

The Furniture Bank of Metro Atlanta, Inc.

Audit of Financial Statements

September 30, 2021 & 2020

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. (FBMA) (a nonprofit organization), which comprise the statements of financial position and cash flows as of and for the years ended September 30, 2021 and 2020, and the related statements of activities and functional expenses the year ended September 30, 2021, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the FBMA's financial statements for the year ended September 30, 2020 and in my report dated April 21, 2021 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 audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, 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 evaluation of 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, 2021 and 2020 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 1, 2022

Furniture Bank of Metro Atlanta, Inc.

Statements of Financial Position At September 30, 2021 and 2020

The Accompanying Notes are an Integral Part of These Financial Statements

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 531,687	\$ 475,269
Grants and other receivables	178,471	87,580
Prepaid Expense	49,665	45,077
Inventory	6,823	13,624
Property and equipment - net of accumulated depreciation	782,626	870,433
Deposits	<u>700</u>	<u>700</u>
Total Assets	<u>1,549,972</u>	<u>1,492,683</u>
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Liabilities		
Accounts payable	\$ 33,029	\$ 46,415
Accrued vacation and sick pay	89,523	89,523
Accrued expenses	<u>6,271</u>	<u>3,368</u>
Total Liabilities	<u>128,823</u>	<u>139,306</u>
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Net Assets		
Without donor restrictions	1,132,825	1,027,938
With donor restrictions	<u>288,324</u>	<u>325,439</u>
Total Net Assets	<u>1,421,149</u>	<u>1,353,377</u>
Total Liabilities and Net Assets	<u>\$ 1,549,972</u>	<u>\$ 1,492,683</u>

Furniture Bank of Metro Atlanta, Inc.

Statement of Activities For the Year Ended September 30, 2021 with Comparative Information for September 30, 2020

The Accompanying Notes are an Integral Part of These Financial Statements

	Without Donor Restrictions	With Donor Restrictions	Total	2020
Revenues, Gains and Other Support				
Support				
Government financial assistance	\$ 196,880	\$ 110,688	\$ 307,568	\$ 203,372
Individuals, organizations and foundations	292,052	95,000	387,052	543,435
Capital campaign	-	-	-	70,896
Total Support	488,932	205,688	694,620	817,703
Special events	178,312	-	178,312	184,122
Program service fees				415,973
Client delivery	178,288	-	178,288	253,465
Furniture pickup service	69,390	-	69,390	21,026
Other revenue generating programs	188,950	-	188,950	141,482
Sale of Assets	4,250	-	4,250	-
Non-cash donations	389,372	-	389,372	1,089,406
Other Revenues and Gains	1,008,562	-	1,008,562	2,105,474
Support Provided by Expiring Time and Purpose Restrictions	242,803	(242,803)	-	-
Total Revenues, Gains and Other Support	1,740,297	(37,115)	1,703,182	2,923,177
Expenses				
Program Services	1,409,662	-	1,409,662	2,134,101
Total Program Services	1,409,662	-	1,409,662	2,134,101
Management and General	115,153	-	115,153	110,079
Fundraising	110,595	-	110,595	110,328
Total Expenses	1,635,410	-	1,635,410	2,354,508
Change in Net Assets	104,887	(37,115)	67,772	568,669

Furniture Bank of Metro Atlanta, Inc.

Statement of Functional Expense For the Year Ended September 30, 2021 with Comparative Information for September 30, 2020

The Accompanying Notes are an Integral Part of These Financial Statements

	Program Services	Management & General	Fundraising	Total	2020
Salaries	\$ 423,544	\$ 52,943	\$ 52,943	\$ 529,430	\$ 516,949
Payroll taxes & benefits	91,194	11,399	11,399	113,992	81,412
Communication	11,747	3,133	783	15,663	12,924
Contract labor	27,585	-	-	27,585	460
Donated furniture distribution	389,372	-	-	389,372	1,074,406
Furniture distribution	44,462	-	-	44,462	79,273
Insurance	79,032	1,677	-	80,709	84,451
Intern programs	19,186	-	-	19,186	1,590
Occupancy	11,432	3,049	762	15,243	16,532
Office expense	9,521	25,840	9,973	45,334	40,986
Professional development	6,987	-	-	6,987	5,265
Professional fees	-	5,930	-	5,930	5,785
Promotion	2,395	11,182	-	13,577	15,056
Purchases	106,100	-	-	106,100	119,943
Special events	-	-	34,735	34,735	40,002
Veteran employment program	10,073	-	-	10,073	80,568
Warehouse & truck	100,248	-	-	100,248	79,353
Bad debt	727	-	-	727	7,926
Depreciation	76,057	-	-	76,057	91,627
	\$ 1,409,662	\$ 115,153	\$ 110,595	\$ 1,635,410	\$ 2,354,508

Furniture Bank of Metro Atlanta, Inc.

Statement of Cash Flows For the Years Ended September 30, 2021 and 2020

The Accompanying Notes are an Integral Part of These Financial Statements

	<u>2021</u>	<u>2020</u>
Operating Activities:		
Cash Inflows for Operations:		
Government financial assistance	\$ 181,137	\$ 203,372
Individuals, organizations and foundations	422,592	500,554
Capital campaign	-	70,896
Special events	178,312	184,122
Program service fees	436,628	415,973
Cash Outflows for Operations:		
Payments for Salaries, Benefits, and Payroll Taxes	(643,422)	(598,361)
Payments to Vendors	(534,829)	(546,452)
Net Cash Provided by Operating Activities	40,418	230,104
Investing Activities:		
Sale of Assets	16,000	-
Purchase of Fixed Assets	-	(30,000)
Net Cash Provided (Used) by Investing Activities	16,000	(30,000)
Change in Cash and Cash Equivalents	56,418	200,104
Cash and Cash Equivalents at Beginning of Year	475,269	275,165
Cash and Cash Equivalents at End of Year	\$ 531,687	\$ 475,269

Furniture Bank of Metro Atlanta, Inc.

Notes to Financial Statements September 30, 2021 and 2020

Note 1: 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.

Note 2: Summary of Significant Accounting Policies

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use, that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The organization's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

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.

Furniture Bank of Metro Atlanta, Inc.

Notes to Financial Statements September 30, 2021 and 2020

Note 2: Summary of Significant Accounting Policies - continued

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Donated Assets and Services

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.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased. At times, cash and cash equivalents may exceed federally insured amounts. FBMA believes that it mitigates risks by depositing cash and investing in cash equivalents with major financial institutions.

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, 2021 and 2020 amounted to \$76,057 and \$91,627, respectively.

Property and equipment at September 30, 2021 and 2020 consists of the following:

	2021	2020
Building and Improvements	\$ 970,664	\$ 970,664
Trucks	351,447	437,074
Furniture and Fixtures	17,618	17,618
Total	1,339,729	1,425,356
Less Accumulated Depreciation	(557,103)	(554,923)
Net Property and Equipment	\$ 782,626	\$ 870,433

Revenue Recognition and Expenses

Contributions are recorded in the year they are received or pledged. Program services include expenses incurred in line with the purpose of FBMA.

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.

FBMA recognizes revenues in accordance with Accounting Standards Update (ASU) 2018-8, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which provides a framework for evaluating whether the transfer of assets constitutes a contribution or an exchange transaction. The ASU also provides additional clarification as to whether or not a contribution is conditional.

Furniture Bank of Metro Atlanta, Inc.

Notes to Financial Statements September 30, 2021 and 2020

Note 2: Summary of Significant Accounting Policies - continued

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 (the Code). FBMA had no significant unrelated business taxable income during FYE 09/30/2021. Accordingly, no provision or benefit for income taxes has been recorded in the accompanying financial statements.

FBMA applies the provisions of accounting standards for income taxes. These standards require that a tax position be recognized or derecognized based on a 'more-likely-than-not' threshold. This applies to positions taken or expected to be taken in a tax return. FBMA does not believe its financial statements include any material uncertain tax positions. FBMA is no longer subject to Federal or State income tax examination by tax authorities for years prior to FYE 09/30/ 2018.

Note 3: 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. They have the authority to determine liabilities or limits or suspend participation in the various sponsored programs.

FBMA has evaluated subsequent events through June 1, 2022 which is the date the financial statements were prepared. No subsequent events were identified that required adjustment to or disclosure within the financial statements.

Note 4: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of September 30, 2021 and 2020 are:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 531,687	\$ 475,269
Grants and other receivables	178,471	87,580
Prepaid expense	49,665	45,077
Total financial assets	759,823	607,926
Less financial assets held to meet donor-imposed restrictions	(288,324)	(325,439)
Amount available for general expenditures within one year	\$ 471,499	\$ 282,487

Note 5: Net Assets With Donor Restrictions

Purpose/Donor	2021	2020
Veteran Employment Program	\$ 66,356	\$ 59,135
Capital Campaign	52,672	69,588
Emergency Beds United Way	-	20,385
Home Again United Way Program	31,295	32,895
Million Matters	-	30,084
United Way Apartment Project	54,755	-
Mattress Recycling	83,246	103,352
Other	-	10,000
	\$ 288,324	\$ 325,439

Furniture Bank of Metro Atlanta, Inc.

Notes to Financial Statements September 30, 2021 and 2020

Note 6: Grants and Accounts Receivable

FBMA has not set up an allowance for doubtful accounts as of September 30, 2021 and 2020, respectively. FBMA considers all receivables to be collectible as of September 30, 2021 and 2020, respectively.

Note 7: 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 \$8,003 and \$6,575 to the plan for the years ended September 30, 2021 and 2020 respectively.

Note 8: 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 and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used are:

Level 1 - Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

Level 2 - Inputs other than quoted market prices included in level 1 that are observable for the asset or liability, 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 for the asset or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means

Level 3 - Unobservable inputs for the asset or liability. These should be used to measure the fair value 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 fair value (for example, in-kind contributions).

Note 9: Paycheck Protection Program Funds

During FYE September 30, 2021 and 2020 FBMA was granted Paycheck Protection Loans "PPP" administered by a Small Business Administration (SBA) approved partner in the amounts of \$110,688 and \$110,700, respectively. Both loans have been forgiven by the Small Business Administration. FBMA has recognized the \$110,688 and \$110,700 as grant revenue for the years ended September 30, 2021, and September 30, 2020, respectively.

End of Footnotes