

The Furniture Bank of Metro Atlanta, Inc.

Audit of Financial Statements

September 30, 2023 & 2022

Independent Auditor's Report

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

Opinion

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, 2023 and 2022, and the related statements of activities and functional expenses the year ended September 30, 2023, 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, 2022 and in my report dated May 30, 2023 I expressed an unqualified opinion thereon.

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, 2023 and 2022 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.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of FBMA and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FBMA's ability to continue as a going concern for one year from the issuance of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I:

Exercise professional judgment and maintain professional skepticism throughout the audit

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform the audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit 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 FBMA's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FBMA's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that I identified during the audit.

J. Lunsford CPA

August 9, 2024

Furniture Bank of Metro Atlanta, Inc.

Statements of Financial Position At September 30, 2023 and 2022

The Accompanying Notes are an Integral Part of These Financial Statements

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 553,421	\$ 445,086
Grants and other receivables	218,742	143,967
Prepaid Expense	58,913	47,599
Inventory	17,119	24,106
Property and equipment - net of accumulated depreciation	711,825	757,205
Deposits	700	700
	<u>1,560,720</u>	<u>1,418,663</u>
Total Assets	1,560,720	1,418,663
<hr/>		
Liabilities		
Accounts payable	\$ 51,610	\$ 30,053
Accrued vacation and sick pay	33,008	89,523
Accrued expenses	6,211	3,277
	<u>90,829</u>	<u>122,853</u>
Total Liabilities	90,829	122,853
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Net Assets		
Without donor restrictions	1,328,109	1,174,505
With donor restrictions	141,782	121,305
	<u>1,469,891</u>	<u>1,295,810</u>
Total Net Assets	1,469,891	1,295,810
	<u>\$ 1,560,720</u>	<u>\$ 1,418,663</u>
Total Liabilities and Net Assets	\$ 1,560,720	\$ 1,418,663

Furniture Bank of Metro Atlanta, Inc.

Statement of Activities

For the Year Ended September 30, 2023 with
Comparative Information for September 30, 2022

The Accompanying Notes are an Integral Part of These Financial Statements

	Without Donor Restrictions	With Donor Restrictions	Total	2022
Revenues, Gains and Other Support				
Support				
Government financial assistance	\$ 192,950	\$ -	\$ 192,950	\$ 133,821
Individuals, organizations and foundations	554,677	150,718	705,395	372,101
Total Support	747,627	150,718	898,345	505,922
Special events	172,044	-	172,044	229,856
Program service fees				
Client delivery	263,747	-	263,747	217,880
Furniture pickup service	89,853	-	89,853	116,520
Other revenue generating programs	455,156	-	455,156	275,807
Sale of Assets	2,000	-	2,000	(14,886)
Non-cash donations	660,356	-	660,356	3,371,794
Other Revenues and Gains	1,643,156	-	1,643,156	4,196,971
Support Provided by Expiring Time and Purpose Restrictions	130,241	(130,241)	-	-
Total Revenues, Gains and Other Support	2,521,024	20,477	2,541,501	4,702,893
Expenses				
Program Services	2,111,743	-	2,111,743	4,551,514
Total Program Services	2,111,743	-	2,111,743	4,551,514
Management and General	119,185	-	119,185	131,064
Fundraising	136,492	-	136,492	145,654
Total Expenses	2,367,420	-	2,367,420	4,828,232
Change in Net Assets	153,604	20,477	174,081	(125,339)

Furniture Bank of Metro Atlanta, Inc.

Statement of Functional Expense For the Year Ended September 30, 2023 with Comparative Information for September 30, 2022

The Accompanying Notes are an Integral Part of These Financial Statements

	Program Services	Management & General	Fundraising	Total	2022
Salaries	\$ 391,915	\$ 48,990	\$ 48,990	\$ 489,895	\$ 567,982
Payroll taxes & benefits	87,991	10,999	10,999	109,989	120,524
Communication	14,264	3,804	951	19,019	16,299
Contract labor	65,654	-	-	65,654	38,568
Donated furniture distribution	660,356	-	-	660,356	3,371,795
Furniture distribution	107,843	-	-	107,843	80,283
Insurance	76,842	1,677	-	78,519	83,222
Intern programs	-	-	-	-	14,724
Occupancy	15,976	4,260	1,065	21,301	20,055
Office expense	8,889	24,128	9,312	42,329	50,935
Professional development	6,534	-	-	6,534	6,814
Professional fees	-	5,890	-	5,890	5,881
Promotion	9,356	19,437	-	28,793	27,176
Purchases	387,673	-	-	387,673	153,698
Special events	-	-	65,175	65,175	63,779
Employment program	91,207	-	-	91,207	27,698
Warehouse & truck	141,863	-	-	141,863	131,422
Bad debt	-	-	-	-	-
Depreciation	45,380	-	-	45,380	47,377
	\$ 2,111,743	\$ 119,185	\$ 136,492	\$ 2,367,420	\$ 4,828,232

Furniture Bank of Metro Atlanta, Inc.

Statement of Cash Flows For the Years Ended September 30, 2023 and 2022

The Accompanying Notes are an Integral Part of These Financial Statements

	<u>2023</u>	<u>2022</u>
Operating Activities:		
Cash Inflows for Operations:		
Government financial assistance	\$ 209,121	\$ 167,166
Individuals, organizations and foundations	550,876	373,260
Special events	172,044	229,856
Program service fees	808,756	610,207
Cash Outflows for Operations:		
Payments for Salaries, Benefits, and Payroll Taxes	(656,399)	(688,506)
Payments to Vendors	(978,063)	(741,742)
Net Cash (Used) Provided by Operating Activities	106,335	(49,759)
Investing Activities:		
Sale of Assets	2,000	7,300
Purchase of Fixed Assets	-	(44,142)
Net Cash (Used) Provided by Investing Activities	2,000	(36,842)
Change in Cash and Cash Equivalents	108,335	(86,601)
Cash and Cash Equivalents at Beginning of Year	445,086	531,687
Cash and Cash Equivalents at End of Year	\$ 553,421	\$ 445,086

Furniture Bank of Metro Atlanta, Inc.

Notes to Financial Statements September 30, 2023 and 2022

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

FBMA 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 FBMA 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, FBMA's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. FBMA'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 FBMA, 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; FBMA must continue to use the resources in accordance with the donor's instructions.

FBMA'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, 2023 and 2022

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.

FBMA received an In-kind contribution from the Company Store, Inc. valued at \$2,760,000 in 2022 consisting of bedding and linens. This was a welcomed, but unexpected contribution that FBMA does not expect to repeated in the future. Although this contribution enhanced FBMA's services to existing clients, it did not allow FBMA to provide services to additional clients.

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, 2023 and 2022 amounted to \$45,380 and \$47,377, respectively.

Property and equipment at September 30, 2023 and 2022 consists of the following:

	2023	2022
Building and Improvements	\$ 970,664	\$ 970,664
Trucks	340,149	340,149
Furniture and Fixtures	17,618	17,618
Total	1,328,431	1,328,431
Less Accumulated Depreciation	(616,606)	(571,226)
Net Property and Equipment	\$ 711,825	\$ 757,205

Furniture Bank of Metro Atlanta, Inc.

Notes to Financial Statements September 30, 2023 and 2022

Note 2: Summary of Significant Accounting Policies - continued

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.

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 09/30/2023. 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/ 2020.

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 August 9, 2024 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, 2023 and 2022 are:

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 553,421	\$ 445,086
Grants and other receivables	218,742	143,967
Prepaid expense	58,913	47,599
Total financial assets	831,076	636,652
Less financial assets held to meet donor-imposed restrictions	(141,782)	(121,305)
Amount available for general expenditures within one year	\$ 689,294	\$ 515,347

Furniture Bank of Metro Atlanta, Inc.

Notes to Financial Statements September 30, 2023 and 2022

Note 5: Net Assets With Donor Restrictions

Purpose/Donor	2023	2022
Veteran Employment	\$ 34,856	\$ 19,773
Capital Campaign	39,422	39,422
Foundation Funds Prepaid	19,769	-
Home Again United Way Program	3,840	31,095
United Way Apartment Project	21,125	445
Mattress Recycling	22,770	30,570
	\$ 141,782	\$ 121,305

Note 6: Grants and Accounts Receivable

FBMA has not set up an allowance for doubtful accounts as of September 30, 2023 and 2022, respectively. FBMA considers all receivables to be collectible as of September 30, 2023 and 2022, 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 \$8,079 and \$8,629 to the plan for the years ended September 30, 2023 and 2022 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 FBMA 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).

End of Footnotes