

**FUTURE FOUNDATION, INC.**  
**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

# **FUTURE FOUNDATION, INC.**

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**Blad&Garvin,LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

1832 Independence Square, Suite A  
Dunwoody, Georgia 30338  
Phone 770-512-7600 Fax 770-512-0507

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of Future Foundation, Inc. which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Future Foundation, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state of Georgia Contracts, as required by the state of Georgia, is presented for purposes of additional analysis and also not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is also 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 information 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 July 24, 2014, on our consideration of Future Foundation, Inc.'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 to describe the scope of our testing of internal control over financial reporting or on compliance and the results of that testing, and not to provide an opinion on 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 Future Foundation, Inc.'s internal control over financial reporting and compliance.

*Blad + Jarwin, LLC*

Dunwoody, Georgia  
July 24, 2014

**FUTURE FOUNDATION, INC.**  
**Statements of Financial Position**

	As of December 31,	
	2013	2012
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 199,896	\$ 120,763
Grants receivable	90,368	181,367
Promises to give	3,442	1,800
Other receivables	477	128
Prepaid expenses	15,587	16,751
	309,770	320,809
<b>Total Current Assets</b>	309,770	320,809
<b>PROPERTY AND EQUIPMENT (Note 1)</b>	49,110	64,058
<b>TOTAL ASSETS</b>	\$ 358,880	\$ 384,867
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 56,846	\$ 76,970
Note payable (Note 2)	60,000	60,000
	116,846	136,970
<b>Total Liabilities</b>	116,846	136,970
<b>COMMITMENTS (Note 5)</b>		
<b>NET ASSETS:</b>		
Unrestricted	231,517	247,897
Temporarily restricted (Note 3)	10,517	-
	242,034	247,897
<b>Total Net Assets</b>	242,034	247,897
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 358,880	\$ 384,867

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

**FUTURE FOUNDATION, INC.**  
**Statement of Activities**  
**For the Year Ended December 31, 2013**

	<b>Unrestricted Net Assets</b>	<b>Temporarily Restricted Net Assets</b>	<b>Total Net Assets</b>
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Grants and contracts	\$ 1,838,341	\$ -	\$ 1,838,341
Contributions	134,437	40,000	174,437
Program income	1,479	-	1,479
Donated services and facilities	193,380	-	193,380
Other	6,472	-	6,472
<b>Total Public Support and Revenue before Transfers</b>	2,174,109	40,000	2,214,109
<b>Net Assets Released from Restrictions due to Satisfaction of Donor-imposed Requirements</b>	29,483	(29,483)	-
<b>Total Public Support and Revenue</b>	2,203,592	10,517	2,214,109
<b>EXPENSES:</b>			
Program	2,005,151	-	2,005,151
Management and general	187,957	-	187,957
Fundraising	26,864	-	26,864
<b>Total Expenses</b>	2,219,972	-	2,219,972
<b>CHANGES IN NET ASSETS</b>	(16,380)	10,517	(5,863)
<b>NET ASSETS:</b>			
<b>Beginning of year</b>	247,897	-	247,897
<b>End of year</b>	\$ 231,517	\$ 10,517	\$ 242,034

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

**FUTURE FOUNDATION, INC.**  
**Statement of Activities**  
**For the Year Ended December 31, 2012**

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Total Net Assets</u>
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Grants and contracts	\$ 2,250,474	\$ -	\$ 2,250,474
Contributions	55,316	-	55,316
Donated services and facilities	234,566	-	234,566
Other	10,933	-	10,933
	<hr/>	<hr/>	<hr/>
<b>Total Public Support and Revenue before Transfers</b>	2,551,289	-	2,551,289
<b>Net Assets Released from Restrictions due to Satisfaction of Donor-imposed Requirements</b>	<hr/> -	<hr/> -	<hr/> -
<b>Total Public Support and Revenue</b>	<hr/> 2,551,289	<hr/> -	<hr/> 2,551,289
<b>EXPENSES:</b>			
Program	2,395,337	-	2,395,337
Management and general	150,945	-	150,945
Fundraising	38,130	-	38,130
	<hr/>	<hr/>	<hr/>
<b>Total Expenses</b>	2,584,412	-	2,584,412
<b>CHANGES IN NET ASSETS</b>	(33,123)	-	(33,123)
<b>NET ASSETS:</b>			
<b>Beginning of year</b>	<hr/> 281,020	<hr/> -	<hr/> 281,020
<b>End of year</b>	<hr/> \$ 247,897	<hr/> \$ -	<hr/> \$ 247,897

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

**FUTURE FOUNDATION, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2013**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related expenses	\$ 1,028,330	\$ 52,821	\$ -	\$ 1,081,151
Occupancy	257,906	13,645	52	271,603
Outside services	446,711	81,326	2,000	530,037
Advertising/marketing	1,261	13,577	13,244	28,082
Direct client assistance	160,582	1,863	-	162,445
Office	29,124	6,357	-	35,481
Communications	7,634	2,073	164	9,871
Insurance	17,676	3,208	7	20,891
Postage and printing	1,432	1,720	-	3,152
Depreciation	16,884	938	938	18,760
Other	2,925	7,046	10,284	20,255
Travel	34,686	3,383	175	38,244
	<u>\$ 2,005,151</u>	<u>\$ 187,957</u>	<u>\$ 26,864</u>	<u>\$ 2,219,972</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, 2012**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related expenses	\$ 1,122,959	\$ 11,610	\$ 32	\$ 1,134,601
Occupancy	270,031	8,272	386	278,689
Outside services	650,213	104,419	28,754	783,386
Advertising/marketing	2,944	7,991	6,522	17,457
Direct client assistance	219,154	-	-	219,154
Office	36,424	2,519	856	39,799
Communications	4,833	1,208	52	6,093
Insurance	16,602	1,761	66	18,429
Postage and printing	5,669	1,323	-	6,992
Depreciation	16,641	925	925	18,491
Other	1,914	6,436	537	8,887
Travel	47,953	4,481	-	52,434
	<u>\$ 2,395,337</u>	<u>\$ 150,945</u>	<u>\$ 38,130</u>	<u>\$ 2,584,412</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,	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ (5,863)	\$ (33,123)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	18,760	18,489
(Increase) decrease in receivables	89,008	(116,561)
(Increase) decrease in prepaid expenses	1,164	(3,416)
Increase (decrease) in accounts payable and accruals	(20,124)	52,358
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>82,945</b>	<b>(82,253)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property and equipment purchases	(3,812)	(54,734)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(3,812)</b>	<b>(54,734)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of note payable	-	60,000
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>-</b>	<b>60,000</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	79,133	(76,987)
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	120,763	197,750
End of year	<b>\$ 199,896</b>	<b>\$ 120,763</b>
<b>SUPPLEMENTAL INFORMATION:</b>		
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.

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, 2013 and 2012.

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, 2013 and 2012, management considers all amounts to be collectible.

# **FUTURE FOUNDATION, INC.**

## **SUMMARY OF ACCOUNTING POLICIES**

### **EXPENSE RECOGNITION**

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

### **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, 2013 and 2012, 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

### 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 2013 and 2012 from one donor representing 7% and 6%, respectively, of total public support and revenue.

The Organization receives a substantial amount of its support from government funding. In 2013 and 2012, the Organization received combined grants and contracts from the State of Georgia and federal agencies that represented 82% and 88% 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 December 31:

	<u>2013</u>	<u>2012</u>
Facilities	\$ 187,927	\$ 189,972
Services	<u>5,453</u>	<u>44,594</u>
	<u>\$ 193,380</u>	<u>\$ 234,566</u>

Donated services are mostly comprised of teaching and information technology services.

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.

**FUTURE FOUNDATION, INC.  
SUMMARY OF ACCOUNTING POLICIES**

**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>2013</u>	<u>2012</u>
Vehicles	\$ 39,194	\$ 39,194
Furniture and equipment	<u>216,477</u>	<u>212,665</u>
	255,671	251,859
Less: accumulate depreciation	<u>(206,561)</u>	<u>(187,801)</u>
	<u>\$ 49,110</u>	<u>\$ 64,058</u>

### NOTE 2 – NOTE PAYABLE

During 2012, the Organization entered into a note payable agreement with one of its board members and its founder in the amount of \$60,000. The note bears interest at 3% and is payable on demand, but is due no later than February 1, 2015. The balance outstanding as of the report date is \$60,000.

### NOTE 3 – RESTRICTED NETS ASSETS

As of December 31, 2013, temporarily restricted net assets represent unexpended contributions in cash which were designated by the donors for the following:

Brain balance program	\$ 7,317
After school program	<u>3,200</u>
	<u>\$ 10,517</u>

### NOTE 4 – 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 5 – COMMITMENTS

The Organization leases office space under an operating lease from its founder that extends through 2015. For the lease agreement, annual rent expense for the years ended December 31, 2013 and 2012 was \$48,000.

# FUTURE FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5 – COMMITMENTS (Concluded)

Future minimum lease payments under the lease are as follows:

<u>Year Ending December 31,</u>	
2014	\$ 48,000
2015	<u>36,000</u>
Total	<u>\$ 84,000</u>

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 2013 and 2012, total annual 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>	
2014	<u>\$ 6,452</u>

# FUTURE FOUNDATION, INC.

## Schedule of State of Georgia Contracts For the Year Ended December 31, 2013

<u>State Agency</u>	<u>Contract #/ Contract Period</u>	<u>Amount Expended</u>
Georgia Department of Education	7/1/12 – 9/30/13	\$ 201,091
Georgia Department of Education	7/1/13 – 9/30/14	121,361
Georgia Department of Human Services	42700-040-0000013807	69,984
Georgia Department of Human Services	42700-040-0000022492	30,725
Governor's Office for Children and Families	AE12-13-007	63,463
Governor's Office for Children and Families	AE13-14-007	<u>21,804</u>
		<u>\$ 508,428</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, 2013

<u>Federal Agency/ Pass-Thru Agency MAJOR PROGRAM</u>	<u>CFDA #</u>	<u>Amount Expended</u>
U.S. Department of Health and Human Services	93.086	\$ 657,926
U.S. Department of Education/GA DOE	84.287	322,452
U.S. Department of Labor/MANY	17.261	626,957
<u>NON-MAJOR PROGRAMS</u>		
U.S. Department of Health and Human Services/ GA DHS	93.558	100,709
U.S. Department of Health and Human Services/ Governor's Office for Children and Families	93.235	<u>79,816</u>
		<u>\$ 1,787,860</u>

### Basis of Presentation

The above amounts reflect federal "pass-thru" amounts, if applicable. 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, 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 Future Foundation, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2013 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 July 24, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting to determine the 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 13-01, that we consider to be a significant deficiency.

**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*.

**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**

**Organization's Response to Findings**

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.

*Blad + Jarvin, LLC*

Dunwoody, Georgia  
July 24, 2014

**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

**Report on Compliance for Each Major Federal Program**

We have audited Future Foundation, Inc.'s, (the "Organization"), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2013. The Organization's major federal programs are identified in the summary of auditor's results of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

**Opinion on Each Major Program**

In our opinion, the Organization 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, 2013.

**Other Matters**

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

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

**Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing 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. *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, 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Blad + Jarvin, LLC*

Dunwoody, Georgia  
July 24, 2014

# FUTURE FOUNDATION, INC.

## Schedule of Findings Year Ended December 31, 2013

### A. SUMMARY OF AUDIT FINDINGS

1. The auditor's report expresses an unqualified opinion on the financial statements of Future Foundation, Inc.
2. One significant deficiency disclosed during the audit of the financial statements is reported in the 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*. No material weaknesses are reported.
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), U.S. Department of Education (CFDA #84.287) and U.S. Department of Labor (CFDA #17.261) were tested as major programs.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Future Foundation, Inc. did not qualify as a low-risk auditee.

# FUTURE FOUNDATION, INC.

## Schedule of Findings Year Ended December 31, 2013

### B. FINDING – FINANCIAL STATEMENTS AUDIT

13-01

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)

U.S. DEPARTMENT OF EDUCATION (CFDA #84.287)

U.S. DEPARTMENT OF LABOR (CFDA #17.261)

NONE

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# **FUTURE FOUNDATION, INC.**

## **Corrective Action Plan Year Ended December 31, 2013**

### **FINDING – FINANCIAL STATEMENTS AUDIT**

#### 13-01

Recommendation: Finding 13-01 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 have implemented many new controls to help minimize the risk that is associated with the segregation of duties limitation. We will continue to maintain the appropriate involvement of the Organization's executive director and board of directors in the activities of the Organization.

Contact: Qaadirah Abdur-Rahim