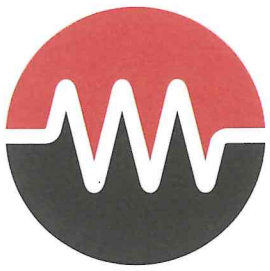


The Furniture Bank of Metro Atlanta, Inc.

Audit of Financial Statements

September 30, 2017 & 2016



J. Lunsford, CPA

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Independent Auditor's Report

To the Board of Directors of
Furniture Bank of Metro Atlanta, Inc.

I have audited the accompanying financial statements of Furniture Bank of Metro Atlanta, Inc. (a nonprofit organization), which comprise the statements of financial position and cash flows as of and for the years ended September 30, 2017 and 2016, and the related statements of activities and functional expenses the years ended September 30, 2017, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Organization's financial statements for the year ended September 30, 2016 and in my report dated August 2, 2017, I expressed an unqualified opinion thereon.

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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits 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 judgement, 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Furniture Bank of Metro Atlanta, Inc. as of September 30, 2017 and 2016 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

J. Lunsford CPA

June 21, 2018



Statements of Financial Position

At September 30, 2017 and 2016

The accompanying notes are an integral part of these financial statements

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 201,089	\$ 39,326
Grants and other receivables - net of allowance for doubtful accounts of \$4,847.04	97,777	112,247
Inventory	8,542	212
Property and equipment - net of accumulated depreciation	948,827	1,025,063
Deposits	700	700
Total Assets	\$ 1,256,935	\$ 1,177,548
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 24,319	\$ 6,827
Accrued vacation and sick pay	30,430	32,116
Accrued expenses	5,584	4,359
Total Liabilities	\$ 60,333	\$ 43,302
Net Assets		
Unrestricted	1,029,657	1,063,118
Temporarily restricted	166,945	71,128
Total Net Assets	\$ 1,196,602	\$ 1,134,246
Total Liabilities and Net Assets	\$ 1,256,935	\$ 1,177,548

Statement of Activities

For the Year Ended September 30, 2017 with
Comparative Information for September 30, 2016

The accompanying notes are an integral part of these financial statements

	Unrestricted	Temporarily Restricted	Total	9/30/2016
Revenues and Gains:				
Government financial assistance	\$ 204,536	\$ -	\$ 204,536	\$ 96,645
Individuals, organizations and foundations	143,182	161,870	305,052	372,820
Capital Campaign	-	77,300	77,300	216,320
Special events	109,599	-	109,599	102,877
Program service fees	373,403	-	373,403	359,001
Non-cash donations	693,461	-	693,461	258,211
Miscellaneous Income	19,479	-	19,479	-
Net assets released from restrictions	143,353	(143,353)	-	-
Total Revenues and Gains	1,687,013	95,817	1,782,830	1,405,874
Expenses:				
Program services	1,549,921	-	1,549,921	1,072,399
Management and general	85,325	-	85,325	73,882
Fundraising	85,228	-	85,228	102,413
Total Expenses	1,720,474	-	1,720,474	1,248,694
Change In Net Assets	(33,461)	95,817	62,356	157,180
Net Assets at the Beginning of the Year	1,063,118	71,128	1,134,246	977,066
Miscellaneous adjustment	-	-	-	-
Net Assets at the End of the Year	\$ 1,029,657	\$ 166,945	\$ 1,196,602	\$ 1,134,246

Statement of Functional Expense

For the Year Ended September 30, 2017 with
Comparative Information for September 30, 2016

The accompanying notes are an integral part of these financial statements

	Program Services	Management & General	Fundraising	Total	9/30/2016
Salaries	\$ 287,627	\$ 35,953	\$ 35,953	\$ 359,533	\$ 355,285
Payroll taxes & benefits	66,849	8,356	8,356	83,561	64,964
Communication	7,558	2,016	504	10,078	14,395
Contract labor	13,494	-	-	13,494	40,654
Donated furniture distribution	693,461	-	-	693,461	258,211
Furniture distribution	61,445	-	-	61,445	20,644
Insurance	49,078	1,900	-	50,978	38,428
Intern programs	10,163	-	-	10,163	8,033
Occupancy	16,960	4,523	1,131	22,614	23,586
Office expense	7,870	26,792	7,869	42,531	32,600
Professional development	3,557	-	-	3,557	2,331
Professional fees	-	5,785	-	5,785	5,500
Promotion	1,023	-	6,485	7,508	7,547
Purchases	50,356	-	-	50,356	85,975
Special events	-	-	24,930	24,930	43,464
Veteran employment program	163,384	-	-	163,384	110,891
Warehouse & truck	40,860	-	-	40,860	71,485
Total Expense Before Depreciation	1,473,685	85,325	85,228	1,644,238	1,183,993
Depreciation	76,236	-	-	76,236	64,701
Total Expense	\$ 1,549,921	\$ 85,325	\$ 85,228	\$ 1,720,474	\$ 1,248,694



Statements of Cash Flows

For the Years Ended September 30, 2017 and 2016

The accompanying notes are an integral part of these financial statements

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 62,356	\$ 157,180
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	76,236	64,701
Change in grants and other receivables	14,470	(22,763)
Change in Inventory	(8,330)	8,854
Change in accounts payable and accrued expenses	17,031	9,467
Net Cash Provided by Operating Activities	<u><u>\$ 161,763</u></u>	<u><u>\$ 217,439</u></u>
Cash Flows From Investing Activities:		
Purchase of property and equipment	-	(226,060)
Net Cash Provided (Used) in Investing Activities	<u><u>-</u></u>	<u><u>(226,060)</u></u>
Net (Decrease)/ Increase in Cash & Cash Equivalents	161,763	(8,621)
Cash and Cash Equivalents at beginning of year	39,326	47,947
Cash and Cash Equivalents at end of year	<u><u>\$ 201,089</u></u>	<u><u>\$ 39,326</u></u>

Organization and Nature of Activities

Furniture Bank of Metro Atlanta, Inc. (FBMA) was incorporated in the state of Georgia in September 1988 as a nonprofit organization. FBMA was founded in response to the lack of furniture for families moving out of homelessness and partners with over 200 non-profit agencies that screen and refer clients. FBMA is the only agency in the Atlanta metropolitan area whose mission is to provide free furniture to people in need.

Summary of Significant Accounting Policies

Revenue Recognition

FBMA considers all gifts of cash and other assets to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases 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. FBMA had no permanently restricted net assets in 2017 or 2016.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America. The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with FBMA's financial statements for the year ended September 30, 2016, from which the summarized information was derived.

Functional Expenses

The costs of providing the various programs and events are shown on the statement of activities under expenses. Accordingly, certain costs, as shown on the statement of functional expenses have been allocated among the programs and events benefited. Management charges costs related directly to programs conducted by FBMA directly to those programs. Management reviews other indirect costs such as occupancy, office expense and other expenses required to run the programs or events and allocates the appropriate share of these costs accordingly.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

FBMA is a not-for-profit organization that is exempt from income taxes under section 501 (c)(3) of the Internal Revenue Code.

Summary of Significant Accounting Policies - continued

Cash and Cash Equivalents

For purposes of the financial statements, FBMA considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Public Support and Revenue

FBMA depends heavily on contributions and grants for its public support. The ability of some of FBMA's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions and the continued deductibility for income tax purposes of contributions and grants to FBMA.

Contributions of donated noncash assets are recorded at their estimated fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. These services are recorded at their estimated fair values in the period received.

Property and Equipment

FBMA capitalizes all expenditures for property and equipment in excess of \$500. Property and equipment are recorded at cost or fair value for contributed property and equipment and depreciated over the estimated useful lives of three to thirty-nine years using the straight-line method. Depreciation expense for the years ended September 30, 2016 and 2015 amounted to \$64,701 and \$50,120, respectively.

Property and equipment consists of the following:

	2017	2016
Building and Improvements	\$ 935,848	\$ 935,848
Trucks	307,634	307,634
Furniture and Fixtures	17,618	17,618
Total	1,261,100	1,261,100
Less Accumulated Depreciation	(312,273)	(236,037)
Net Property and Equipment	<u>\$ 948,827</u>	<u>\$ 1,025,063</u>

Concentration of Credit Risk

Cash consists of demand deposits on deposit at commercial banks. Balances maintained in FBMA's accounts, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At September 30, 2017 and 2016 cash in these accounts did not exceed this limit.

Grants and Accounts Receivable

FBMA has set up an allowance for doubtful of \$4,847 for the FYE 09/30/2017. FBMA considered all grants and accounts receivable to collectible as of FYE 09/30/2016.

Commitments, Contingencies and Subsequent Events

Certain grants and contracts often require the fulfillment of certain conditions as set forth in the instrument or agreement. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, management of FBMA deems the contingency to be unlikely. The grants and contracts are subject to audit by the grantor and the grantor has the authority to determine liabilities or limits or suspend participation in the various programs.

FBMA has evaluated subsequent events through June 8, 2018 which is the date the financial statements were prepared. No subsequent events were identified that required adjustment to or disclosure within the financial statements.

Retirement Plan

During 2004, FBMA adopted a Simple IRA retirement plan. The plan is available to all employees earning at least \$5,000 as described in the plan document. Contributions to the plan are made by participating employees through salary deferrals. The plan also provides that FBMA will match each participant's deferral on a dollar-for-dollar basis up to 3% of each participant's compensation. FBMA contributed \$3,744 and \$3,953 to the plan for the years ended September 30, 2017 and 2016 respectively.

Uncertain Tax Positions

FBMA has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-than-likely-than-not be sustained upon examination by taxing authorities. FBMA has analyzed tax positions taken for filing with the Internal Revenue Service and all state tax jurisdictions where it operates. FBMA believes that the income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the FBMA's financial condition, results of operations or cash flows. Accordingly, FBMA has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at September 30, 2017.

Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at September 30, 2017 and 2016:

Purpose	2017	2016
Veteran Employment Program	\$ 71,205	\$ 53,128
Prepaid Client Fees	-	2,975
Capital Campaign	77,300	-
Emergency Beds United Way	(3,105)	4,080
Home Again United Way Program	21,545	10,945
	\$ 166,945	\$ 71,128

Fair Value Measurements

FBMA reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs when measuring fair value. The three levels of inputs used are as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets in markets that are not active
- observable inputs other than quoted prices such as interest rates and yield curves; and
- inputs derived or corroborated by observable market data by correlation or by other means.

Level 3 - Unobservable inputs. Used to the extent that observable inputs are unavailable.

When available, FBMA measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. However, Level 1 inputs are not available for all of the assets and liabilities that FBMA may be required to measure (for example, in-kind contributions).

Net Cash Provided by Operating Activities

Net cash provided by operating activities and cash on hand per the Statement of Cash Flows for year ended September 30, 2017 was \$161,763 and \$201,089, respectively. The net cash provided by operating activities was attributable to both unrestricted and temporarily restricted net assets as follows:

	Unrestricted Net Assets	Temporarily Restricted Net Assets
Change in net assets	\$ (33,461)	\$ 95,817
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	76,236	-
Change in grants and other receivables	14,470	-
Change in Inventory	(8,330)	-
Change in accounts payable and accrued expenses	17,031	-
Net Cash Provided by Operating Activities	65,946	95,817
Cash at September 30, 2016	(31,802)	71,128
Cash at September 30, 2017	34,144	166,945

END OF FOOTNOTES