

FURNITURE BANK OF CENTRAL OHIO
Columbus, Ohio

Financial Statements
For the years ended December 31, 2015 and 2014
and Independent Auditors' Report Thereon



SCHNEIDER DOWNS

Big Thinking. Personal Focus.

www.schneiderdowns.com

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position, December 31, 2015 and 2014	3
Statements for years ended December 31, 2015 and 2014:	
Activities and Change in Net Assets	4
Functional Expenses	6
Cash Flows	8
Notes to Financial Statements	9



Big Thinking. Personal Focus.

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, 2015 and 2014, 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 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 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 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.

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, 2015 and 2014, and the change 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.

Schneider Downs & Co., Inc.

Columbus, Ohio
June 22, 2016

FURNITURE BANK OF CENTRAL OHIO

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 729,865	\$ 361,717
Accounts receivable	147,155	82,692
Unconditional promises to give, net	17,098	123,563
Inventory	347,366	204,423
Prepaid expenses	21,488	26,259
Other assets	5,973	-
Total Current Assets	1,268,945	798,654
PROPERTY AND EQUIPMENT, NET	910,959	1,008,852
UNCONDITIONAL PROMISES TO GIVE, NET	30,000	-
BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS	99,555	100,008
DEPOSITS	32,037	12,062
Total Assets	\$ 2,341,496	\$ 1,919,576
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturity of notes payable	\$ 37,022	\$ 166,363
Accounts payable	1,913	20,402
Accrued expenses	62,598	71,639
Deferred revenue	212,621	53,335
Total Current Liabilities	314,154	311,739
NOTES PAYABLE, LESS CURRENT MATURITY	146,472	55,357
Total Liabilities	460,626	367,096
NET ASSETS		
Unrestricted	1,829,750	1,504,980
Temporarily restricted	51,120	47,500
Total Net Assets	1,880,870	1,552,480
Total Liabilities And Net Assets	\$ 2,341,496	\$ 1,919,576

See notes to financial statements.

FURNITURE BANK OF CENTRAL OHIO

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015		
	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
In-kind contributions			
Furniture, equipment and household goods	\$ 2,558,480	-	\$ 2,558,480
Services	-	-	-
Contributions	1,157,762	\$ 45,120	1,202,882
Agency and delivery fees	767,349	-	767,349
Rental Income	26,100	-	26,100
Miscellaneous	3,169	-	3,169
Interest	728	-	728
Net assets released from restriction due to time and purpose satisfaction	41,500	(41,500)	-
 Total Public Support And Revenue	 4,555,088	 3,620	 4,558,708
EXPENSES			
Program	3,775,223	-	3,775,223
Management and general	147,361	-	147,361
Fundraising	307,734	-	307,734
 Total Expenses	 4,230,318	 -	 4,230,318
 Change In Net Assets	 324,770	 3,620	 328,390
NET ASSETS			
Beginning of year	1,504,980	47,500	1,552,480
End of year	\$ 1,829,750	\$ 51,120	\$ 1,880,870

2014		
Unrestricted	Temporarily Restricted	Total
\$ 3,288,666	-	\$ 3,288,666
19,750	-	19,750
1,662,100	\$ 32,500	1,694,600
593,820	-	593,820
23,700	-	23,700
8,413	-	8,413
553	-	553
<u>100,132</u>	<u>(100,132)</u>	<u>-</u>
<u>5,697,134</u>	<u>(67,632)</u>	<u>5,629,502</u>
5,281,007	-	5,281,007
199,330	-	199,330
<u>525,331</u>	<u>-</u>	<u>525,331</u>
<u>6,005,668</u>	<u>-</u>	<u>6,005,668</u>
(308,534)	(67,632)	(376,166)
<u>1,813,514</u>	<u>115,132</u>	<u>1,928,646</u>
<u>\$ 1,504,980</u>	<u>\$ 47,500</u>	<u>\$ 1,552,480</u>

See notes to financial statements.

FURNITURE BANK OF CENTRAL OHIO

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			
	Program Services	Management and General	Fundraising	Total
Personnel, salaries and payroll taxes	\$ 805,664	\$ 113,298	\$ 174,650	\$ 1,093,612
Facility expense	128,333	4,278	9,981	142,592
Depreciation	100,058	3,335	7,782	111,175
Vehicle expense	68,616	-	-	68,616
Professional fees	32,246	18,792	10,989	62,027
Miscellaneous	53,558	1,539	3,788	58,885
Telephone, computer, office equip.	40,856	2,864	4,964	48,684
Insurance	41,127	1,371	3,199	45,697
Special events expense	-	-	32,277	32,277
Postage, printing, freight expense	10,719	-	21,422	32,141
Furniture building expense	32,057	-	-	32,057
Public relations	5,430	-	25,142	30,572
Utilities	20,906	697	1,626	23,229
Bad debt expense	9,005	-	9,700	18,705
Office/warehouse supplies	13,179	924	1,601	15,704
Interest	7,883	263	613	8,759
	1,369,637	147,361	307,734	1,824,732
In-kind expenses:				
Furniture, equipment and household goods distribution	2,260,200	-	-	2,260,200
Furniture manufacturing materials	93,841	-	-	93,841
Services	-	-	-	-
Miscellaneous	51,545	-	-	51,545
	2,405,586	-	-	2,405,586
	\$ 3,775,223	\$ 147,361	\$ 307,734	\$ 4,230,318

2014

Program Services	Management and General	Fundraising	Total
\$ 1,141,444	\$ 143,855	\$ 180,551	\$ 1,465,850
157,306	5,244	12,234	174,784
102,040	3,401	7,936	113,377
127,067	-	-	127,067
22,817	13,968	81,953	118,738
56,879	8,473	20,517	85,869
50,148	9,287	13,001	72,436
35,726	11,136	1,252	48,114
-	-	134,877	134,877
25,670	-	27,620	53,290
90,756	-	-	90,756
27,528	-	8,410	35,938
20,645	688	1,606	22,939
310	-	10,748	11,058
16,026	2,968	4,154	23,148
9,290	310	722	10,322
1,883,652	199,330	505,581	2,588,563
3,182,990	-	-	3,182,990
161,861	-	-	161,861
-	-	19,750	19,750
52,504	-	-	52,504
3,397,355	-	19,750	3,417,105
\$ 5,281,007	\$ 199,330	\$ 525,331	\$ 6,005,668

See notes to financial statements.

FURNITURE BANK OF CENTRAL OHIO

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 328,390	\$ (376,166)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	111,175	113,377
Change in beneficial interest	453	488
Inventory	(142,943)	117,004
Bad debt expense	18,705	11,058
Change in assets and liabilities:		
Accounts receivable	(64,463)	(16,250)
Unconditional promises to give	57,760	(46,691)
Prepaid expenses	4,771	(8,268)
Deposits	(19,975)	4,556
Other assets	(5,973)	-
Accounts payable	(18,489)	(3,643)
Accrued liabilities	(9,041)	14,889
Deferred revenue	159,286	33,103
	419,656	(156,543)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(13,282)	(45,621)
Proceeds from disposal of property and equipment	-	17,775
Contributions to beneficial interest	-	(811)
Net Cash Used In Investing Activities	(13,282)	(28,657)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	(38,226)	(38,974)
Net Increase (Decrease) In Cash And Cash Equivalents	368,148	(224,174)
CASH AND CASH EQUIVALENTS		
Beginning of Year	361,717	585,891
End of Year	\$ 729,865	\$ 361,717
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 8,759	\$ 10,322

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING TRANSACTIONS

During 2014, the Organization acquired a vehicle for \$33,306 through a note payable.

See notes to financial statements.

FURNITURE BANK OF CENTRAL OHIO

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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 States 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 receivable 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, 2015 and 2014.

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. During the year ended December 31, 2015, conditional promises to give of \$125,000 were made contingent upon the approval for and opening of a thrift store, which have not been recognized (see Note 14). Cash of \$125,000 was received during 2015 related to the potential thrift store approval, which is recognized as deferred revenue. 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.

Inventory - Inventory consists primarily of furniture and household goods contributed to the Organization. Inventory is stated at estimated fair value at the date of donation. Inventory that is purchased by the Organization consists of hardware and lumber. These items are valued at the lower of cost or market. There were no purchased materials in inventory as of December 31, 2015. As of December 31, 2014, the value of purchased materials in inventory was approximately 10% of total inventory.

FURNITURE BANK OF CENTRAL OHIO

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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 based on the following estimated useful lives:

	<u>Years</u>
Building and improvements	3 to 30
Furniture and equipment	3 to 10
Vehicles and trailers	1 to 5

Beneficial Interest in Assets Held by Others - The Organization has 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 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 ended December 31, 2015 and 2014.

Revenue Recognition - Revenue from agency fees is recognized at the time a sponsored family selects furniture to meet their needs. Revenue from furniture deliveries is recognized at the time the furniture is delivered. Advance payments received from local sponsoring agencies are initially recorded as deferred revenue.

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.

FURNITURE BANK OF CENTRAL OHIO

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services - Some individuals provide a variety of services, including marketing, designing and consulting services. The fair values of these services are recorded as in-kind contributions. In addition, many individuals volunteer their time and perform a variety of tasks, including assistance with fundraising events, solicitation of contributions of goods and services from organizations and individuals, building furniture, and management of donated furniture pick-up and distribution. These services have not been recognized as contributions in the accompanying financial statements because the Organization's management does not consider the recognition criteria under *ASC Topic 958 Not-for-Profit Entities - Revenue Recognition* to have been met.

Functional Allocation of Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Income Taxes - The Organization is an Ohio nonprofit corporation and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization has not identified any material uncertain tax positions requiring an accrual or disclosure in the financial statements. There were no interest or penalties recognized in the statement of activities for the years ended December 31, 2015 or 2014 related to uncertain tax positions. The Organization is no longer subject to U.S. federal or state tax examinations for years prior to 2012.

Subsequent Events - Subsequent events are defined as events or transactions that occur after the statement of financial position date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through June 22, 2016, the date on which the financial statements were available to be issued.

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31 consist of the following:

	<u>2015</u>	<u>2014</u>
Unrestricted	\$ 35,098	\$ 134,513
Temporarily Restricted	<u>45,000</u>	<u>25,000</u>
	80,098	159,513
Less: Allowance	<u>(33,000)</u>	<u>(35,950)</u>
	<u>\$ 47,098</u>	<u>\$ 123,563</u>
Amounts due in:		
Less than one year	\$ 17,098	\$ 123,563
One to five years	<u>30,000</u>	<u>-</u>
	<u>\$ 47,098</u>	<u>\$ 123,563</u>

FURNITURE BANK OF CENTRAL OHIO

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 4 - FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board (FASB) has issued an accounting standard related to fair value measurements. This standard defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This standard establishes a fair value hierarchy regarding the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. It defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) or identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 inputs, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant, unobservable inputs that reflect an organization's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Organization has adopted this standard. The following is a description of the Organization's valuation methodologies used to measure and disclose the fair values of its financial assets and liabilities on a recurring or nonrecurring basis:

Beneficial Interests in Asset Held by Others: Valued based upon the Organization's proportional share of the underlying assets and is valued on a recurring basis. However, because there is not currently an active market to observe quoted prices for beneficial interest in assets held by others, the assets are considered to be valued using unobservable inputs and are therefore considered to be Level 3 assets.

The carrying amounts of cash and cash equivalents, accounts receivable, grants, note and trade receivables, prepaid expenses, accounts payable and notes payable all approximate their fair values.

FURNITURE BANK OF CENTRAL OHIO

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets and liabilities at fair value as of December 31, 2015 and 2014:

		Assets at Fair Value as of December 31, 2015			
		Level 1	Level 2	Level 3	Total
ASSETS					
	Beneficial interest in assets held by others	-	-	\$ 99,555	\$ 99,555
		Assets at Fair Value as of December 31, 2014			
		Level 1	Level 2	Level 3	Total
ASSETS					
	Beneficial interest in assets held by others	-	-	\$ 100,008	\$ 100,008

Level 3 Gains and Losses - The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets and liabilities for the year ended December 31, 2015:

	Level 3 Asset Year Ended December 31, 2015
Balance, beginning of year	\$ 100,008
Administration Fees, net	(453)
Balance, end of year	\$ 99,555

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets and liabilities for the year ended December 31, 2014:

	Level 3 Asset Year Ended December 31, 2014
Balance, beginning of year	\$ 99,685
Administration Fees, net	(488)
Purchases	811
Balance, End Of Year	\$ 100,008

FURNITURE BANK OF CENTRAL OHIO

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Building and improvements	\$ 1,005,779	\$ 1,005,779
Furniture and equipment	186,136	172,855
Vehicles and trailers	321,122	321,122
	<u>1,513,037</u>	<u>1,499,756</u>
Less accumulated depreciation	<u>(702,078)</u>	<u>(590,904)</u>
	810,959	908,852
Land	<u>100,000</u>	<u>100,000</u>
	<u>\$ 910,959</u>	<u>\$ 1,008,852</u>

NOTE 6 - LINE OF CREDIT

The Organization has a \$100,000 revolving line of credit with a commercial bank, bearing interest at the bank's prime rate, 3.50% at December 31, 2015. Interest is payable monthly. Any outstanding balance is secured by substantially all assets of the Organization. The line expires on October 1, 2016. There was no outstanding balance as of December 31, 2015 and 2014.

In October 2015, the Organization opened a \$250,000 non-revolving line of credit with a commercial bank, bearing interest at the bank's prime rate, 3.50% at December 31, 2015. The draw period on this line expires May 5, 2016, at which time all outstanding draws convert to a five-year term loan bearing interest at the bank's prime rate, 3.50% at December 31, 2015. There was no outstanding balance as of December 31, 2015.

FURNITURE BANK OF CENTRAL OHIO

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 7 - NOTES PAYABLE

Notes payable consist of the following at December 31:	2015	2014
Loan agreement with a bank, maturing July 30, 2025. Payable in 120 regular payments of \$1,403, including interest at 4.90%. The note is collateralized by real estate.	\$ 128,312	\$ 140,744
Loan agreement with Daimler Truck Financial, maturing June 1, 2017. Payable in 60 regular monthly payments of \$812, including interest at 2.59%. The note is collateralized by a vehicle.	13,513	22,888
Loan agreement with Daimler Truck Financial, maturing November 1, 2017. Payable in 60 regular monthly payments of \$885, including interest at 2.99%. The note is collateralized by a vehicle.	18,990	28,975
Loan agreement with Daimler Truck Financial, maturing April 9, 2019. Payable in 60 regular monthly payments of \$593, including interest at 2.60%. The note is collateralized by a vehicle.	22,679	29,113
Total Notes Payable	183,494	221,720
Current Maturities Notes Payable	(37,022)	(166,363)
Notes Payable, Less Current Maturities	\$ 146,472	\$ 55,357

Principal payments due for years subsequent to December 31, 2015 are as follows:

Year Ending December 31	Amount
2016	\$ 37,022
2017	30,810
2018	18,783
2019	14,786
2020	13,053
Thereafter	69,040
	\$ 183,494

FURNITURE BANK OF CENTRAL OHIO

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Operations - Time Restriction	\$ 51,000	\$ 27,000
Furniture Building Supplies	-	3,000
Emergency Assistance	-	10,000
Woodshop Safety	-	7,500
Other	<u>120</u>	<u>-</u>
Total	<u>\$ 51,120</u>	<u>\$ 47,500</u>

NOTE 9 - CONCENTRATION OF REVENUE

The Organization was the sole beneficiary of a fundraising event sponsored by an unrelated third party in 2014. In 2015, the Organization took over sponsoring the event due to a redirection in the philanthropic focus of this unrelated third party. Proceeds from this event approximate 5% and 22% of the total revenue for the years ended December 31, 2015 and 2014, respectively, and are reported as contributions on the statement of activities and change in net assets.

NOTE 10 - RENTAL INCOME

The Organization leases a portion of its facility on a month-to-month basis. Rental income totaled \$26,100 and \$23,700 for the years ended December 31, 2015 and 2014, respectively.

NOTE 11 - OPERATING LEASE

The Organization entered into a lease agreement for a warehouse on May 27, 2014. The lease agreement commenced on June 1, 2014 and will expire on May 31, 2016, with two, two-year renewal options thereafter. Rental expense under the lease totaled \$102,656 and \$57,310 for the years ended December 31, 2015 and 2014, respectively.

The Organization entered into a lease agreement for a warehouse on September 1, 2013. This lease agreement expired on February 28, 2014, which was extended through July 31, 2014. Rental expense under the lease totaled \$76,200 for the year ended December 31, 2014.

FURNITURE BANK OF CENTRAL OHIO

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 11 - OPERATING LEASE (Continued)

Future minimum lease payments are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2016	\$ <u>38,545</u>
	\$ <u><u>38,545</u></u>

NOTE 12 - RELATED-PARTY TRANSACTIONS

The Organization receives cash and in-kind contributions from members of the Board of Directors, their employers, the Organization's management, and their family members, which are considered related-party transactions. During the years ended December 31, 2015 and 2014, the Organization recorded contribution revenue from related parties in the amounts of \$647,308 and \$375,630, respectively.

NOTE 13 - SIGNIFICANT ESTIMATES

Management has estimated the fair value of donated goods and services that were contributed to the Organization during the years ended December 31, 2015 and 2014 based on information provided by donors, and by making judgments regarding the condition, age and quality of the donated items. These contributions represent a significant portion of the Organization's revenue.

NOTE 14 - SUBSEQUENT EVENT

In January 2016, zoning approval was received to operate a social enterprise furniture thrift store to support the mission of the Organization. At that time, conditional promises to give became unconditional and temporarily restricted to be used to open and operate the store. In April 2016, thrift store operations began in a leased facility. The lease, which terminates in 2026, requires monthly rent payments averaging approximately \$18,300 over the initial term of the lease. The lease contains two five-year renewal options beyond the initial term, at the option of the Organization.

[This Page Intentionally Left Blank]