

The Furniture Bank of Metro Atlanta, Inc.

Audit of Financial Statements

September 30, 2018 & 2017

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, 2018 and 2017, and the related statements of activities and functional expenses the years ended September 30, 2018, 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, 2017 and in my report dated June 21, 2018, 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, 2018 and 2017 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

April 18, 2019



Statements of Financial Position

At September 30, 2018 and 2017

The accompanying notes are an integral part of these financial statements

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 235,798	\$ 201,089
Grants and other receivables - net of allowance for doubtful accounts of \$4,847.04 in 2017	148,948	97,777
Inventory	10,910	8,542
Property and equipment - net of accumulated depreciation	951,371	948,827
Deposits	<u>700</u>	<u>700</u>
Total Assets	<u>\$ 1,347,727</u>	<u>\$ 1,256,935</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 23,318	\$ 24,319
Accrued vacation and sick pay	38,863	30,430
Accrued expenses	<u>11,254</u>	<u>5,584</u>
Total Liabilities	<u>\$ 73,435</u>	<u>\$ 60,333</u>
Net Assets		
Unrestricted	1,144,005	1,029,657
Temporarily restricted	<u>130,287</u>	<u>166,945</u>
Total Net Assets	<u>\$ 1,274,292</u>	<u>\$ 1,196,602</u>
Total Liabilities and Net Assets	<u>\$ 1,347,727</u>	<u>\$ 1,256,935</u>



Statement of Activities

For the Year Ended September 30, 2018 with
Comparative Information for September 30, 2017

The accompanying notes are an integral part of these financial statements

	Unrestricted	Temporarily Restricted	Total	9/30/2017
Revenues and Gains:				
Government financial assistance	\$ 237,975	\$ -	\$ 237,975	\$ 204,536
Individuals, organizations and foundations	288,231	50,000	338,231	305,052
Capital Campaign	-	65,000	65,000	77,300
Special events	165,316	-	165,316	109,599
Program service fees	469,619	38,505	508,124	373,403
Non-cash donations	465,469	-	465,469	693,461
Miscellaneous Income	-	-	-	19,479
Net assets released from restrictions	190,163	(190,163)	-	-
Total Revenues and Gains	1,816,773	(36,658)	1,780,115	1,782,830
Expenses:				
Program services	1,501,464	-	1,501,464	1,549,921
Management and general	83,428	-	83,428	85,325
Fundraising	117,533	-	117,533	85,228
Total Expenses	1,702,425	-	1,702,425	1,720,474
Change In Net Assets	114,348	(36,658)	77,690	62,356
Net Assets at the Beginning of the Year	1,029,657	166,945	1,196,602	1,134,246
Net Assets at the End of the Year	\$ 1,144,005	\$ 130,287	\$ 1,274,292	\$ 1,196,602

Statement of Functional Expense

For the Year Ended September 30, 2018 with
Comparative Information for September 30, 2017

The accompanying notes are an integral part of these financial statements

	Program Services	Management & General	Fundraising	Total	9/30/2017
Salaries	\$ 328,902	\$ 41,113	\$ 41,113	\$ 411,128	\$ 359,533
Payroll taxes & benefits	64,523	8,065	8,065	80,653	83,561
Capital Campaign	10,889	-	-	10,889	-
Communication	6,228	1,661	415	8,304	10,078
Contract labor	10,565	-	-	10,565	13,494
Donated furniture distribution	465,469	-	-	465,469	693,461
Furniture distribution	57,839	-	-	57,839	61,445
Insurance	67,585	1,900	-	69,485	50,978
Intern programs	14,750	-	-	14,750	10,163
Occupancy	14,256	3,802	950	19,008	22,614
Office expense	7,870	21,102	7,869	36,841	42,531
Professional development	3,983	-	-	3,983	3,557
Professional fees	-	5,785	-	5,785	5,785
Promotion	2,613	-	16,587	19,200	7,508
Purchases	132,807	-	-	132,807	50,356
Special events	-	-	42,534	42,534	24,930
Strategic Plan Development	14,500	-	-	14,500	-
Veteran employment program	178,711	-	-	178,711	163,384
Warehouse & truck	48,762	-	-	48,762	40,860
Total Expense Before Depreciation	1,430,252	83,428	117,533	1,631,213	1,644,238
Depreciation	71,212	-	-	71,212	76,236
Total Expense	\$ 1,501,464	\$ 83,428	\$ 117,533	\$ 1,702,425	\$ 1,720,474

Statements of Cash Flows

For the Years Ended September 30, 2018 and 2017

The accompanying notes are an integral part of these financial statements

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 77,690	\$ 62,356
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	71,212	76,236
Change in grants and other receivables	(51,171)	14,470
Change in Inventory	(2,368)	(8,330)
Change in accounts payable and accrued expenses	13,102	17,031
Net Cash Provided by Operating Activities	\$ 108,465	\$ 161,763
Cash Flows From Investing Activities:		
Purchase of property and equipment	(74,653)	-
Net Cash Provided (Used) in Investing Activities	(74,653)	-
Net (Decrease)/ Increase in Cash & Cash Equivalents	33,812	161,763
Cash and Cash Equivalents at beginning of year	201,089	39,326
Cash and Cash Equivalents at end of year	\$ 234,901	\$ 201,089

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 2018 or 2017.

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, 2017, 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, 2018 and 2017 amounted to \$71,212 and \$76,236, respectively.

Property and equipment consists of the following:

	2018	2017
Building and Improvements	\$ 970,664	\$ 935,848
Trucks	346,574	307,634
Furniture and Fixtures	17,618	17,618
Total	1,334,856	1,261,100
Less Accumulated Depreciation	(383,485)	(312,273)
Net Property and Equipment	<u>\$ 951,371</u>	<u>\$ 948,827</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, 2018 and 2017 cash in these accounts did not exceed this limit.



Notes to Financial Statements

For the Years Ended September 30, 2018 and 2017

Grants and Accounts Receivable

FBMA has not set up an allowance for doubtful accounts as of 09/30/18. FBMA considers all recdivables to be collectible as of 09/30/2018. FBMA had an allowance for doubtful accounts of \$4,847 for the FYE 09/30/2017, however that receivable has subsequently been written off as uncollectible.

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 April 22, 2019 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 \$3,069 and \$3,744 to the plan for the years ended September 30, 2018 and 2017 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, 2018.

Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at September 30, 2018 and 2017:

Purpose	2018	2017
Veteran Employment Program	\$ 36,067	\$ 71,205
Capital Campaign	57,500	77,300
Emergency Beds United Way	26,625	(3,105)
Home Again United Way Program	10,095	21,545
	\$ 130,287	\$ 166,945

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).

END OF FOOTNOTES