

FURNITURE BANK OF CENTRAL OHIO
Columbus, Ohio

Financial Statements
For the years ended December 31, 2012 and 2011

and Independent Auditors' Report Thereon



SCHNEIDER DOWNS

INSIGHT ■ INNOVATION ■ EXPERIENCE

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Furniture Bank of Central Ohio
Columbus, Ohio

We have audited the accompanying financial statements of the Furniture Bank of Central Ohio (the Organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and change in net assets, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 entity's preparation and fair presentation of the consolidated 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Schneider Downs & Co., Inc.

Columbus, Ohio
April 24, 2013

FURNITURE BANK OF CENTRAL OHIO

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 607,157	\$ 361,422
Accounts receivable	59,561	58,059
Unconditional promises to give, net	20,500	38,295
Inventory	377,186	291,941
Prepaid expenses	-	6,418
Total Current Assets	<u>1,064,404</u>	<u>756,135</u>
PROPERTY AND EQUIPMENT, NET	1,098,553	1,048,328
UNCONDITIONAL PROMISES TO GIVE, NET	30,000	-
BENFICIAL INTEREST IN ASSETS HELD BY OTHERS	49,918	9,960
DEPOSITS	<u>7,464</u>	<u>5,073</u>
Total Assets	<u><u>\$ 2,250,339</u></u>	<u><u>\$ 1,819,496</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturity of notes payable	\$ 27,618	\$ 8,974
Accounts payable	13,425	15,529
Accrued expenses	48,438	34,333
Deferred revenue	28,752	5,567
Total Current Liabilities	<u>118,233</u>	<u>64,403</u>
NOTES PAYABLE, LESS CURRENT MATURITY	<u>331,035</u>	<u>269,130</u>
Total Liabilities	<u>449,268</u>	<u>333,533</u>
NET ASSETS		
Unrestricted	1,699,608	1,319,615
Temporarily restricted	101,463	166,348
Total Net Assets	<u>1,801,071</u>	<u>1,485,963</u>
Total Liabilities And Net Assets	<u><u>\$ 2,250,339</u></u>	<u><u>\$ 1,819,496</u></u>

See notes to financial statements.

FURNITURE BANK OF CENTRAL OHIO

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012		Total
	Unrestricted	Temporarily Restricted	
PUBLIC SUPPORT AND REVENUE			
In-kind contributions			
Furniture, equipment and household goods	\$ 2,508,410	-	\$ 2,508,410
Warehouse space	217,710	-	217,710
Services	-	-	-
Vehicle	10,000	-	10,000
Contributions	1,402,711	\$ 86,463	1,489,174
Agency fees	249,390	-	249,390
Furniture deliveries and pick-ups	264,170	-	264,170
Rental Income	22,800	-	22,800
Miscellaneous	2,895	-	2,895
Interest	1,023	-	1,023
Net assets released from restriction due to time and purpose satisfaction	151,348	(151,348)	-
Total Public Support And Revenue	<u>4,830,457</u>	<u>(64,885)</u>	<u>4,765,572</u>
EXPENSES			
Program	3,924,000	-	3,924,000
Management and general	224,368	-	224,368
Fundraising	302,096	-	302,096
Total Expenses	<u>4,450,464</u>	<u>-</u>	<u>4,450,464</u>
CHANGE IN NET ASSETS	379,993	(64,885)	315,108
NET ASSETS			
Beginning of year	<u>1,319,615</u>	<u>166,348</u>	<u>1,485,963</u>
End of year	<u>\$ 1,699,608</u>	<u>\$ 101,463</u>	<u>\$ 1,801,071</u>

	2011		
	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
In-kind contributions			
Furniture, equipment and household goods	\$ 2,431,117	-	\$ 2,431,117
Warehouse space	157,335	-	157,335
Services	10,358		10,358
Vehicle	-		-
Contributions	1,224,900	\$ 53,750	1,278,650
Agency fees	239,408	-	239,408
Furniture deliveries and pick-ups	244,069	-	244,069
Rental Income	22,800	-	22,800
Miscellaneous	12,685	-	12,685
Interest	1,018	-	1,018
Net assets released from restriction due to time and purpose satisfaction	80,940	(80,940)	-
Total Public Support And Revenue	4,424,630	(27,190)	4,397,440
EXPENSES			
Program	3,752,215	-	3,752,215
Management and general	172,019	-	172,019
Fundraising	272,427	-	272,427
Total Expenses	4,196,661	-	4,196,661
CHANGE IN NET ASSETS	227,969	(27,190)	200,779
NET ASSETS			
Beginning of year	1,091,646	193,538	1,285,184
End of year	\$ 1,319,615	\$ 166,348	\$ 1,485,963

See notes to financial statements.

FURNITURE BANK OF CENTRAL OHIO

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

	2012			Total
	Program Services	Management and General	Fundraising	
Personnel, salaries and payroll taxes	\$ 775,307	\$ 156,517	\$ 114,779	\$ 1,046,603
Depreciation	103,078	-	-	103,078
Supplies	76,167	15,439	11,323	102,929
Facilities and catering	19,340	-	82,233	101,573
Miscellaneous	39,089	7,923	5,811	52,823
Bad debt expense	315	-	22,920	23,235
Truck rental and fuel	68,083	-	1,209	69,292
Professional fees	-	16,000	49,835	65,835
Insurance	47,317	9,417	-	56,734
Repairs and maintenance	44,663	-	-	44,663
Telephone and computer	32,284	6,544	4,799	43,627
Public relations	30,626	6,208	4,553	41,387
Utilities	14,671	2,974	2,180	19,825
Interest	16,431	-	-	16,431
Postage	6,624	1,343	985	8,952
Printing and invitations	9,880	2,003	1,469	13,352
	<u>1,283,875</u>	<u>224,368</u>	<u>302,096</u>	<u>1,810,339</u>
In-kind expenses:				
Warehouse space	217,710	-	-	217,710
Furniture, equipment and household goods distribution	2,330,550	-	-	2,330,550
Furniture manufacturing materials	91,865	-	-	91,865
Service	-	-	-	-
	<u>2,640,125</u>	<u>-</u>	<u>-</u>	<u>2,640,125</u>
	<u>\$ 3,924,000</u>	<u>\$ 224,368</u>	<u>\$ 302,096</u>	<u>\$ 4,450,464</u>

2011

	Program Services	Management and General	Fundraising	Total
Personnel, salaries and payroll taxes	\$ 770,850	\$ 131,294	\$ 98,570	\$ 1,000,714
Depreciation	80,287	-	-	80,287
Supplies	62,394	7,799	7,800	77,993
Facilities and catering	16,794	-	57,088	73,882
Miscellaneous	44,805	14,189	11,953	70,947
Bad debt expense	1,410	-	52,000	53,410
Truck rental and fuel	48,500	-	864	49,364
Professional fees	-	11,500	30,645	42,145
Insurance	41,877	225	-	42,102
Repairs and maintenance	35,937	-	-	35,937
Telephone and computer	28,433	2,250	1,924	32,607
Public relations	19,409	2,588	3,882	25,879
Utilities	17,103	1,353	1,157	19,613
Interest	16,108	-	-	16,108
Postage	3,285	821	4,106	8,212
Printing and invitations	3,657	-	2,438	6,095
	<u>1,190,849</u>	<u>172,019</u>	<u>272,427</u>	<u>1,635,295</u>
In-kind expenses:				
Warehouse space	157,335	-	-	157,335
Furniture, equipment and household goods distribution	2,343,198	-	-	2,343,198
Furniture manufacturing materials	50,475	-	-	50,475
Service	10,358	-	-	10,358
	<u>2,561,366</u>	<u>-</u>	<u>-</u>	<u>2,561,366</u>
	<u>\$ 3,752,215</u>	<u>\$ 172,019</u>	<u>\$ 272,427</u>	<u>\$ 4,196,661</u>

See notes to financial statements.

FURNITURE BANK OF CENTRAL OHIO

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 315,108	\$ 200,779
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	103,078	80,287
Gain on disposal of property and equipment	(1,059)	(12,173)
Loss on Beneficial Interest	42	40
Inventory	(85,245)	(37,444)
Change in assets and liabilities:		
Accounts receivable	(1,502)	(27,564)
Unconditional promises to give	(12,205)	206,474
Prepaid expenses	6,418	1
Other assets	(2,391)	(1,114)
Accounts payable	(2,104)	(8,984)
Accrued liabilities	14,105	(5,288)
Deferred revenue	23,185	(34,363)
	357,430	360,651
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(59,352)	(96,870)
Proceeds from disposal of property and equipment	2,000	18,874
Contributions to beneficial interest	(40,000)	-
Net Cash Used In Investing Activities	(97,352)	(77,996)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	(14,343)	(33,842)
Net Increase In Cash And Cash Equivalents	245,735	248,813
CASH AND CASH EQUIVALENTS		
Beginning of Year	361,422	112,609
End of Year	\$ 607,157	\$ 361,422
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 16,431	\$ 16,108

SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

During 2012, the Organization purchased \$95,892 of vehicles via a note payable.

See notes to financial statements.

FURNITURE BANK OF CENTRAL OHIO

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 1 - ORGANIZATION

The Furniture Bank of Central Ohio (the Organization) is a nonprofit corporation formed in 1998 to provide furniture and household goods to families in need in Columbus, Ohio and the surrounding area. The Organization is funded primarily by individual and corporate monetary and furniture contributions. The Organization also charges referral fees to local agencies that identify, evaluate and sponsor families in need.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, along with disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Cash and Cash Equivalents - The Organization maintains its cash in various financial institutions. Balances may exceed federally insured amounts at times. The Organization considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

Accounts Receivable - The Organization performs ongoing credit evaluations of its clients and generally does not require collateral. Accounts, contributions and pledge receivables are stated at their net realizable value. Provisions are made for estimated uncollectible receivables. The Organization's estimate of the allowance is based on historical collection experience, a review of current status of trade receivables and judgment. Accounts receivable are generally due 30 days after billing and are determined to be past due or delinquent when collection is not received by the due date. Decisions to charge-off receivables are based on management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts. No allowance was deemed necessary as of December 31, 2012 and 2011.

Promises to Give - Unconditional promises to give are recognized as revenue in the year received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Management provides an allowance for probable uncollectible pledges based upon its assessment of the current status of individual pledges. Management deems a pledge to be uncollectible after all reasonable collection efforts have been exhausted. Once a pledge is determined to be uncollectible, it is written off through a charge to the allowance. As of December 31, 2012 and 2011, the allowance for doubtful accounts totaled approximately \$27,800.

Inventory - Inventory consists of furniture and household goods contributed to the Organization. Inventory is stated at estimated fair value at the date of donation.

FURNITURE BANK OF CENTRAL OHIO

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment - Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

Beneficial Interest in Assets Held by Others - During the year ended June 30, 2007, the Organization made contributions to a component fund of The Columbus Foundation. These contributions were made primarily so that these funds could be managed using The Columbus Foundation's investment management expertise, with the expectation that the Organization could periodically, as determined by the Organization's Board of Trustees, take distributions to fund the Organization's operations. If the Organization ceases to exist, or if the Board of Trustees of The Columbus Foundation determines that support of the Organization is no longer necessary, or is inconsistent with the needs of the community, The Columbus Foundation retains the right to substitute another beneficiary in place of the Organization. The possibility that these circumstances will arise is remote.

Classification of Net Assets - Resources are classified into net asset categories according to donor-imposed restrictions. A description of these categories follows:

Unrestricted - Net assets that are free of donor-imposed restrictions; all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted - Net assets whose use by the Organization is limited by the donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Organization. Donor-imposed restrictions that will be met in the same year in which the revenue is received are immediately classified in unrestricted net assets in the statement of activities. 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.

Permanently Restricted Net Assets - Net assets whose use by the Organization is permanently limited by donor-imposed restrictions. There were no permanently restricted net assets for the years ending December 31, 2012 and 2011.

Donated Warehouse Space - The Organization utilizes warehouse space to store excess inventory at no cost to the Organization. The fair value of the rent-free use of the warehouse space was approximately \$218,000 and \$157,000 for the years ended December 31, 2012 and 2011.

Concentration of Revenue - The Organization is the sole beneficiary of a fundraising event sponsored by an unrelated third party. The sponsor incurs a significant amount of time and expenses related to the production of the event. Proceeds from this event approximate 22% and 19% of the total revenue for the years ended December 31, 2012 and 2011, respectively, and are reported as contributions on the Statement of Activities.

Revenue Recognition of Donated Goods - Non-cash donations of furniture, equipment and household goods are recorded as contributions at their estimated fair values at the date of donation.