
**GEORGIA MOUNTAIN WOMEN'S CENTER
AKA Circle of Hope
Cornelia, Georgia**

**Audited Financial Statements
For the Year Ended
December 31, 2013**

GEORGIA MOUNTAIN WOMEN'S CENTER, INC.

December 31, 2013

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Independent Auditors' Report

Board of Directors
Georgia Mountain Women's Center, Inc.

We have audited the accompanying financial statements of Georgia Mountain Women's Center, Inc. , 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.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Georgia Mountain Women's Center, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Mixon & Associates, CPAs, PC

Mixon & Associates, CPAs, PC
Clarkesville, Georgia
May 15, 2014

GEORGIA MOUNTAIN WOMEN'S CENTER, INC.
STATEMENT OF FINANCIAL POSITON
DECEMBER 31, 2013

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 37,213
Receivables:	
Grants - Unrestricted (Note B)	52,714
Grants - Temporarily Restricted (Note B)	66,694
Inventory (Note C)	25,529
Prepaid Expenses	<u>6,151</u>

TOTAL CURRENT ASSETS 188,301

PROPERTY AND EQUIPMENT

Property, Plant and Equipment, net of Accumulated Depreciation of \$ 328,857(Note D)	<u>1,412,492</u>
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TOTAL PROPERTY AND EQUIPMENT 1,412,492

NONCURRENT ASSETS

Investments (Note I)	77,698
Security Deposit	<u>650</u>

TOTAL NONCURRENT ASSETS 78,348

TOTAL ASSETS \$ 1,679,141

GEORGIA MOUNTAIN WOMEN'S CENTER, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 17,162
Accrued Expenses (Note E)	17,447
Long-Term Note Payable - Current Portion (Note F)	<u>3,966</u>

TOTAL CURRENT LIABILITIES

38,575

NONCURRENT LIABILITIES

Long-Term Note Payable (Note F)	65,626
Other Non-Current Liabilities	<u>-</u>

TOTAL NONCURRENT LIABILITIES

65,626

TOTAL LIABILITIES

104,201

NET ASSETS

Unrestricted	1,508,246
Unrestricted-Board Designated	-
Temporarily Restricted (Note G)	66,694
Permanently Restricted	<u>-</u>

TOTAL NET ASSETS

1,574,940

TOTAL LIABILITIES NET ASSETS

\$ 1,679,141

GEORGIA MOUNTAIN WOMEN'S CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Public Support:			
Pledges and Contributions	\$ 122,929	\$ -	\$ 122,929
Fundraising	8,743	-	8,743
Federal Grants	35,571	427,538	463,109
Indirect Support (Note H)	80,245	-	80,245
Sales: Thrift Stores	158,929	-	158,929
State Grants	230,094	27,228	257,322
Total Public Support	636,511	454,766	1,091,277
Investment Income:			
Interest	36	-	36
Net Realized and Unrealized Investment Gains(Losses) (Note I)	5,698	-	5,698
Total Investment Income	5,734	-	5,734
Other Revenue:			
In-kind Contributions (Note J)	50,049	-	50,049
Client Contributions (Note K)	15,340	-	15,340
Other Income	19,191	-	19,191
Total Other Revenue	84,580	-	84,580
Total Revenue, Gains and Other Support	726,825	454,766	1,181,591
NET ASSET RESTRICTION TRANSFERS			
Revenue Released From Restriction	438,808	(438,808)	-
TOTAL REVENUES	1,165,633	15,958	1,181,591
EXPENSES			
Program Services:			
Domestic Violence Support	1,001,871	-	1,001,871
Thrift Store	126,242	-	126,242
Total Program Services	1,128,113	-	1,128,113
Supporting Services			
Management and general	35,515	-	35,515
Fundraising	-	-	-
Total Supporting Services	35,515	-	35,515
Total Program and Supporting Services Expense	1,163,628	-	1,163,628
CHANGE IN NET ASSETS	2,005	15,958	17,963
NET ASSETS, Beginning of Year	1,506,241	50,736	1,556,977
NET ASSETS, End of Year	\$ 1,508,246	\$ 66,694	\$ 1,574,940

See Auditors' report and accompanying notes.

GEORGIA MOUNTAIN WOMEN'S CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total</u>
	<u>Domestic Violence Support</u>	<u>Thrift Stores</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Compensation Expense							
Salaries	\$ 410,437	\$ 46,613	\$ 457,050	\$ 16,226	\$ -	\$ 16,226	\$ 473,276
Payroll Taxes	35,174	4,105	39,279	1,307	-	1,307	40,586
Employee Benefits	49,278	2,695	51,973	1,106	-	1,106	53,079
Total Compensation	494,889	53,413	548,302	18,639	-	18,639	566,941
Other Expenses							
Advertising	1,153	-	1,153	-	-	-	1,153
Bank Charges	-	2,007	2,007	80	-	80	2,087
Client Needs	43,982	-	43,982	-	-	-	43,982
Contract Services	32,916	-	32,916	-	-	-	32,916
Costs of Donated Assets Sold	-	26,411	26,411	-	-	-	26,411
Depreciation	60,018	476	60,494	-	-	-	60,494
Dues and Subscriptions	1,780	-	1,780	756	-	756	2,536
Equipment Rental and Maintenance	2,780	-	2,780	-	-	-	2,780
Insurance	22,199	1,885	24,084	1,881	-	1,881	25,965
Interest expense	2,616	-	2,616	-	-	-	2,616
Licenses, Fees & Permits	37	-	37	-	-	-	37
Loss on Equipment	1,328	-	1,328	-	-	-	1,328
Miscellaneous Expenses	487	282	769	744	-	744	1,513
Postage	-	-	-	955	-	955	955
Printing and Publications	1,366	199	1,565	-	-	-	1,565
Professional Development	-	-	-	748	-	748	748
Professional Fees	-	-	-	8,788	-	8,788	8,788
Rent	11,040	19,800	30,840	1,125	-	1,125	31,965
Repairs and Maintenance	-	88	88	-	-	-	88
Shelter Operating Expenses	43,395	-	43,395	-	-	-	43,395
Supplies	25,556	1,452	27,008	1,371	-	1,371	28,379
Supportive Housing Program	155,020	-	155,020	-	-	-	155,020
Telephone	13,819	1,425	15,244	-	-	-	15,244
Transitional Housing Program	71,915	-	71,915	-	-	-	71,915
Travel	14,294	791	15,085	-	-	-	15,085
Utilities	1,281	18,013	19,294	428	-	428	19,722
Total Other Expenses	506,982	72,829	579,811	16,876	-	16,876	596,687
TOTAL	\$ 1,001,871	\$ 126,242	\$ 1,128,113	\$ 35,515	\$ -	\$ 35,515	\$ 1,163,628

See Auditors' report and accompanying notes.

GEORGIA MOUNTAIN WOMEN'S CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 17,963
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation Expense	60,494
Loss on Disposal of Equipment	1,328
Net Realized and Unrealized Investment Gains and Losses	(5,698)
(Increase) Decrease in Assets:	
Pledges Receivable	-
Inventory	882
Prepaid Expenses and Other Current Assets	7,009
Grants and Contracts Receivable, net	(14,909)
Other assets	-
Increase (Decrease) in Liabilities:	
Accounts Payable	(1,950)
Accrued Expenses	784
Other Liabilities	-

CASH PROVIDED BY OPERATING ACTIVITIES

65,903

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Paid for Investments - Raymond James	(72,000)
Cash Paid for Purchases of Fixed Assets:	
Shelter Improvement	(9,517)
Website Design	(795)

CASH USED FOR INVESTING ACTIVITIES

(82,312)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal Payments on Long Term Debt	(3,824)
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CASH USED FOR FINANCING ACTIVITIES

(3,824)

NET DECREASE IN CASH

(20,233)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

57,446

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 37,213

CASH PAID DURING THE YEAR FOR:

INTEREST	\$ <u><u>2,616</u></u>
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See Auditors' report and accompanying notes.

GEORGIA MOUNTAIN WOMEN'S CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Georgia Mountain Women's Center (GMWC), aka Circle of Hope, is a not-for-profit organization exempt from income tax under Section 501 (c)(3) of the United States Internal Revenue Code that has been established to provide a safe, temporary care shelter for battered women and their children. GMWC's mission is "to support, empower and bring hope to those affected by domestic violence."

GMWC's mission is funded by federal and state grants, contributions received within the community, and by sales from its thrift store location.

Basis of Presentation

The financial statements of GMWC have been prepared on the accrual basis of accounting and conform to generally accepted accounting principles of the United States of America. Accordingly, the financial statements reflect all significant receivables, payables, and other liabilities.

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions as follows:

- *Unrestricted* – net assets that are not subject to donor imposed restrictions.
- *Temporarily Restricted* – net assets subject to restrictions from the donor or that will expire by the passage of time.
- *Permanently Restricted* – net assets subject to donor imposed restrictions that require the assets be permanently maintained by GMWC.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods are reported as temporarily restricted in those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Services

Many volunteers donate significant amounts of time to GMWC's program services; however, no amounts have been reflected in the financial statements for these services as no objective basis is available to measure the value of such services. Contributions of tangible assets are recognized at fair value when received.

Income Taxes

GMWC is exempt from federal and state income taxes under the Internal Revenue Code Section 501 (c)(3) and Georgia Revenue and Taxation Code. Therefore, no provision for income taxes has been included in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities. Certain expenses have been allocated among the programs and supporting services receiving benefit. These allocations are based on management's best estimate of the actual resources used in those areas.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash on deposit, certificates of deposit, money market accounts, and investment grade commercial paper that are readily convertible into cash and have original maturities three months or less.

Employee Benefits

GMWC currently offers a 401(K) retirement plan to all employees. Employees are eligible to make tax deferred contributions beginning on their first day of employment. However, GMWC will match the employee's contributions, after completion of one year of employment, up to 6% of the employee's annual salary. In 2013, plan expenses totaled \$6,616.

GMWC also offers its employees health and dental insurance through Blue Cross/Blue Shield. Employees have the option of participating in this plan or they may choose to receive pre-tax health benefit reimbursements of \$315 per month. In 2013, employee health benefits totaled \$45,340.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight line method over the estimated useful lives of 31.5 years for buildings and improvements, 7 years for furniture and fixtures, and 5 years for equipment. Contributions of tangible assets are recognized at fair market value when received. Maintenance and repairs are charged to expense as incurred. Major renewals and improvements are capitalized. When items of property and/or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and gain or loss is recognized.

Advertising Costs

GMWC expenses advertising costs as incurred. As of December 31, 2013, advertising expense totaled \$1,153.

NOTE B - UNRESTRICTED AND TEMPORARILY RESTRICTED GRANT RECEIVABLES

GMWC receives 66% of its public support from federal and state grants. Most all of GMWC's grants are reimbursable type contracts which means that grant revenue cannot be recognized until after the qualifying expenditure has been made. As of December 31, 2013, the following grants reimbursements were still pending:

Unrestricted

GOCF/TANF	\$ 52,714
Total Unrestricted Grant Receivables	<u>\$ 52,714</u>

Temporarily Restricted

DCA ESG HUD	\$ 5,069
DCA SHELTER PLUS CARE	1,148
HUD - SHELTER PLUS CARE	8,299
HUD - TRANSITIONAL HOUSING	10,533
VOCA	23,831
OVW	5,052
PSSF	8,335
VAWA	<u>4,427</u>
Total Temporarily Restricted Grant Receivables	<u>\$ 66,694</u>

An allowance of doubtful accounts has not been made as all grant reimbursements are expected to be received in their entirety.

NOTE C – INVENTORY

GMWC’s inventory for its thrift store consists mostly of non-cash contributions. Donations of clothing and household goods received from the community are sold through the Circle of Hope Thrift Store. Inventory is calculated at an estimated fair market value in the period received based on an average two month turnover of monthly sales. Inventory as of December 31, 2013 totaled \$25,529.

NOTE D – PROPERTY AND EQUIPMENT

The following is a summary of land, building improvements, buildings, furniture and fixtures, and equipment as of December 31, 2013:

Building Improvements	\$ 786,629
Buildings	560,000
Equipment	87,239
Furniture and Fixtures	48,698
Land	258,783
Less Accumulated Depreciation	<u>(328,857)</u>
Total	<u>\$ 1,412,492</u>

NOTE E – ACCRUED EXPENSES

Accrued sales tax, payroll liabilities and paid days off comprise the total of GMWC’s accrued expenses for 2013. Sales tax is accrued to reflect the amount that was payable in December of 2013. For paid days off (PDO), GMWC has a policy that allows each employee, within 30 days of their anniversary employment date, to either carry over or sell back up to 80 hours of unused PDOs per year. An accrual is made at the end of the year to account for the unused PDOs. Following is the total of accrued expenses for 2013:

Sales Tax Payable	\$ 774
Payroll Liabilities	7,443
Accrued PDOs	<u>9,230</u>
Total	<u>\$ 17,447</u>

NOTE F – NOTE PAYABLE

In October 2012, GMWC paid the loan in full with Stephens Federal Bank by borrowing funds from United Community Bank (UCB). The terms of the loan with UCB include an interest rate of 3.65% with monthly payments of \$536.70. The loan matures in September 2015 and uses the Eastanollee property in Stephens County as collateral. Total interest paid in 2013 is \$2,616.

Balance as of December 31, 2013	\$ 69,592
Less current portion	<u>(3,966)</u>
Total Long-Term Note Payable	<u>\$ 65,626</u>

Based on the current interest rate, the principal amount of the note payable over the next five years is as follows:

Current Portion	2014	<u>\$ 3,966</u>
Long-Term Portion	2015	<u>65,626</u>
Total Long-Term Portion		<u>65,626</u>
Total Note Payable		<u>\$ 69,592</u>

In addition to the note payable, GMWC also obtained a line of credit with United Community Bank with a credit limit of \$100,000. The interest rate on the line of credit is 3.25%. This loan will renew in October 2014. As of December 31, 2013, this loan had a zero balance.

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

GMWC's temporarily restricted net assets totaled \$66,694 as of December 31, 2013. This amount is also the total amount of the temporarily restricted grant receivables.

NOTE H – INDIRECT SUPPORT

GMWC's indirect support consists of contributions from local United Ways and 5% victim assistance fees collected from local funds in Habersham, Stephens, and White Counties. Following is the total of indirect support for 2013:

5% Fees Collected	
Habersham County	\$ 13,231
Stephens County	6,877
White County	<u>7,637</u>
Subtotal	<u>27,745</u>

United Way Funds	
Habersham County	35,000
Northeast Georgia	11,000
White County	<u>6,500</u>
Subtotal	<u>52,500</u>
Total Indirect Support	<u>\$ 80,245</u>

NOTE I – INVESTMENTS

Basis of Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (level 1) and the lowest priority to unobservable data (level 3).

A description of each category in the fair value hierarchy is as follows:

- Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model based valuation techniques for which all significant assumptions are observable in the market.
- Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

Investments

In August, GMWC received a lump sum contribution from an estate in the amount of \$83,920. Of this amount, GMWC invested \$72,000 through a Raymond James investment advisor. GMWC reports its investments in marketable securities with readily determinable fair values and its investments in debt and equity securities at their fair market values derived from quoted prices in active markets for identical assets (Level 1 inputs). Cost, fair market value, and appreciation as of December 31, 2013 are as follows:

Unrestricted	Costs	Fair Market Value	Appreciation
Total Investments	\$ 72,000	\$ 77,698	\$ 5,698

Investment Gains/Losses

Realized and unrealized investment gains and losses are included in the change of net assets. These gains, losses and other investment income are reflected in the Statement of Activities as changes in unrestricted net assets. The investment return as of December 31, 2013 is as follows:

Dividend Income	\$	725
Capital Gains/(Losses)		2,189
Unrealized Gain/(Loss)		2,958
Investment Fees		(174)
Total Investment Return	\$	<u>5,698</u>

NOTE J – IN-KIND CONTRIBUTIONS

Along with the inventory discussed in Note C, GMWC receives donated office space in Cleveland. The fair market value for the office space is \$ 6,600 per year; however, GMWC pays \$120 per year for this office space, which leaves \$6,480 as an in-kind contribution. In addition, GMWC received three car donations as well as other miscellaneous items donated to its program. Total in-kind contributions as of December 31, 2013 are as follows:

Inventory (Donated Materials)	\$ 25,529
Automobiles	11,212
Furniture/Household Items	6,828
Rent	<u>6,480</u>
Total In-Kind Contributions	<u>\$ 50,049</u>

NOTE K – CLIENT CONTRIBUTIONS

GMWC receives federal grants from the U.S. Department of Housing and Urban Development to provide rental assistance for clients eligible under the Shelter Plus Care Program and Transitional Housing Program. In the Shelter Plus Care Program, clients who have income are required to contribute 30% of their adjusted gross income towards their rental assistance. In 2013, the Shelter Plus Care Program client contributions totaled \$13,136. In the Transitional Housing Program, GMWC receives a small portion of client contributions towards their utilities. These contributions totaled \$2,204. The overall total in 2013 for client contributions is \$15,340.

NOTE L – RENTAL/LEASE EXPENSE

GMWC leases office equipment and pays monthly rental fees for its thrift stores in Clarkesville and Cornelia, its administrative offices, and its advocate’s office space in Cleveland. For 2013, the total rent/lease expense is \$ 31,965. This total reflects the donated office space in Cleveland as mentioned in Note I. The expected rental/lease expense over the next five years is as follows:

	<u>For Years 2014-2018</u>
	<u>Annual Total</u>
Thrift Stores	\$ 19,800
Cleveland Office	6,600
Admin Office	4,500
Equipment	<u>2,500</u>
Total	<u>\$ 33,400</u>

NOTE M – COMMITMENTS AND CONTINGENCIES

In 2003, GMWC submitted, with the approval of the Habersham County Board of Commissioners, a grant through the Georgia Department of Community Affairs Community Block Grant Program. This grant was rewarded to Habersham County, on behalf of GMWC, in the amount of \$ 500,000 to construct a professional care and treatment center to serve battered women. GMWC used these monies and an additional \$ 700,000 to construct its facility. Currently, Habersham County holds the deeded title for the building and 3 acres of land until August 19, 2024. Although no rent is payable to Habersham County, GMWC has the responsibility for the daily operations, maintenance, and building improvements.

Another contingency is GMWC’s grant revenue. Currently, 66% of GMWC’s public support revenue is from federal and state grants. Each grant requires GMWC to adhere to conditions set forth in the grant agreements. Failure to follow the grant guidelines could result in the return of funds to the federal and state agencies. Although the return of funds is a possibility, management and the board of directors of GMWC deems this contingency unlikely. GMWC has a history of complying with all grant requirements.

NOTE N – SUBSEQUENT EVENTS

Events subsequent to December 31, 2013 have been evaluated through May 15, 2014, the date these financial statements were available to be issued.