



**Financial Statements**  
**December 31, 2020 and 2019**  
**Together with**  
**INDEPENDENT AUDITOR'S REPORT**

Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3-4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8

# Susan K. Miller CPA, LLC

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Certified Public Accountant

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Atlanta ToolBank, Inc.

I have audited the accompanying financial statements of Atlanta ToolBank, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020, and 2019 and the related statements of activities, 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.

### **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 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 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 Atlanta ToolBank, Inc. as of December 31, 2020, and 2019 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.

*Susan K. Miller, CPA*

Susan K. Miller CPA, LLC  
Norcross, GA  
September 30, 2021

	2020	2019
<b>Assets:</b>		
Cash	\$ 381,578	\$ 342,023
Pledges and grants receivable, net	22,931	48,465
Property, equipment, and furniture net of accumulated depreciation of \$ 320,082 and \$ 235,856 respectively	1,731,935	1,790,620
In-kind donated tools and supplies	229,411	202,345
Prepaid expenses	5,377	1,987
<b>Total assets</b>	<b>2,371,232</b>	<b>2,385,440</b>
<b>Liabilities:</b>		
Accounts payable	3,909	8,184
Note payable, net of amortized loan costs	173,535	203,544
<b>Total liabilities</b>	<b>177,444</b>	<b>211,728</b>
<b>Net assets:</b>		
Without donor restrictions	2,152,643	2,095,712
With donor restrictions	41,145	78,000
<b>Total net assets</b>	<b>2,193,788</b>	<b>2,173,712</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,371,232</b>	<b>2,385,440</b>

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues:</b>			
Contributions and grants	\$ 253,850	\$ 41,145	\$ 294,995
Government grant - Paycheck Protection Program	56,543	-	56,543
In-kind donations/goods & services	94,017	-	94,017
Rental income	24,551	-	24,551
Interest income	11	-	11
Special events	25,455	-	25,455
Sales of excess tools & supplies, net of sales tax	45,417	-	45,417
Program service fees	29,115	-	29,115
Net assets released from restrictions	78,000	(78,000)	-
<b>Total revenues and support</b>	<b>606,959</b>	<b>(36,855)</b>	<b>570,104</b>
<b>Expenses:</b>			
Program Services	443,574	-	443,574
Fundraising	53,416	-	53,416
Management and General	53,038	-	53,038
<b>Total expenses</b>	<b>550,028</b>	<b>-</b>	<b>550,028</b>
<b>Change in net assets</b>	<b>56,931</b>	<b>(36,855)</b>	<b>20,076</b>
<b>Net assets, beginning of year</b>	<b>2,095,712</b>	<b>78,000</b>	<b>2,173,712</b>
<b>Net assets, end of year</b>	<b>\$ 2,152,643</b>	<b>\$ 41,145</b>	<b>\$ 2,193,788</b>

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues:</b>			
Contributions and grants	\$ 352,466	\$ 78,000	\$ 430,466
In-kind donations/goods & services	157,181	-	157,181
Rental income	19,796	-	19,796
Interest income	17	-	17
Special events	48,891	-	48,891
Sales of excess tools & supplies, net of sales tax	38,030	-	38,030
Program service fees	85,349	-	85,349
<b>Total Revenues</b>	<b>701,730</b>	<b>78,000</b>	<b>779,730</b>
<b>Expenses:</b>			
Program Services	495,098	-	495,098
Fundraising	65,831	-	65,831
Management and General	61,457	-	61,457
<b>Total expenses</b>	<b>622,386</b>	<b>-</b>	<b>622,386</b>
<b>Change in net assets</b>	<b>79,344</b>	<b>78,000</b>	<b>157,344</b>
<b>Net assets, beginning of year</b>	<b>2,016,368</b>	<b>-</b>	<b>2,016,368</b>
<b>Net assets, end of year</b>	<b>\$ 2,095,712</b>	<b>\$ 78,000</b>	<b>\$ 2,173,712</b>

	2020					
	Program					
	Tool Lending	Tool Training	Total Program	Fundraising	Management & General	Total Expenses
Salaries	\$ 140,522	\$ 49,443	\$ 189,965	\$ 41,636	\$ 28,625	\$ 260,226
Payroll taxes and benefits	25,985	9,143	35,128	7,699	5,293	48,120
Advertising and promotion	1,215	1,215	2,430	1,197	-	3,627
Depreciation	58,115	19,372	77,487	-	6,738	84,225
In-kind donations/services expenses	35,961	8,990	44,951	-	-	44,951
Insurance	15,000	5,000	20,000	-	1,739	21,739
Occupancy	17,886	5,962	23,848	-	2,074	25,922
Office expense	4,161	1,464	5,625	1,233	848	7,706
Professional fees	-	-	-	-	6,660	6,660
Repairs and maintenance	5,634	1,878	7,512	-	653	8,165
Special events	413	-	413	1,651	-	2,064
Tool lending program expenses	34,564	-	34,564	-	-	34,564
Tool Training Center	-	1,651	1,651	-	-	1,651
Bad debt expenses	-	-	-	-	408	408
Total expenses	\$ 339,456	\$ 104,118	\$ 443,574	\$ 53,416	\$ 53,038	\$ 550,028

Statement of Functional Expenses  
For the Year Ended December 31,

2019

	Program					Management & General	Total Expenses
	Tool Lending	Tool Training	Total Program	Fundraising			
Salaries	\$ 178,920	\$ 19,880	\$ 198,800	\$ 44,178	\$ 33,133	\$	276,111
Payroll taxes and benefits	33,853	3,761	37,614	6,792	7,836		52,242
Advertising and promotion	1,462	1,462	2,924	528	609		4,061
Depreciation	66,315	7,368	73,683	-	6,407		80,090
In-kind donations/services expenses	25,289	2,810	28,099	-	-		28,099
Insurance	19,215	2,135	21,350	-	1,857		23,207
Occupancy	26,612	2,957	29,569	-	2,571		32,140
Office expense	8,674	964	9,638	2,142	1,606		13,386
Professional fees	-	-	-	-	6,623		6,623
Repairs and maintenance	8,439	938	9,377	-	815		10,192
Special events	-	2,151	2,151	12,191	-		14,342
Tool lending program expenses	67,811	-	67,811	-	-		67,811
Tool training center	-	14,082	14,082	-	-		14,082
Total expenses	\$ 436,590	\$ 58,508	\$ 495,098	\$ 65,831	\$ 61,457	\$	622,386

The accompanying notes are an integral part of this financial statement



	2020	2019
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 20,076	\$ 157,344
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	84,225	80,090
Interest expense from amortization of loan costs	2,408	2,301
Donations in kind received, net - (tools, supplies, furniture and equipment)	(27,066)	(75,782)
Increase (decrease) in allowance for doubtful accounts	-	-
(Increase) decrease in assets:		
Grants and pledges receivable	25,534	(26,284)
Prepaid expenses	(3,390)	(65)
Increase (decrease) in liabilities:		
Accounts payable	(4,275)	(3,237)
<b>Net cash provided by operating activities</b>	<b>97,512</b>	<b>134,367</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(25,541)	(91,947)
<b>Net cash used by investing activities</b>	<b>(25,541)</b>	<b>(91,947)</b>
<b>Cash flows from financing activities</b>		
Principal payments on note payable	(32,416)	(203,117)
<b>Net cash used by financing activities</b>	<b>(32,416)</b>	<b>(203,117)</b>
<b>Net change in cash</b>	<b>39,555</b>	<b>(160,697)</b>
<b>Cash, beginning of year</b>	<b>342,023</b>	<b>502,720</b>
<b>Cash, end of year</b>	<b>\$ 381,578</b>	<b>\$ 342,023</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	\$ 8,893	\$ 13,193

**Note 1:        Organization and Nature of Activities**

The Atlanta ToolBank, Inc. (ToolBank) is a non-profit organization located in Atlanta, Georgia. The ToolBank stewards an inventory of tools for lending to charitable organizations to increase the impact of their mission-related efforts in the community. The ToolBank loans tools to other non-profit and charitable organizations through the collection of dues and handling fees to assist them in completing their community improvement projects in a cost-effective manner.

The Tool Training Center (TTC) is located in the ToolBank. The TTC is a collaborative educational center focused on bridging critical gaps in the areas of tool use, repair and safety, workforce development, young adult introduction to tools and trades, disaster preparedness, and facility management. As an educational force for service, the ToolBank's Tool Training Center is helping our non-profit community make volunteer service easier, safer and more abundant across metro Atlanta. The ToolBank is now equipping volunteers with the knowledge of how to use tools more effectively, increasing volunteer skills and their impact on our community.

In addition to revenue received from tool lending and program service fees, the ToolBank receives donations from individuals, corporations, and foundations primarily located in the metropolitan area of Atlanta, Georgia.

**Note 2:        Summary of Significant Accounting Policies**

**Basis of Accounting and Financial Reporting**

The accompanying financial statements are presented on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred.

These financial statements are prepared in accordance with standards set by the Financial Accounting Standards Board. The ToolBank is required to classify information regarding its net assets, revenues, gains, and losses based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the ToolBank's management and the board of directors.

**Net Assets With Donor Restrictions** – Net assets subject to donor (-or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Expenses in the Statements of Activities have been reported by the functional classifications, major classes of program services and supporting activities. Program services are the activities that result in goods and services distributions to beneficiaries and members, and which fulfill the purposes or mission for which the ToolBank exists. Supporting programs are all the other activities of the ToolBank other than program services.

### **Revenue Recognition**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Effective January 1, 2020, the new guidance was adopted by the ToolBank using the modified retrospective method. The adoption of the new guidance had no material impact on the ToolBank's financial statements.

Unconditional contributions are recognized as support to the ToolBank in the period received or pledged. Contributions with donor-imposed restrictions are classified as restricted and released according to the donor stipulations. Contributions received with no donor-imposed restrictions, and where the restrictions are met within the same year, are recorded as unrestricted contributions. Conditional pledges are recognized in the statement of activities when the conditions on which they depend are substantially met.

Revenue from rentals of space or tools, events, and educational programs are recognized in the period the event or program occurs. Membership fees, included in program service fees, varying from \$10 - \$100 per year are charged annually to charitable organizations that rent tools. Some of these fees were waived in 2020 due to pandemic.

The ToolBank receives contributed goods and services from other individuals and organizations, the fair value of which is recorded in the financial statements in the period received.

### **Functional Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated to program services, fundraising, and management and general activities based on programs and supporting services benefitted. Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged based on space utilized; compensation of employees who perform these duties; or on studies based on estimates of time and effort of the related expense.

### **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.

### **Cash**

For purposes of the statement of cash flows, the ToolBank considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash.

### **Income Taxes**

The ToolBank is exempt from Federal and State income taxes under Internal Revenue Code Section 501 (c) (3). Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the ToolBank has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Management of the ToolBank considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability or discloses potential significant changes that management believes are more likely than not to occur, including changes to the ToolBank's status as a not-for-profit entity. Management believes the ToolBank met the requirements to maintain its tax-exempt status and had no income subject to unrelated business income tax; therefore, no provision for income taxes has been provided in these financial statements. The ToolBank's tax returns for the past three years are subject to examination by tax authorities and may change upon examination. However, the ToolBank is not currently under audit, nor has it been contacted by the taxing authorities.

### **Donated Assets and Services**

Donated assets are recorded at their fair market value on the date of receipt. If donated services received either create or enhance non-financial assets or require specialized skills which would need to be purchased if not donated, the value of those donated services are recorded.

The ToolBank received approximately \$79,000 and \$145,000 of donated furniture, equipment, tools, and supplies year in 2020 and 2019, respectively. The donated services received totaled approximately \$15,000 and \$12,000 during 2020 and 2019, respectively. These services primarily included marketing, communication, and security services.

Approximately 500 and 375 volunteers donated significant amounts of their time to the ToolBank's programs and supporting services in 2020 and 2019, respectively. The value of these services did not meet the criteria for recognition in the financial statements and the value has not been estimated.

### **Advertising**

Advertising costs are expensed as incurred. Advertising expense was \$3,627 and \$4,061 per year for the years ended December 31, 2020, and 2019, respectively.

### **Sales of Excess Tools and Supplies and Sales Tax**

The ToolBank holds an annual sale event each year to sell excess tools and supplies no longer useful for rental to the general public or of value to The ToolBank. The prices of the tools are deeply discounted, and no costs are assigned to these tools and supplies.

The ToolBank presents sales of tools and supplies, net of related sales tax, in the accompanying financial statements. The sales tax amounts collected were \$3,729 and \$3,094 for the years ended December 31, 2020, and December 31, 2019, respectively.

### **Subsequent Events**

The date to which events occurring after December 31, 2020, have been evaluated for possible adjustment to the financial statements or disclosure is September 30, 2021, which is the date the financial statements were available to be issued.

### **Note 3: Availability and Liquidity**

The ToolBank prepares an annual budget that is reviewed and approved by the Board of Directors annually in advance of the upcoming year. Periodic meetings are held by the Board and the Finance Committee to review internal financial statements and budget to actual comparisons. The ToolBank does not commit to expenditures if cash is not available to meet the expenditures.

The following represents the ToolBank's financial assets at December 31, 2020, and 2019:

	<b>2020</b>	<b>2019</b>
Financial assets at year-end:		
Cash	\$ 381,578	\$ 342,023
Pledges and grants receivable, net	22,931	48,465
Prepaid expenses	5,377	1,987
Total financial assets	\$ 409,886	\$ 392,475
Less amounts not available to be used in current operations within one year:	(41,145)	(78,000)
	\$ (41,145)	\$ (78,000)
Financial assets available to meet general expenditures over the next year	\$ 368,741	\$ 314,475

The ToolBank's goal is generally to maintain financial assets to meet three-to-six months of operating expenses (approximately \$300,000)

**Note 4: Pledges and Grants Receivable**

Pledges receivable at December 31, 2020, and December 31, 2019, were as follows:

	2020	2019
Unrestricted	\$ 37,931	\$ 63,465
	37,931	63,465
Less allowance for uncollectible pledges	(15,000)	(15,000)
Total pledges receivable	\$ 22,931	\$ 48,465
Due in less than one year	\$ 22,931	\$ 48,465
Due in one to five years	-	-
	\$ 22,931	\$ 48,465
Less discount to net present value	-	-
Net pledges receivable	\$ 22,931	\$ 48,465

During 2017 the ToolBank received the first payment of an energy improvement grant of \$59,547. The purpose of the grant was to improve the lighting and reduce energy costs in the Tool Training Center and offices. The payment received in 2017 was \$29,774 and the remaining payment was conditional upon the energy saving improvements being made. These improvements were completed in 2019. Final payment of \$29,773 was received in March 2020 and was included in 2019 pledges receivable.

There are no other conditional pledges or grants receivable at December 31, 2020, or 2019.

**Note 5: Property and Equipment**

Property and equipment consist of the following:

	2020	2019	Estimated Useful Life (Years)
Land, building and improvements	\$ 1,884,916	\$ 1,880,356	15-39
Vehicles, machinery and equipment	124,122	103,141	5-7
Furniture and fixtures	37,750	37,750	7
Office equipment	5,229	5,229	5
	2,052,017	2,026,476	
Less accumulated depreciation	(320,082)	(235,856)	
	\$ 1,731,935	\$ 1,790,620	

The ToolBank capitalizes all expenditures for property, furniture, fixtures and equipment in excess of \$1,000. Property and equipment are recorded at cost or fair market value, if donated, and are depreciated using straight line methods for land, building and improvements and accelerated methods for furniture, vehicles, and equipment, ranging from 5 to 39 years based upon their estimated useful lives.

**Note 6: Statements of Cash Flows and Concentrations of Credit Risk**

The ToolBank maintains cash balances at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). At times, cash and cash equivalent balances may exceed federally insured amounts. The ToolBank has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

**Note 7: License Agreement with ToolBank USA**

The ToolBank has a licensing agreement with ToolBank USA.

This licensing agreement entitles the ToolBank to utilize the Operations Manual or system programs developed by ToolBank USA. The distinguishing characteristics of the system include, but are not limited to, color schemes, signage and other identification schemes, tool tracking software and the accumulated experience reflected in ToolBank USA's training program and operating procedures.

The licensing agreement also entitles the Organization to an exclusive operating territory defined as the following Georgia counties: Fulton, DeKalb, Gwinnett, Cobb, Coweta, Fayette, Clayton, Henry, Spalding, Rockdale, Paulding, Forsyth, Cherokee and Douglas. ToolBank paid ToolBank USA \$3,250 for this agreement in 2019. In 2020, ToolBank USA waived the license fees due to the COVID 19 Pandemic.

**Note 8: Net Assets With Donor Restrictions**

The net assets with donor restriction are as follows:

	<b>2020</b>	<b>2019</b>
For programs scheduled in future years	\$ 41,145	\$ 78,000
Total	\$ 41,145	\$ 78,000

**Note 9: Lease with HouseProud Atlanta, Inc.**

In 2016, the ToolBank entered into a lease agreement with HouseProud Atlanta, Inc., a Georgia not-for-profit corporation, for approximately 256 square feet of office space and approximately 1,807 square feet of storage space in their building at 410 Englewood Avenue.

The lease term was from August 1, 2016, through July 31, 2019, at a base rental of \$1,500 per month.

The lease with HouseProud was renewed for one year on November 30, 2019, at a minimum rate of \$2,038 per month or \$24,456 per year.



Rental income was \$24,451 for 2020, and \$19,796 for 2019. These amounts also included rental income from a month-to-month lease from another not-for-profit organization of approximately \$900 in 2019.

**Note 10: Note Payable**

On March 7, 2017, the ToolBank borrowed \$450,000 to begin the next phase of renovations to their Tool Lending and Tool Training Center at their warehouse.

	2020	2019
Note payable, due in monthly installments of \$3,442, includes principal and interest at 4.50% to March 2022 with remaining principal balance due at maturity (secured by building and improvements)	\$ 176,701	\$ 209,117
Less unamortized discount	(3,166)	(5,573)
	<u>\$ 173,535</u>	<u>\$ 203,544</u>

Future maturities of the note payable and future amortization of loan costs are as follows:

Years Ending December 31,	Note Payable	Amortization of Loan Costs
2021	31,000	2,518
2022	145,701	648
	<u>\$ 176,701</u>	<u>\$ 3,166</u>

The ToolBank made additional principal payments on this note of \$175,000 during 2019.

**Note 11: Retirement Plan**

The ToolBank has adopted a 401K plan available to all eligible employees. Participants may elect to contribute up to the maximum amounts allowed by law. The ToolBank did not make any matching contributions in 2020 or 2019.

**Note 12: COVID 19 Pandemic and Subsequent Events**

In March and April of 2020, The ToolBank enacted a partial operational shut down due to the global COVID-19 pandemic. When on site at the ToolBank, the staff practiced social distancing in accordance with U.S. Center for Disease Control (CDC) guidelines. Tool Lending and interaction with volunteers was also limited in accordance with CDC guidelines. Additional sanitation measures were practiced and have continued into 2021.



In April 2020, The ToolBank received a loan in the amount of \$56,543 under the United States Payroll Protection Program (PPP Loan). The PPP Loan and accrued interest are forgivable after the covered period, up to twenty-four weeks, if the borrower uses PPP Loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities and maintains its payroll levels.

The ToolBank met the PPP Loan eligibility criteria, and the loan was forgiven in April 2021; therefore, the PPP Loan represents, in substance, a grant. As a result, The ToolBank accounted for the PPP Loan in accordance with FASB ASC 958-605 as a conditional contribution. During the year ended December 31, 2020, The ToolBank used the entire proceeds for purposes consistent with the PPP Loan resulting in recognition of the entire PPP Loan amount as contribution revenue in the accompanying financial statements.

The ToolBank received \$61,658 of PPP Loan funds in 2021. It is anticipated that this loan will be used for eligible purposes and meet the requirements to be forgiven during 2021.

The extent of the impact of COVID-19 on operational performance of ToolBank. will depend on certain developments including the duration and spread of the outbreaks and its impacts on donors and grantors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the financial position of ToolBank. and changes in the net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.