

FUTURE FOUNDATION, INC.

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Blad & Garvin, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Future Foundation, Inc.
East Point, Georgia

We have audited the accompanying statements of financial position of Future Foundation, Inc. as of December 31, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audits to obtain reasonable assurance about whether the consolidated 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.

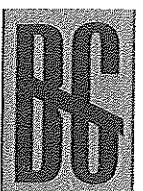
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Future Foundation, Inc. as of December 31, 2011 and 2010, and the results of their operations, changes in their net assets, functional expenses, and cash flows for the years 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 27, 2012, on our consideration of Future Foundation, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 should be read in conjunction with this report in considering the results of our audits.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Future Foundation, Inc. taken as a whole. The accompanying Schedule of State of Georgia Contracts is presented for purposes of additional analysis as required by the State of Georgia. 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. None of these schedules are required parts of the basic financial statements. All of the information contained in these schedules has been subjected to the auditing procedures applied in the audits 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.

Blad & Garvin, LLC

Dunwoody, Georgia
June 27, 2012



FUTURE FOUNDATION, INC.
Statements of Financial Position

	As of December 31,	
	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 197,750	\$ 291,234
Grants receivable	64,741	34,819
Promises to give	1,800	1,350
Other receivables	193	2,448
Prepaid expenses	13,335	21,900
Total Current Assets	277,819	351,751
PROPERTY AND EQUIPMENT (Note 1)	27,813	32,303
TOTAL ASSETS	\$ 305,632	\$ 384,053
LIABILITIES AND NET ASSETS		
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 24,612	\$ 12,412
Total Liabilities	24,612	12,412
COMMITMENTS (Note 3)		
NET ASSETS:		
Unrestricted	281,020	371,641
Total Net Assets	281,020	371,641
TOTAL LIABILITIES AND NET ASSETS	\$ 305,632	\$ 384,053

See accompanying summary of accounting policies and notes to financial statements.

FUTURE FOUNDATION, INC.
Statement of Activities
For the Year Ended December 31, 2011

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total Net Assets
PUBLIC SUPPORT AND REVENUE:			
Grants and contracts	\$ 950,695	\$ -	\$ 950,695
Contributions	55,196	-	55,196
Program revenue	3,512	-	3,512
Donated services and facilities	219,409	-	219,409
Other	6,897	-	6,897
	<u>1,235,709</u>	<u>-</u>	<u>1,235,709</u>
Total Public Support and Revenue before Transfers	1,235,709	-	1,235,709
Net Assets Released from Restrictions due to Satisfaction of Donor-imposed Requirements	<u>-</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>1,235,709</u>	<u>-</u>	<u>1,235,709</u>
EXPENSES:			
Program	1,201,424	-	1,201,424
Management and general	90,469	-	90,469
Fundraising	34,437	-	34,437
	<u>1,326,330</u>	<u>-</u>	<u>1,326,330</u>
Total Expenses	1,326,330	-	1,326,330
CHANGES IN NET ASSETS	(90,621)	-	(90,621)
NET ASSETS:			
Beginning of year	<u>371,641</u>	<u>-</u>	<u>371,641</u>
End of year	<u>\$ 281,020</u>	<u>\$ -</u>	<u>\$ 281,020</u>

See accompanying summary of accounting policies and notes to financial statements.

FUTURE FOUNDATION, INC.
Statement of Activities
For the Year Ended December 31, 2010

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Total Net Assets</u>
PUBLIC SUPPORT AND REVENUE:			
Grants and contracts	\$ 1,487,472	\$ -	\$ 1,487,472
Contributions	63,673	-	63,673
Donated services and facilities	199,228	-	199,228
Other	1,142	-	1,142
	<hr/>	<hr/>	<hr/>
Total Public Support and Revenue before Transfers	1,751,516	-	1,751,516
Net Assets Released from Restrictions due to Satisfaction of Donor-imposed Requirements	<hr/> -	<hr/> -	<hr/> -
Total Public Support and Revenue	<hr/> 1,751,516	<hr/> -	<hr/> 1,751,516
EXPENSES:			
Program	1,596,502	-	1,596,502
Management and general	138,207	-	138,207
Fundraising	69,993	-	69,993
	<hr/>	<hr/>	<hr/>
Total Expenses	1,804,702	-	1,804,702
CHANGES IN NET ASSETS	(53,186)	-	(53,186)
NET ASSETS:			
Beginning of year	<hr/> 424,827	<hr/> -	<hr/> 424,827
End of year	<hr/> <u>\$ 371,641</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 371,641</u>

See accompanying summary of accounting policies and notes to financial statements.

FUTURE FOUNDATION, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2011

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related expenses	\$ 546,594	\$ 18,999	\$ 191	\$ 565,784
Occupancy	277,808	6,418	2,801	287,027
Professional fees	186,116	44,082	8,143	238,341
Advertising/marketing	-	3,925	18,599	22,524
Contract labor	2,962	700	-	3,662
Vehicle	39,287	328	756	40,371
Supplies	64,916	2,506	-	67,422
Office	12,393	1,510	569	14,472
Insurance	7,736	475	379	8,590
Communications	5,141	971	74	6,186
Travel	28,474	954	-	29,428
Other	14,967	8,766	2,090	25,823
Depreciation	15,030	835	835	16,700
Total Expenses	<u>\$ 1,201,424</u>	<u>\$ 90,469</u>	<u>\$ 34,437</u>	<u>\$ 1,326,330</u>

See accompanying summary of accounting policies and notes to financial statements.

FUTURE FOUNDATION, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2010

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related expenses	\$ 704,773	\$ 24,266	\$ 5,755	\$ 734,794
Occupancy	274,496	4,800	4,337	283,633
Professional fees	295,563	75,361	13,110	384,034
Advertising/marketing	-	390	44,396	44,786
Contract labor	27,367	90	-	27,457
Vehicle	49,263	74	-	49,337
Supplies	139,812	393	-	140,205
Office	245	18,921	-	19,166
Insurance	8,569	352	317	9,238
Communications	8,680	417	80	9,177
Travel	31,142	175	-	31,317
Other	37,792	10,286	954	49,032
Depreciation	18,800	1,045	1,044	20,889
Uncollectible receivables	-	1,637	-	1,637
Total Expenses	<u>\$ 1,596,502</u>	<u>\$ 138,207</u>	<u>\$ 69,993</u>	<u>\$ 1,804,702</u>

See accompanying summary of accounting policies and notes to financial statements.

FUTURE FOUNDATION, INC.
Statements of Cash Flows

	For the Year Ended December 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (90,621)	\$ (53,186)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	16,700	20,889
(Increase) decrease in receivables	(28,118)	219,482
(Increase) decrease in prepaid expenses	8,565	(31)
Increase (decrease) in accounts payable and accruals	12,200	8,232
Net Cash Provided by (Used in) Operating Activities	(81,274)	195,386
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases	(12,210)	(4,047)
Net Cash Provided by (Used in) Investing Activities	(12,210)	(4,047)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	-	-
Net Cash Provided by (Used in) Financing Activities	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(93,484)	191,339
CASH AND CASH EQUIVALENTS:		
Beginning of year	291,234	99,895
End of year	\$ 197,750	\$ 291,234
SUPPLEMENTAL INFORMATION:		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

See accompanying summary of accounting policies and notes to financial statements.

FUTURE FOUNDATION, INC.

SUMMARY OF ACCOUNTING POLICIES

ORGANIZATION

Future Foundation, Inc. (the "Organization") is a nonprofit organization located in East Point, Georgia that was established in 2001. The Organization is a youth development organization that provides comprehensive after school solutions, meeting pressing metro Atlanta community needs. The Organization exists because of visionary and founder, Shareef Abdur-Rahim. A Sacramento Kings Forward, Cal basketball star and Trumpet Award recipient, Abdur-Rahim envisioned an organization dedicated to supporting the youth and neighborhood, in which he grew up. The Organization, as a voluntary health and welfare organization, continues to develop programs in response to the needs of the community and is supported primarily by government grants and contributions from individuals.

Abstinence 'Til Marriage (ATM) - This motivational program delivers the message that abstinence is the surest way to avoid out-of-wedlock pregnancy, sexually transmitted diseases, and harmful lifestyle choices.

Connections Program -These educational programs teach teens important benefits of marriage and help them to develop short-term and long-term healthy relationship skills.

Fitness Unlocking Nutrition (F.U.N.) - This program will serve its participants, many of whom have never been educated about nutrition and fitness, by exposing them to such non-traditional activities as wall climbing, horseback riding, and yoga.

Reef House Learning Center - Reef House After-School Program offers low performing and at-risk children the opportunity to improve their academic performance by participating in a uniquely developed active learning experience.

Reef Teen Center - Exposing teens to academic enrichment, life skills training, cultural events, career coaching and job skills is the goal of the Reef Teen Center.

Supplemental Educational Services (SES) - Authorized by the No Child Left Behind Act of 2001, SES allows low-income students attending Title I schools to receive extra academic assistance.

Transforming Youth Through Education (TYTE) - The Organization is teaming up with local community groups to address gang activity, youth violence, and child abuse and neglect in South Fulton through this program, which embodies its vision for developing youth.

FUTURE FOUNDATION, INC.

SUMMARY OF ACCOUNTING POLICIES

(CONTINUED)

ORGANIZATION (Concluded)

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Organization's net assets, revenue, support and expenses are classified based on the existence or absence of donor-imposed restrictions into three classes: permanently restricted, temporarily restricted and unrestricted net assets.

PUBLIC SUPPORT AND REVENUE RECOGNITION

Support is recognized in the year received at its fair market value. Contributions with donor-imposed restrictions are reported as restricted-support. The satisfaction or expiration of donor-imposed restrictions is recorded as a transfer from restricted to unrestricted net assets in the year the satisfaction or expiration occur.

Unconditional promises to give are presented at their fair market value. Promises to give expected to be received more than one year in the future are discounted to their present value using a risk-free interest rate corresponding to the due date of the pledge.

Management believes all promises to give are fully collectible and no allowance for uncollectible pledges is deemed necessary at December 31, 2011 and 2010.

For exchange transactions, the Organization recognizes grant and contract revenue when earned.

GRANTS RECEIVABLE

Grants receivable represent amounts due from granting agencies for expenditures of Federal and State awards, which have not yet been paid. Management reviews amounts past due and provides an allowance for those amounts deemed uncollectible. At December 31, 2011 and 2010, management considers all amounts to be collectible.

EXPENSE RECOGNITION

All expenses are recognized in the statement of activities as decreases in unrestricted net assets.

FUTURE FOUNDATION, INC.
SUMMARY OF ACCOUNTING POLICIES
(CONTINUED)

STATEMENT OF CASH FLOWS

Cash and cash equivalents include all monies in banks and highly liquid investments with a maturity of three months or less.

INCOME TAXES

The Organization is exempt from income taxes under section 501(c) (3) of the Internal Revenue Code. Accordingly, no income taxes are reflected in the accompanying financial statements. In addition, the Organization has been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position. As of December 31, 2011 and December 31, 2010, there are no known items which would result in a material accrual related to where the Organization has federal or state attributable tax positions.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, or if donated, at estimated fair value at the date of donation. Any donations of property and equipment are also recorded as support in the statement of activities at their estimated fair value. Depreciation is computed over the estimated useful lives (5-7 years) of the assets using the straight-line method.

Property and equipment acquired by the Organization is considered owned by the Organization. However, the State of Georgia funding sources may maintain equitable interest in the assets purchased with contract monies as well as the right to determine the use of any proceeds for the sale of these assets.

Acquisitions of property and equipment or repairs, maintenance, or betterments that materially prolong the useful lives of assets are capitalized.

USE OF ESTIMATES

The preparation of financial statements in accordance with GAAP requires reliance on accounting information based on estimates which may or may not come true in the near term. Significant estimates include the functional allocation of expenses.

FUTURE FOUNDATION, INC.

SUMMARY OF ACCOUNTING POLICIES

(CONTINUED)

FUNCTIONAL ALLOCATION OF EXPENSES

The Organization allocates its expenses on a functional basis among their various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Indirect expenses have been allocated based on salary expenditures.

FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization's financial instruments consist of cash, receivables, promises to give, accounts payable and accrued expenses. The recorded values of these instruments approximate their fair value based on their short term nature.

CONCENTRATIONS

The Organization maintains bank accounts in financial institutions that at times may exceed federally insured limits.

The Organization received donated facilities in 2011 and 2010 from one donor representing 14% and 9% of total public support and revenue.

The Organization receives a substantial amount of its support from government funding. In 2011 and 2010, the Organization received grants and contracts from the State of Georgia and federal agencies that represented 74% and 80% of total public support and revenue, respectively. If there were a significant reduction in the level of this support, it may have an effect on the Organization's programs and activities.

DONATED MATERIALS AND SERVICES

Donated services and facilities consisted of the following for the years ending:

	<u>2011</u>	2010
Facilities	\$ 201,906	\$ 196,839
Services *	7,503	-
Equipment	<u>10,000</u>	<u>2,389</u>
	<u>\$ 219,409</u>	<u>\$ 199,228</u>

*Donated by a company owned by the Organization's founder.

FUTURE FOUNDATION, INC.
SUMMARY OF ACCOUNTING POLICIES
(CONCLUDED)

DONATED MATERIALS AND SERVICES (Concluded)

In addition, many Individuals volunteer time and perform a variety of tasks that assist the Organization with various administrative and program tasks. The value of these services has not been reflected in the financial statements since they do not meet the criteria for recognition.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, which is the date the financial statements were available to be issued.

FUTURE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows for the years ended December 31:

	<u>2011</u>	<u>2010</u>
Vehicles	\$ 39,194	\$ 39,194
Furniture and equipment	<u>157,931</u>	<u>145,761</u>
	197,125	184,955
Less: accumulate depreciation	<u>(169,312)</u>	<u>(152,652)</u>
	<u>\$ 27,813</u>	<u>\$ 32,303</u>

NOTE 2 – CONTINGENCY

Contracts and contributions often require the fulfillment of certain conditions as set forth in the terms of the related instrument. Failure to fulfill the conditions could result in the return of the funds to the grantor. Management represents that the Organization has complied with any such conditions. Although the return of funds is a possibility, management deems the contingency unlikely.

NOTE 3 – COMMITMENTS

The Organization leases office space under an operating lease from the founder that extends through 2015. For the lease agreement, rent expense for the years ended December 31, 2011 and 2010 was \$48,000.

Future minimum lease payments under the lease are as follows:

<u>Year Ending December 31,</u>	
2012	\$ 48,000
2013	48,000
2014	48,000
2015	<u>36,000</u>
Total	<u>\$ 180,000</u>

FUTURE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

(CONCLUDED)

NOTE 3 – COMMITMENTS (Concluded)

The Organization leases a bus under an operating lease agreement. The lease agreement is cancellable with no required payment if cancelled after June 2010. The cancellation terms also include certain excess mileage charges and required condition of vehicle. In 2011 and 2010, total rental expense under this lease agreement was approximately \$15,000. If the Organization does not elect to cancel the agreement, the future minimum lease payments under the agreement are as follows:

<u>Year Ending December 31,</u>	
2012	\$ 15,484
2013	<u>6,452</u>
Total	<u>\$ 21,936</u>

FUTURE FOUNDATION, INC.

**Schedule of State of Georgia Contracts
For the Year Ended December 31, 2011**

<u>State Agency</u>	<u>Contract #/ Contract Period</u>	<u>Amount Expended</u>
Georgia Department of Human Resources	427-93-11081231-03	\$ 73,346
Georgia Department of Education	7/1/11 – 9/30/12	97,007
Governor's Office for Children and Families	AE10-11-007	90,242
Governor's Office for Children and Families	AE11-12-007	<u>20,642</u>
		<u>\$ 281,237</u>

Note: This schedule is prepared using the accrual basis of accounting.

FUTURE FOUNDATION, INC.

Schedule of Federal Expenditures For the Year Ended December 31, 2011

<u>Federal Agency/ Pass-Thru State Agency MAJOR PROGRAM</u>	<u>CFDA #</u>	<u>Amount Expended</u>
U.S. Department of Health and Human Services	93.086	\$ 387,363
<u>NON-MAJOR PROGRAMS</u>		
U.S. Department of Education	84.215F	227,463
U.S. Department of Health and Human Services	93.009	16,535
U.S. Department of Health and Human Services/ GA DHR	93.558	73,346
U.S. Department of Health and Human Services/ Governor's Office for Children and Families	93.325	110,884
U.S. Department of Education/GA DOE	84.287	<u>97,007</u>
		<u>\$ 912,598.</u>

Basis of Presentation

The above amounts reflect federal "pass-thru" amounts. This schedule is prepared using 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. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization. Expenditures on the Schedule are reported on the accrual basis of accounting.

**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 of
Future Foundation, Inc.
East Point, Georgia

We have audited the financial statements of Future Foundation, Inc. (the "Organization") as of and for the year ended December 31, 2011 and have issued our report thereon dated June 27, 2012. 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 Organization's 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 Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as 11-01, that we consider to be a significant deficiency in internal control over financial reporting. 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.

**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***

(CONCLUDED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's 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*.

We noted certain matters that we reported to management of the Organization in a separate letter dated June 27, 2012.

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the board of directors, management and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Blad + Harvin, LLC

Dunwoody, Georgia
June 27, 2012

**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 of
Future Foundation, Inc.
East Point, Georgia

Compliance

We have audited the compliance of Future Foundation, Inc. (the "Organization") 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, 2011. The Organization's 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 Organization's management. Our responsibility is to express an opinion on the Organization's 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 Organization's 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 of the Organization's compliance with those requirements.

In our opinion, the Organization 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, 2011.

Internal Control Over Compliance

Management of the Organization 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 Organization's 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 internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing

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

an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Blad & Garvin, LLC

Dunwoody, Georgia
June 27, 2012

FUTURE FOUNDATION, INC.

Schedule of Findings Year Ended December 31, 2011

A. SUMMARY OF AUDIT FINDINGS

1. The auditor's report expresses an unqualified opinion on the financial statements of Future Foundation, Inc.
2. During the audit of the financial statements, we noted finding 11-01 as a significant deficiency in internal control. This deficiency is not considered to be a material weakness.
3. No instances of noncompliance material to the financial statements of Future Foundation, Inc. which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award program for Future Foundation, Inc. expresses an unqualified opinion on the major federal program.
6. Audit findings that are required to be reported in accordance with Section 510(a) of the OMB Circular A-133 are reported in this Schedule.
7. The U.S. Department of Health and Human Services – (CFDA #93-086) was tested as a major program.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Future Foundation, Inc. qualified as a low-risk auditee.

FUTURE FOUNDATION, INC.

Schedule of Findings Year Ended December 31, 2011 (Continued)

B. FINDING – FINANCIAL STATEMENTS AUDIT

11-01

Finding

Internal control systems are typically more effective when the number of employees is sufficient to create a proper separation of duties. Due to the limited number of employees, there is not a proper separation of duties to create an effective system of internal control. This condition is common to most small organizations; however, as a result, transactions might not be processed in conformity with the policies and procedures of the Organization due to error or fraud and, if material, the financial statements might not conform to generally accepted accounting principles and/or lack of compliance with applicable laws and regulations could occur.

Recommendation

We recommend the Organization's executive director and board of directors remain involved in the activities of the Organization.

Organization's Response

The Organization concurs with the finding and will implement our recommendation.

C. FINDING – MAJOR FEDERAL AWARD PROGRAM AUDIT

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CFDA #93.086)

NONE

FUTURE FOUNDATION, INC.

Corrective Action Plan Year Ended December 31, 2011

FINDING – FINANCIAL STATEMENTS AUDIT

11-01

Recommendation: Finding 11-01 states that the Organization has a natural limitation to the extent to which duties can be segregated.

Action Taken: We concur with the recommendation and will continue to maintain the appropriate involvement of the Organization's executive director and board of directors in the activities of the Organization.