008 and 2007, the Organization has unconditional promises to give as follows:

	2008	2007
Pledges restricted as to use	\$ 613,496	\$ 900,674
Less: discounts to net present value	(16,509)	(26,238)
	596,987	874,436
Less: allowance for uncollectible pledges	(72,699)	(72,054)
	\$ 524,288	\$ 802,382
Amount due in:		
Less than one year	\$ 214,782	\$ 352,529
One to five years	398,714	548,145
Total	\$ 613,496	\$ 900,674

NOTES TO FINANCIAL STATEMENTS

NOTE 4. PLEDGES RECEIVABLE (Continued)

In 2005, the Organization received a challenge grant in the amount of \$1,500,000. \$1,000,000 of this grant was paid to the Organization during 2006 after it received \$7,600,000 (including this \$1,000,000 installment of the challenge grant) in cash, marketable securities, and formal written pledges toward the proposed facility. The remaining \$500,000 of the grant was to be paid once the Organization had received \$9,800,000 (including both installments of this challenge grant) in cash, marketable securities, or formal written pledges toward the proposed facility.

In March 2009, the Organization completed the requirement noted above and received the remaining \$500,000.

NOTE 5. BLOCK GRANT RECEIVABLE

In 2004, the Organization received a block grant from the Cobb County Board of Commissioners in the amount of \$825,000. The final proceeds of the grant were received in 2008. As of December 31, 2007, the balance of the grant was:

Grant restricted as to use	\$ 325,000
Less: discount to net present value	-
	<u>\$ 325,000</u>

As of December 31, 2007, the amounts receivable in future years are:

Amount due in:	
Less than one year	\$ 325,000
One to five years	-
Total	<u>\$ 325,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. 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.

During the years ended December 31, 2008 and 2007, the Organization contributed \$5,647 and \$7,340 of which \$7,171 and \$8,581 worth of claims were paid, respectively. As of December 31, 2008 and 2007, a balance of \$8,315 and \$22,233 was restricted to pay future claims and is included in cash and cash equivalents.

NOTE 7. RENTAL PROPERTY

The Organization has nine leases, which expire at various times through 2025.

At December 31, 2008, future minimum lease payments receivable under the noncancelable operating leases described in the preceding paragraphs are due as follows:

Years ending December 31,

2009	\$	100,629
2010		62,103
2011		36,430
2012		10,000
2013		10,000
Thereafter		115,000
	\$	<u>334,162</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LAND, BUILDINGS AND EQUIPMENT

A summary of land, buildings and equipment as recorded by the Organization at December 31, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Land	\$ 1,400,000	\$ 1,400,000
Land Improvements	97,125	4,000
Buildings and Improvements	9,714,331	9,706,581
Furniture and Equipment	1,087,204	1,076,963
Construction In Progress	-	5,200
	<u>12,298,660</u>	<u>12,192,744</u>
Less: accumulated depreciation	<u>(1,934,112)</u>	<u>(1,503,633)</u>
	<u>\$ 10,364,548</u>	<u>\$ 10,689,111</u>

NOTE 9. LINE OF CREDIT

The Organization had a \$250,000 line of credit with a bank, which matured on May 14, 2008. During 2008, the Organization renewed the line of credit. The renewed \$250,000 line matures on July 14, 2009, with the outstanding principal plus any accrued interest balance due upon maturity. Interest accrues at the prime rate (3.25% at December 31, 2008) and is payable monthly. The line of credit is secured by real estate. The Organization had an outstanding balance on this and the prior revolving line of credit of \$250,000 and \$250,000 at December 31, 2008 and 2007, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. NOTES PAYABLE

As of December 31, 2008 and 2007, notes payable consisted of the following:

	2008	2007
Note payable to the State Housing Trust Fund, payable in monthly installments of \$1,429, through July 1, 2016, at no stated rate, secured by real estate	\$ 228,611	\$ 245,760
Note payable to U.S. Department of Housing and Urban Development, no required payment, reduction of \$20,000 per year through December 31, 2010	40,000	60,000
Construction note payable to local financial institution, interest payable monthly (see interest terms below), secured by real estate, principal balloon payment due April 1, 2010	3,553,000	3,888,887
	3,821,611	4,194,647
Less: current portion	(17,148)	(17,148)
	\$ 3,804,463	\$ 4,177,499

The note payable to a local financial institution in the amount of \$2,100,000 plus accrued interest was repaid as part of a \$7,550,000 construction note payable obtained January 28, 2005. This construction note payable bore interest at prime plus .25% (8.5% at December 31, 2006) and was to mature on December 31, 2007. The Organization refinanced the construction note payable on May 14, 2007 which at the time carried a balance of \$4,475,211. The new note requires 35 months of interest-only payments using a rate of .20% above thirty day LIBOR not to be more than 8.0% or less than 6.5% (6.5% at December 31, 2008). The outstanding principal balance is due in April 2010.

The note payable to the State Housing Trust Fund includes a September 1999 modification to the original loan agreement with the State Housing Trust Fund for the Homeless Commission. This modification increased the loan amount by \$100,000. These additional funds were used to finance the construction of improvements to Cambridge Woods apartments. The loan is non-interest bearing, and the entire principal amount of the loan will be forgiven on the maturity date, July 1, 2016, if the Organization has met all the provisions of the agreement.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. NOTES PAYABLE (Continued)

The Organization also entered into a grant agreement with the U.S. Department of Housing and Urban Development in 1988 for \$200,000 to be used for the acquisition and/or rehabilitation of a transitional housing facility. Under the terms of the agreement, the Organization must use the facility for transitional housing for at least 10 years following the date of initial occupancy which occurred in March 1990. For each full year that the project is used for transitional housing following the expiration of the initial 10-year period, the amount that the Organization will be required to pay will be reduced by one-tenth of the original advance. After 20 years, the Organization will not be required to pay any portion of the advance. As of December 31, 2008, the amount of the remaining potential liability is \$40,000. Each year, one-tenth of the original amount, or \$20,000, is recognized as grant income in the statement of activities as provided for under the original grant agreement.

Maturities of notes payable as of December 31, 2008, were as follows:

2009	\$	17,148
2010		3,610,148
2011		17,148
2012		17,148
2013		17,148
Thereafter		142,871
	\$	<u>3,821,611</u>

NOTE 11. CAPITAL LEASE OBLIGATION

The Organization leases certain office equipment under capital leases. The economic substance of these leases is that the Organization is financing the acquisition of the assets through the lease, and, accordingly, it is recorded in the Organization's assets and liabilities.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. CAPITAL LEASE OBLIGATION (Continued)

The following is a schedule by years of future minimum payments required under the leases together with their present value as of December 31, 2008:

Year ending December 31,			
2009		\$	13,167
2010			9,744
2011			9,744
2012			4,058
	Total minimum lease payments		36,713
	Less: amount representing interest		4,516
		\$	32,197

NOTE 12. RETIREMENT PLAN

The Organization has a defined contribution plan covering substantially all employees. In accordance with the terms of the defined contribution plan, the monthly employer's contribution on behalf of the participant is 6% of the participant's compensation. Contributions made by the Organization to the plan in 2008 and 2007 totaled \$49,894 and \$40,316, respectively.

NOTE 13. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at December 31, 2008 and 2007 attributable only to the Capital Campaign consist of the following:

	2008	2007
Unconditional promises to give	\$ 524,288	\$ 802,382
Grant receivable - restricted	-	325,000
Construction note payable	(524,288)	(1,127,382)
	\$ -	\$ -

NOTE 14. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets totaling \$21,634 and \$72,244 were released from donor restrictions during 2008 and 2007, respectively, by incurring Capital Campaign expenses.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. CAMBRIDGE WOODS

In 1995 The Center for Family Resources purchased Cambridge Woods, a 32 unit apartment complex, to provide affordable housing to low income families. The property is located in Cobb County on 3.085 acres. The property was purchased for \$100 from Resolution Trust Corporation, a federal agency that manages foreclosed properties. The property has gone through several phases of renovation since acquisition. The State Housing Trust Fund for the Homeless Commission provided a loan for \$342,965 which was used to fund the renovations. Cobb County Community Development Block grants through the Home program provided \$753,328 and the Department of Community Affairs provided \$100,000 towards these renovations. Beginning in 2005, 13 of these units are reserved for homeless families and one for an on-site property manager as part of the On-Site Transitional Housing Program funded by HUD. The remaining apartments are subject to the restrictions associated with the Home and DCA programs. The cost of Cambridge Woods, including furniture and fixtures totals \$1,356,929 and is included in total fixed assets.

NOTE 16. RECLASSIFICATION

Certain prior balances have been reclassified to make the presentation consistent with the current year.

SINGLE AUDIT SECTION

THE CENTER FOR FAMILY RESOURCES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2008

Grant Program	CFDA No.	Eligible Expenditures
U.S. Department of Housing and Urban Development		
Direct Programs:		
Supportive Services	14.235	\$ 86,514
Onsite Program	14.235	97,196
Offsite Housing Program	14.235	191,031
Economic Development and Supportive Services Program	14.235	450,958
Passed through Georgia Department of Community Affairs		
Emergency Housing Program	14.235	33,369
Offsite Program	14.235	27,268
		886,336
Direct Programs:		
Economic Development Initiative Special Project	14.251	343,000
Passed through Cobb County, Georgia		
Emergency Shelter Grant Program	14.231	40,342
		1,269,678
U.S. Department of Health and Human Services		
Passed through Cobb County, Georgia		
Community Services Block Grant	93.569	86,411
		86,411
U.S. Department of Justice		
Passed through Cobb County, Georgia		
Community Mobilization	16.536	19,304
		19,304
Federal Emergency Management Agency		
Passed through Cobb County, Georgia		
Emergency Food and Shelter Program	83.523	172,959
		172,959
Total Expenditures of Federal Awards		
		\$ 1,548,352

See Note to Schedule of Expenditures of Federal Awards

**THE CENTER FOR FAMILY RESOURCES
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Center for Family Resources and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**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 and Officers
The Center for Family Resources
Marietta, Georgia**

We have audited the financial statements of The Center for Family Resources as of and for the year ended December 31, 2008, and have issued our report thereon dated June 1, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Center for Family Resources' internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Center for Family Resources' internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Center for Family Resources' financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors and Officers, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 1, 2009



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of The Center for Family Resources with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of The Center for Family Resources' management. Our responsibility is to express an opinion on The Center for Family Resources' compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Center for Family Resources' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on The Center for Family Resources' compliance with those requirements.

In our opinion, The Center for Family Resources complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of The Center for Family Resources is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered The Center for Family Resources' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of The Center for Family Resources' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 1, 2009

THE CENTER FOR FAMILY RESOURCES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008

SUMMARY OF INDEPENDENT AUDITOR'S RESULTS:

Financial Statements:

Type of auditors' report issued	<u>Unqualified</u>	
	<u>Yes</u>	<u>No</u>
Internal control over financial reporting:		
Material weaknesses identified?	_____	<u>X</u>
Significant deficiencies identified not considered to be material weaknesses?	_____	<u>X</u>
Noncompliance material to the financial statements noted?	_____	<u>X</u>

Federal Awards:

Internal controls over major programs:		
Material weaknesses identified?	_____	<u>X</u>
Significant deficiencies identified not considered to be material weaknesses?	_____	<u>X</u>
Type of auditors' report issued on Compliance for major programs	<u>Unqualified</u>	
Audit findings required to be reported in accordance with OMB Circular A-133, Section 510(a)	<u>None</u>	

Identification of major programs:

14.235 U.S. Department of Housing and Urban Development – Supportive Housing Program

Dollar threshold used to distinguish between Type A and type B programs	\$ 300,000	
	<u>Yes</u>	<u>No</u>
Auditee qualified as low-risk auditee?	<u>X</u>	_____
Financial Statement Findings?	_____	<u>X</u>
Federal Award Findings Questioned Costs?	_____	<u>X</u>