Meridian Education Resource Group, Inc. 
d/b/a Whitefoord, Inc.

FINANCIAL STATEMENTS

August 31, 2015 
with Comparable Totals for 2014
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INDEPENDENT AUDITORS’ REPORT

Board of Directors
Meridian Education Resource Group, Inc.
d/b/a Whitefoord, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Meridian Education Resource Group, Inc. d/b/a Whitefoord, Inc. (the Organization), a nonprofit organization, which comprise the statement of financial position as of August 31, 2015, 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 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 auditors’ 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 Organization’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 Meridian Education Resource Group, Inc. d/b/a Whitefoord, Inc. as of August 31, 2015, 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.

**Report on Summarized Comparative Information**

We have previously audited the Organization’s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 5, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matters**

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedule of activities by function, and the 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*, are presented for purposes of additional analysis and are 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 January 14, 2016, on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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. The report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization’s internal control over financial reporting and compliance.

Carr, Riggs & Ingram, LLC

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
January 14, 2016
The accompanying footnotes are an integral part of these statements.

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Meridian Education Resource Group, Inc.  
d/b/a Whitefoord, Inc.  
Statements of Financial Position (Continued)

<table>
<thead>
<tr>
<th>August 31,</th>
<th>2015</th>
<th>2014</th>
<th>Comparative Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Temporarily Unrestricted</td>
<td>Restricted</td>
<td>Total</td>
</tr>
</tbody>
</table>

**Liabilities and Net Assets**

**Current liabilities**

Accounts payable
- $146,163
- $146,163

Accrued liabilities
- 137,349

Total current liabilities
- 283,512

**Commitments and contingencies**

- -

**Net assets**

Unrestricted
- 889,722

Unrestricted - board designated
- 600,000

Temporarily restricted
- 52,289

Total
- 1,542,011

**Total liabilities and net assets**

- $1,773,234

The accompanying footnotes are an integral part of these statements.
## Meridian Education Resource Group, Inc.  
**d/b/a Whitefoord, Inc.**  
**Statements of Activities**

<table>
<thead>
<tr>
<th>Years ended August 31,</th>
<th>2015</th>
<th></th>
<th>2014</th>
<th></th>
<th>Comparative Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Temporarily</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Restricted</td>
<td>Total</td>
<td></td>
<td>Total</td>
</tr>
<tr>
<td><strong>Revenues, gains and other support</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government grants and contracts</td>
<td>$1,460,220</td>
<td></td>
<td>1,460,220</td>
<td></td>
<td>$1,460,220</td>
</tr>
<tr>
<td>Private gifts and grants</td>
<td>641,211</td>
<td>267,632</td>
<td>908,843</td>
<td></td>
<td>1,049,612</td>
</tr>
<tr>
<td>Program service fees and related support</td>
<td>501,905</td>
<td>379,888</td>
<td>881,793</td>
<td></td>
<td>842,844</td>
</tr>
<tr>
<td>Other income</td>
<td>50,612</td>
<td>-</td>
<td>50,612</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Interest income</td>
<td>1,155</td>
<td>-</td>
<td>1,155</td>
<td></td>
<td>1,127</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>2,397,720</td>
<td>(2,397,720)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total revenues, gains and other support</td>
<td>3,592,603</td>
<td>(289,980)</td>
<td>3,302,623</td>
<td></td>
<td>3,610,042</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>2,877,690</td>
<td>-</td>
<td>2,877,690</td>
<td></td>
<td>2,749,529</td>
</tr>
<tr>
<td>Management and general</td>
<td>755,415</td>
<td>-</td>
<td>755,415</td>
<td></td>
<td>702,873</td>
</tr>
<tr>
<td>Fundraising</td>
<td>167,349</td>
<td>-</td>
<td>167,349</td>
<td></td>
<td>118,762</td>
</tr>
<tr>
<td>Total expenses</td>
<td>3,800,454</td>
<td>-</td>
<td>3,800,454</td>
<td></td>
<td>3,571,164</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>(207,851)</td>
<td>(289,980)</td>
<td>(497,831)</td>
<td></td>
<td>38,878</td>
</tr>
<tr>
<td><strong>Net assets at beginning of year</strong></td>
<td>1,097,573</td>
<td>942,269</td>
<td>2,039,842</td>
<td></td>
<td>2,000,964</td>
</tr>
<tr>
<td><strong>Reclassify board designated assets</strong></td>
<td>600,000</td>
<td>(600,000)</td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Net assets at end of year</strong></td>
<td>$1,489,722</td>
<td>$52,289</td>
<td>$1,542,011</td>
<td></td>
<td>$2,039,842</td>
</tr>
</tbody>
</table>

*The accompanying footnotes are an integral part of these statements.*

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### Statements of Functional Expenses

Meridian Education Resource Group, Inc.
d/b/a Whitefoord, Inc.

The accompanying footnotes are an integral part of these statements.

Comparative Totals

<table>
<thead>
<tr>
<th>Years ended August 31,</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Program Services</td>
<td>Management and General</td>
</tr>
<tr>
<td>Functional expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>$1,928,776</td>
<td>$550,971</td>
</tr>
<tr>
<td>Consulting and subcontracting</td>
<td>359,107</td>
<td>46,869</td>
</tr>
<tr>
<td>Program expenses</td>
<td>175,876</td>
<td>2,224</td>
</tr>
<tr>
<td>Building and facilities expenses</td>
<td>267,325</td>
<td>68,370</td>
</tr>
<tr>
<td>Communications</td>
<td>48,628</td>
<td>18,725</td>
</tr>
<tr>
<td>Computer and equipment expenses</td>
<td>43,140</td>
<td>12,430</td>
</tr>
<tr>
<td>Other expenses</td>
<td>54,838</td>
<td>55,826</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$2,877,690</td>
<td>$755,415</td>
</tr>
</tbody>
</table>

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The accompanying footnotes are an integral part of these statements.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Meridian Education Resource Group, Inc. d/b/a Whitefoord, Inc. (the Organization) is a Georgia nonprofit corporation founded in 1995. Its purpose is to provide support for families and children of the Edgewood/Whitefoord and surrounding community, to improve health outcome, school readiness and school performance. The Organization has multiple relationships with various established agencies with certain mutually established goals. These joint efforts, except where specified, are informal, non-contractual and are intended to benefit the community by providing services related to health, education, childcare, literacy and family preservation.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

A summary of the significant accounting policies of the Organization applied in the preparation of the accompanying financial statements follows.

Revenue Recognition

Revenue is recognized as services are provided, promises to give are made and contributions are made to the Organization.

Certain program income related to the Organization’s medical and dental clinics is funded by patient health insurance, Medicare or Medicaid, based on approved rates. Allowances for contractual adjustments related to these transactions are made as required.

Grants and gifts of cash are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Financial Statement Presentation

The Organization’s financial statements are prepared in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities (ASC 958). Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows and to disclose information about functional expenses.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (continued)

Unrestricted net assets include amounts that are not subject to donor-imposed stipulations used to account for resources available to carry out the purposes of the Organization in accordance with the limitations of its bylaws. The principal sources of unrestricted funds are private donations and grants.

Temporarily restricted net assets are those resources currently available for use, but expendable only for purposes specified by the donor or grantor and may or will be met by actions of the Organization and/or the passage of time. Such resources originate from contributions restricted for specific purposes or a specific future time frame. When a donor or grantor 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. Temporarily restricted net assets at August 31, 2015 and 2014 are available to support the Organization’s program activities as stated in the donor/grant letters.

During 2015, it was determined that certain net assets that had previously been classified as temporarily restricted were actually unrestricted-board designated. These net assets have been reclassified in the accompanying financial statements.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Donor-restricted contributions are reported as an increase in temporarily restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

In-kind donations of equipment and materials are reported at fair market value as of the date of the gift. Only donated services, which would otherwise have to be purchased from a vendor, are reflected in the financial statements. No amounts have been reflected in the financial statements for the cost of donated materials or services for the years ended August 31, 2015 and 2014.

Grants Receivable

Grants receivable represents funds due to the Organization for providing services in accordance with the grant and contractual agreements.
Allowance for Doubtful Accounts

The Organization provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in the collection of all receivables. The estimated losses, if any, are based upon historical collection experience coupled with a review of all existing receivables. In the Organization’s opinion, no allowance for doubtful accounts was considered necessary at August 31, 2015 and 2014. An allowance has been made for agreed-upon contractual adjustments related to program income funded by clinic patients’ health insurance.

Property and Equipment

Property and equipment additions with a cost in excess of $1,000 and a useful life in excess of one year are capitalized.

Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives using the straight-line method. The basis of valuation for depreciable assets is historical cost or fair value at the date of the gift for donated property.

The estimated useful lives of the various classes of assets are as follows:

<table>
<thead>
<tr>
<th>Class of Asset</th>
<th>Estimated Useful Life (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>31.5</td>
</tr>
<tr>
<td>Building improvements</td>
<td>15</td>
</tr>
<tr>
<td>Computers and equipment</td>
<td>3-5</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>7</td>
</tr>
<tr>
<td>Vehicles</td>
<td>5</td>
</tr>
</tbody>
</table>

Functional Expenses

The Organization allocates its expenses on a functional basis for its program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Organization presents certain fair value disclosures for all financial assets and liabilities and for non-financial assets and liabilities recognized or disclosed at fair value in the financial statements on a recurring basis in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard also establishes a framework for measuring fair value and expands disclosures about fair value measurements. The standard further institutes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

ASC 820 classifies inputs used to measure fair value into the following hierarchy:

*Level 1* - Unadjusted quoted prices in active markets for identical assets or liabilities.

*Level 2* - Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

*Level 3* - Unobservable inputs for the asset or liability.

ASC 820 does not have any significant effect on the Organization’s financial statements.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, are principally grants receivable and promises to give. Concentrations of credit risk with respect to grants receivable and promises to give is limited due to the number of agencies the Organization deals with and the credit worthiness of the agencies themselves. To reduce risk, the Organization routinely assesses the financial strength of the agencies it deals with and, as a consequence, believes that its credit risk is limited.

Income Taxes

The Organization is exempt from federal income taxes under the provisions of §501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has also determined that the Organization is not a private foundation as defined by §509(a)(1) of the Code.

FASB ASC 740, *Income Taxes* (ASC 740), requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. Only tax positions that meet the more likely than not recognition threshold may be recognized.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued)

Management does not believe that the Organization has any material uncertain tax positions at August 31, 2015 and 2014.

NOTE 2 - COMMITMENTS AND CONTINGENCIES

Commitments

In February 2010, in order to formalize the varying levels of relationship that have existed for more than 15 years, the Organization entered into an employee lease agreement with Emory University (Emory). The agreement was for an initial period of twenty-five months ending in February 2012 with provisions for three annual consecutive automatic renewals. The most recent renewal extends the period through February 2018. The agreement is cancelable by either party with practical advance written notice. Under the terms of the agreement Emory will lease to the Organization a mutually agreed upon number of employees to perform non-faculty member services as defined. Emory is responsible for all employment related obligations for each leased employee. The Organization will pay Emory monthly for agreed-upon fees related to each leased employee. All program fees, as defined, shall also be payable to or retained by the Organization. In the event that such payments are made directly to Emory or its leased employees, such payments shall be immediately remitted by Emory or its leased employees to the Organization.

The Organization leases certain space from Dekalb County that is used to operate a health center. The lease is for one year ending July 2015 with two automatic annual renewals available, the first of which was exercised in July 2015. The Organization pays $4,350 per month rent for the space. The lease is cancelable by Dekalb County.

Contingencies

The Organization has cash deposits with a financial institution, which fluctuate from time to time in excess of federally insured limits. If this financial institution were not to honor its contractual liability, the Organization could incur losses. Management is of the opinion that there is no risk of loss due to the financial strength of the financial institution.

From time to time, the Organization may have asserted and unasserted claims arising in the normal course of business. The Organization does not expect losses, if any, arising from these asserted and unasserted claims to have a material effect on the financial statements.
NOTE 3 - ECONOMIC DEPENDENCY

The Organization receives the majority of its revenue and support from grant contracts with federal, state, and local governments and private foundations. The future receipt of such funding, however, is indeterminate due to the uncertainty of grant resources in future years. Should this support be discontinued, the Organization would have to replace this funding from other sources or discontinue certain of its programs.

During the year ended August 31, 2015, the Organization realized a significant drop in funding from certain grants as well as overall contributions. Subsequent to August 31, 2015, the Organization secured a significant amount of new funding, including approximately $400,000 in grants from private foundations and a $100,000 grant from the State of Georgia. This increase in funding coupled with expense cuts has returned the Organization to profitable operations.

NOTE 4 - RETIREMENT PLAN

The Organization sponsors a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code (the Plan). The Plan covers substantially all employees who meet certain age and length of service requirements. Under the Plan, employees may make contributions up to the maximum amount allowed by the Plan. The Plan also provides for a discretionary contribution from the Organization. There were discretionary contributions to the Plan of approximately $40,000 and $39,000 during the years ended August 31, 2015 and 2014, respectively.

NOTE 5 - RELATED PARTY TRANSACTIONS

During the years ended August 31, 2015 and 2014, a foundation having a common board member with the Organization contributed approximately $573,000 and $625,000, respectively, to the Organization.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 14, 2016, which is the date that the financial statements were available to be issued.
### Meridian Education Resource Group, Inc.
d/b/a Whitefoord, Inc.
Supplemental Schedule of Activities by Function

**Year ended August 31, 2015**

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Fundraising</th>
<th>Management and General</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Education</td>
<td>Health Center</td>
</tr>
<tr>
<td><strong>Revenue, gains and other support</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government grants and contracts</td>
<td>$226,110</td>
<td>$1,082,690</td>
</tr>
<tr>
<td>Private gifts and grants</td>
<td>194,472</td>
<td>104,073</td>
</tr>
<tr>
<td>Program service fees and other support</td>
<td>410,658</td>
<td>471,386</td>
</tr>
<tr>
<td><strong>Total revenue, gains and other support</strong></td>
<td>831,241</td>
<td>1,658,149</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>741,518</td>
<td>1,187,257</td>
</tr>
<tr>
<td>Consulting and subcontracting</td>
<td>17,360</td>
<td>341,747</td>
</tr>
<tr>
<td>Program expenses</td>
<td>108,796</td>
<td>67,080</td>
</tr>
<tr>
<td>Building and facilities expenses</td>
<td>111,766</td>
<td>155,559</td>
</tr>
<tr>
<td>Communications</td>
<td>9,303</td>
<td>39,325</td>
</tr>
<tr>
<td>Computer and equipment expenses</td>
<td>7,363</td>
<td>35,777</td>
</tr>
<tr>
<td>Travel and lodging</td>
<td>3,134</td>
<td>16,046</td>
</tr>
<tr>
<td>Other costs</td>
<td>10,840</td>
<td>24,819</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>1,010,080</td>
<td>1,867,610</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>$178,839</td>
<td>$209,461</td>
</tr>
</tbody>
</table>
### Supplemental Schedule of Activities by Function

**Year ended August 31, 2014**

<table>
<thead>
<tr>
<th>Revenue, gains and other support</th>
<th>Program Services</th>
<th>Fundraising/Marketing and Development</th>
<th>Management and General</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government grants and contracts</td>
<td>$293,745</td>
<td>$1,271,294</td>
<td>$151,420</td>
<td>$1,716,459</td>
</tr>
<tr>
<td>Private gifts and grants</td>
<td>202,114</td>
<td>193,675</td>
<td>599,979</td>
<td>1,049,612</td>
</tr>
<tr>
<td>Program service fees and related support</td>
<td>382,400</td>
<td>460,444</td>
<td></td>
<td>842,844</td>
</tr>
<tr>
<td>Interest income</td>
<td>-</td>
<td>-</td>
<td>1,127</td>
<td>1,127</td>
</tr>
<tr>
<td><strong>Total revenue, gains and other support</strong></td>
<td><strong>878,259</strong></td>
<td><strong>1,925,413</strong></td>
<td><strong>752,526</strong></td>
<td><strong>3,610,042</strong></td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Program Services</th>
<th>Fundraising/Marketing and Development</th>
<th>Management and General</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>858,338</td>
<td>835,483</td>
<td>508,626</td>
<td>2,304,813</td>
</tr>
<tr>
<td>Consulting and subcontracting</td>
<td>20,885</td>
<td>471,604</td>
<td>55,597</td>
<td>549,086</td>
</tr>
<tr>
<td>Program expenses</td>
<td>110,376</td>
<td>60,393</td>
<td>1,583</td>
<td>172,372</td>
</tr>
<tr>
<td>Building and facilities expenses</td>
<td>115,537</td>
<td>143,001</td>
<td>69,318</td>
<td>335,558</td>
</tr>
<tr>
<td>Communications</td>
<td>9,686</td>
<td>36,325</td>
<td>17,289</td>
<td>68,843</td>
</tr>
<tr>
<td>Computer and equipment expenses</td>
<td>4,923</td>
<td>36,821</td>
<td>10,585</td>
<td>53,492</td>
</tr>
<tr>
<td>Travel and lodging</td>
<td>3,995</td>
<td>12,070</td>
<td>2,461</td>
<td>18,822</td>
</tr>
<tr>
<td>Other costs</td>
<td>6,452</td>
<td>23,640</td>
<td>37,414</td>
<td>68,178</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>1,130,192</strong></td>
<td><strong>1,619,337</strong></td>
<td><strong>702,873</strong></td>
<td><strong>3,571,164</strong></td>
</tr>
</tbody>
</table>

| Change in net assets                    | $ (251,933)      | $306,076                             | $(64,918)              | $49,653 |
|                                        |                  |                                      |                        | $38,878 |

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INDEPENDENT AUDITORS’ 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

Board of Directors
Meridian Education Resource Group, Inc.
d/b/a Whitefoord, Inc.

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 Meridian Education Resource Group, Inc. d/b/a Whitefoord, Inc. (the Organization), which comprise the statement of financial position as of August 31, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Organization’s financial statements, and have issued our report thereon dated January 14, 2016.

*Internal Control over Financial Reporting*

In planning and performing our audit, we considered the Organization’s internal control over financial reporting (internal control) 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 Organization’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.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

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.

Atlanta, Georgia
January 14, 2016
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
Meridian Education Resource Group, Inc.
d/b/a Whitefoord, Inc.

Report on Compliance for Each Major Federal Program

We have audited Meridian Education Resource Group, Inc. d/b/a Whitefoord, 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 August 31, 2015. The Organization’s major federal programs are identified in the summary of auditors’ results section 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.

Auditors’ 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 the major federal program. However, our audit does not provide a legal determination of the Organization’s compliance.
Opinion on the Major Federal 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 its major federal program for the year ended August 31, 2015.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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. However, material weaknesses 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.

Atlanta, Georgia
January 14, 2016
## Schedule of Expenditures of Federal Awards

**Meridian Education Resource Group, Inc.**
* d/b/a Whitefoord, Inc.

**Schedule of Expenditures of Federal Awards**

* Year ended August 31, 2015

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/ Program Title</th>
<th>Federal CFDA Number</th>
<th>Federal Award Receivable September 1, 2014</th>
<th>Grant Receipts</th>
<th>Grant Expenditures</th>
<th>Federal Award Receivable August 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Department of Health and Human Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Consolidated Health Centers (HRSA)</td>
<td>93.224</td>
<td>$</td>
<td>-</td>
<td>$945,260</td>
<td>$945,260</td>
</tr>
<tr>
<td>Health Center Cluster</td>
<td>93.501</td>
<td></td>
<td>-</td>
<td>57,639</td>
<td>57,639</td>
</tr>
<tr>
<td>Temporary Assistance for Needy Families</td>
<td>93.217</td>
<td></td>
<td>-</td>
<td>24,535</td>
<td>24,535</td>
</tr>
<tr>
<td>(Pass-Through from Family Health Center of Georgia)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connecting Kids to Coverage Outreach and Enrollment</td>
<td>93.767</td>
<td></td>
<td>-</td>
<td>186,682</td>
<td>186,682</td>
</tr>
<tr>
<td>(Pass-Through from United Way of Greater Atlanta)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL FEDERAL FINANCIAL ASSISTANCE</strong></td>
<td></td>
<td></td>
<td>-</td>
<td>$1,214,116</td>
<td>$1,214,116</td>
</tr>
</tbody>
</table>

* Type A Program
NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Meridian Education Resource Group, Inc. d/b/a Whitefoord, Inc., and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
SUMMARY OF AUDITORS’ RESULTS

1. The auditors’ report expresses an unmodified opinion on the financial statements of Meridian Education Resource Group, Inc., d/b/a Whitefoord, Inc.

2. No instances of noncompliance that are material to the financial statements of Meridian Education Resource Group, Inc., d/b/a Whitefoord, Inc., and which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

3. No significant deficiencies relating to the audit of the major federal award programs are reported.

4. The auditor’s report on compliance for the major federal award program for Meridian Education Resource Group, Inc., d/b/a Whitefoord, Inc. expresses an unmodified opinion.

5. No audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133 were disclosed during the audit.

6. The program tested as a major program was: CFDA # 93.224 – U.S. Department of Health and Human Services Consolidated Health Centers.

7. The threshold used for distinguishing between Type A and B programs was $300,000.

8. Meridian Education Resource Group, Inc., d/b/a Whitefoord, Inc. was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

There were no matters to be reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no matters to be reported.