

Audited Financial Statements



WESTSIDE
FOOD BANK

June 30, 2020

Quigley & Miron

**Westside Food Bank
Audited Financial Statements
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Independent Auditor's Report

Board of Directors
Westside Food Bank
Santa Monica, California

We have audited the accompanying financial statements of Westside Food Bank (WSFB), a nonprofit organization, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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, 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 Westside Food Bank as of June 30, 2020, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Westside Food Bank's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 25, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Los Angeles, California
March 22, 2021

A handwritten signature in black ink that reads "Quigley & Niron". The signature is written in a cursive, flowing style.

Westside Food Bank
Statement of Financial Position
June 30, 2020
(with comparative totals for 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 2,458,132	\$ 373,508
Cash restricted to investment in equipment	53,000	53,000
Investments—Notes 3 and 4	298,952	966,091
Contributions and grants receivable—Note 5	412,211	204,858
Prepaid expenses and other assets	31,212	31,631
Equipment, net—Note 6	99,830	108,600
Deposits	8,182	8,182
Total Assets	<u>\$ 3,361,519</u>	<u>\$ 1,745,870</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 143,344	\$ 63,924
Total Liabilities	143,344	63,924
Commitments and Contingencies—Notes 7 and 8		
Net Assets		
Without donor restrictions—Note 9	2,766,870	1,207,408
With donor restrictions—Note 10	451,305	474,538
Total Net Assets	<u>3,218,175</u>	<u>1,681,946</u>
Total Liabilities and Net Assets	<u>\$ 3,361,519</u>	<u>\$ 1,745,870</u>

See notes to financial statements.

Westside Food Bank
Statement of Activities
Year Ended June 30, 2020
(with comparative totals for 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
Operating Activities				
Support and Revenue				
Contributions	\$ 1,193,100	\$ 19,961	\$ 1,213,061	\$ 839,423
Agency fees	34,221		34,221	34,509
Grants				
Foundations	2,158,127	144,100	2,302,227	931,022
Government				
Federal Emergency Food and Shelter Program		154,400	154,400	193,700
City of Santa Monica	122,687		122,687	112,687
City of Beverly Hills	125,000		125,000	110,000
Other governmental agencies	27,311		27,311	
Pass-through grants-in-aid	15,397		15,397	
In-kind contributions				77,557
Interest and dividend income	29,694		29,694	29,442
Total Support and Revenue	3,705,537	318,461	4,023,998	2,328,340
Net assets released from restrictions	341,694	(341,694)		
Total Support, Revenue, and Net Assets Released from Restrictions	4,047,231	(23,233)	4,023,998	2,328,340
Expenses				
Program services				
Food assistance services	2,041,675		2,041,675	1,679,195
Community engagement event	13,279		13,279	21,856
Supporting services				
Management and general	209,669		209,669	164,188
Fund development	244,304		244,304	248,820
Total Expenses	2,508,927		2,508,927	2,114,059
Change in Net Assets From Operations	1,538,304	(23,233)	1,515,071	214,281
Nonoperating Activities				
Investment return, net	21,158		21,158	13,468
Total Nonoperating Activities	21,158		21,158	13,468
Change in Net Assets	1,559,462	(23,233)	1,536,229	227,749
Net Assets at Beginning of Year	1,207,408	474,538	1,681,946	1,454,197
Net Assets at End of Year	\$ 2,766,870	\$ 451,305	\$ 3,218,175	\$ 1,681,946

See notes to financial statements.

Westside Food Bank
Statement of Functional Expenses
Year Ended June 30, 2020
(with comparative totals for 2019)

	Program Services			Supporting Services			2020 Total	2019 Total
	Food Assistance Services	Community Engagement Event	Total Program Services	Management and General	Fund Development	Total Supporting Services		
Expenses								
Salaries	\$ 420,244	\$	\$ 420,244	\$ 124,776	\$ 139,174	\$ 263,950	\$ 684,194	\$ 612,619
Payroll taxes	32,676		32,676	9,487	10,541	20,028	52,704	44,891
Employee benefits	72,359		72,359	21,007	23,341	44,348	116,707	108,797
Total Personnel Related	525,279		525,279	155,270	173,056	328,326	853,605	766,307
Advertising and promotional		5,758	5,758	844	1,831	2,675	8,433	8,141
Bank and processing fees				14,245	9,947	24,192	24,192	7,638
Depreciation and amortization	29,583		29,583	674	673	1,347	30,930	14,136
Dues and subscriptions	16,401		16,401	1,855	8,846	10,701	27,102	30,365
Food purchases	1,194,207		1,194,207				1,194,207	966,826
Insurance	3,505		3,505	1,017	1,131	2,148	5,653	5,277
Miscellaneous	15,721	721	16,442	9,516	1,795	11,311	27,753	17,908
Occupancy	192,614		192,614	17,917	13,438	31,355	223,969	174,671
Postage and mailing services		436	436	997	11,620	12,617	13,053	14,361
Printing and design services		3,566	3,566	2,382	16,439	18,821	22,387	39,264
Professional fees	7,750		7,750	2,250	2,500	4,750	12,500	12,000
Supplies	25,571	2,798	28,369	1,715	1,932	3,647	32,016	31,058
Telephone	3,400		3,400	987	1,096	2,083	5,483	4,147
Truck-related expenses	27,644		27,644				27,644	21,960
Total Non-Personnel Related	1,516,396	13,279	1,529,675	54,399	71,248	125,647	1,655,322	1,347,752
Total Expenses	\$ 2,041,675	\$ 13,279	\$ 2,054,954	\$ 209,669	\$ 244,304	\$ 453,973	\$ 2,508,927	\$ 2,114,059

See notes to financial statements.

Westside Food Bank
Statement of Cash Flows
Year Ended June 30, 2020
(with comparative totals for 2019)

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,536,229	\$ 227,749
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	30,930	14,136
Donations of common stock	(10,645)	(10,053)
Donation of in-kind property		(77,557)
Investment gain	(21,158)	(13,468)
(Increase) decrease in:		
Contributions and grants receivable	(207,353)	44,440
Prepaid expenses and other assets	419	375
Increase in:		
Accounts payable and accrued expenses	79,420	8,634
Net Cash Provided by Operating Activities	<u>1,407,842</u>	<u>194,256</u>
Cash Flows from Investing Activities		
Purchases of certificates of deposit		(122)
Maturities of certificates of deposit		71,180
Purchases of investments	(1,682,036)	(2,239,800)
Proceeds from sale of investments	2,370,000	1,724,000
Proceeds from sale of donated common stock	10,978	10,097
Purchases of equipment	(22,160)	(18,055)
Net Cash Provided by (Used in) Investing Activities	<u>676,782</u>	<u>(452,700)</u>
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	<u>2,084,624</u>	<u>(258,444)</u>
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	<u>426,508</u>	<u>684,952</u>
Cash, Cash Equivalents, and Restricted Cash at End of Year	<u>\$ 2,511,132</u>	<u>\$ 426,508</u>
Supplementary Disclosures		
Cash paid for interest	<u>\$</u>	<u>\$</u>
Cash paid for taxes	<u>\$</u>	<u>\$</u>

See notes to financial statements.

Westside Food Bank
Notes to Financial Statements
June 30, 2020
(with comparative totals for 2019)

Note 1—Organization and Summary of Significant Accounting Policies

Organization—Westside Food Bank (WSFB), founded in 1981, is an independent, non-governmental, non-profit organization incorporated under the laws of the State of California. WSFB's mission is to end hunger in our communities by providing access to free nutritious food through food acquisition and distribution, and by engaging the community and advocating for a strong food assistance network. Besides food donations, purchases and community sponsored food drives; WSFB also obtains food through its prepared and perishable food recovery program, Extra Helpings Westside. Approximately 4.5 million pounds of food that WSFB distributes each year goes to low-income individuals, children and families via the services of more than 70 member agencies including: St. Joseph Center, People Assisting The Homeless (PATH), Food Pantry LAX, SOVA Community Food & Resource Program, The People Concern/OPCC, Step Up on Second, The Salvation Army, several local colleges and a wide variety of veterans' programs. Member agencies are located in the area bounded by Mulholland Drive, La Brea Avenue, Imperial Highway and the Pacific Ocean. Many of WSFB's member agencies offer additional services including employment training, childcare, counseling, referrals, recovery programs, as well as parenting and money management classes to help clients become more economically independent. WSFB receives funds from concerned individuals, religious congregations, foundations, corporations, the cities of Santa Monica and Beverly Hills, and the Federal Government.

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The WSFB's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of the WSFB and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of WSFB. These net assets may be used at the discretion of WSFB's management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of WSFB and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit WSFB to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to WSFB's ongoing food assistance services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Income Taxes—WSFB is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code). Accordingly, no provision for income taxes is included in the financial statements. In addition, WSFB has been determined by the Internal Revenue Service not to be a private foundation within the meaning of section 509(a) of the Code.

Westside Food Bank
Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered ‘more likely than not’ to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at June 30, 2020 and 2019. Generally, WSFB’s information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash, Cash Equivalents, and Restricted Cash—WSFB considers all highly liquid investments with a maturity of one month or less when purchased to be cash equivalents.

Unspent cash from contributions restricted to the purchase of equipment is reflected as restricted cash for investment in equipment on the statement of financial position. Its use is limited to purchases of food warehouse equipment.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position to the cash, cash equivalents, and restricted cash total shown in the statement of cash flows at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,458,132	\$ 426,508
Cash restricted to investment in equipment	53,000	53,000
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 2,511,132</u>	<u>\$ 479,508</u>

Restricted cash held for investment in equipment on the statement of financial position includes restricted cash with a donor-imposed restriction that limits the use of that cash to long-term purposes.

Investments—Investments in securities are initially recorded at cost, if purchased, or fair market value, if received as a contribution. Subsequent to acquisition, investments in securities are reported at fair value. Investment transactions are recorded on the trade date. Investment income and realized and unrealized gains and losses, net of investment management fees, are reported as increases or decreases in the appropriate net asset category.

Contributions—Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Equipment—Certain items of equipment have been donated to WSFB. To the extent a fair market value could be determined for these items as of the date of donation, the fair market value has been recorded for financial statement purposes. Items purchased have been recorded at cost. It is WSFB’s policy to expense individual items purchased or donated with values less than \$2,000. Equipment is depreciated on a straight-line basis over its estimated useful life, ranging from 3 to 5 years.

Food Inventory—Due to rapid turnover and the short-term nature of food storage, food inventory is not recorded by WSFB.

Westside Food Bank

Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

Concentration of Credit Risk—Financial instruments which potentially subject WSFB to concentrations of credit risk consist of cash and cash equivalents, certificates of deposit, investments, and contributions receivable.

WSFB places its cash, cash equivalents and certificates of deposit with financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Cash balances of WSFB did not exceed the FDIC limit at June 30, 2020.

Cash held in investment accounts at investment custodians is insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investments in securities are insured up to \$500,000. Management regularly reviews the financial stability of its allocation of investments and deems the risk of loss due to these concentrations to be minimal.

Contributions and grants receivable at June 30, 2020 are due from private foundations, government agencies, and individuals and organizations well-known to WSFB, with favorable past payment histories. Management of WSFB has assessed the credit risk associated with these contributions and grants receivable and has determined that an allowance for potential uncollectible amounts is not necessary.

Recently Adopted Accounting Principles

Restricted cash—In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU No. 2016-18 clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The guidance requires entities to present the change in restricted cash and restricted cash equivalents with cash and cash equivalents to reconcile amounts on the balance sheet to the statement of cash flows. Entities are required to disclose the nature of the restrictions, as well as reconcile the totals in the statement of cash flows to cash, cash equivalents, restricted cash, and restricted cash equivalents on the balance sheet when these are shown in more than one line item. WSFB has adopted ASU No. 2016-18 on a retrospective basis for the year ended June 30, 2020, and has adjusted the presentation of the financial statements accordingly.

Contributions—In June 2018, FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 clarifies and improves the scope of the accounting guidance for contributions received and contributions made. The clarifications and improved scope assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal) or as exchange (reciprocal) transactions, and 2) determining whether a contribution is conditional. The clarified guidance applies to all entities that receive or make contributions (grants). ASU No. 2018-08 has been adopted by WSFB for the year ended June 30, 2020, however, the retrospective approach requires that organizations reflect the effect of the new guidance in the earliest year presented in the financial statements. WSFB has determined that adopting ASU No. 2018-08 has had no material effect on the financial statements.

Revenue Recognition—WSFB's revenue recognition policies are as follows:

Agency fees—Agency fees are recognized as revenue when received.

Fundraising event income—Income from fundraising events is recognized when received.

Government grants and contracts—Revenues from government grants and contracts are reported as increases in unrestricted net assets as allowable expenditures under such agreements are incurred. The amounts expended in excess of reimbursements are reported as contributions receivable. Amounts received in excess of amounts expended are recorded as deferred revenue.

Westside Food Bank

Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

Functionalized Expenses—The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy which is allocated on a square footage basis, as well as salaries, payroll taxes, employee benefits, depreciation and amortization, insurance, miscellaneous, supplies, and telephone, which are allocated on the basis of estimates of time and effort. All other functional expenses are charged directly to program services, management and general, or fund development.

In-Kind Contributions—WSFB records various types of in-kind contributions, including services and tangible assets. Donated services are recorded at fair value at the date of donation only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donations of tangible assets are recognized at fair value when received.

In-kind donations of \$77,557 for the year ended June 30, 2019 have been recorded in the in-kind contributions caption of the statement of activities at their fair value and included in the statement of financial position. There were no in-kind contributions recorded during the year ended June 30, 2020.

During the year ended June 30, 2019, WSFB received an in-kind contribution of a refrigerated commercial van, valued at \$77,557. The amount is reported in the net equipment in the statement of financial position.

A substantial number of volunteers have donated a significant number of hours devoted to WSFB's program services, management and general, and fund development activities. However, these donated services are not reflected in the accompanying financial statements as they do not meet the criteria for recognition under current accounting standards.

Comparative Totals for 2019—The accompanying financial statements include certain prior-year summarized comparative financial information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with WSFB's audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Reclassifications—Certain amounts in 2019 have been reclassified to conform with the 2020 financial statement presentation.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Westside Food Bank
Notes to Financial Statements—Continued

Note 2—Availability and Liquidity

The following represents the availability and liquidity of WSFB's financial assets at June 30, 2020 to cover operating expenses for the next fiscal year:

Financial assets		
Cash and cash equivalents	\$	2,458,132
Cash restricted to investment in equipment		53,000
Investments		298,952
Contributions and grants receivable		412,211
		412,211
	Total Financial Assets	3,222,295
Less amounts not available to be used within one year:		
Net assets with donor restrictions		
Restricted due to purpose		
Federal Emergency Food and Shelter Program		(154,400)
Strategic Initiative project		(22,968)
Purchases of equipment		(53,000)
Restricted due to timing		(164,062)
Less net assets with time restrictions to be met within one year		164,062
Board-designated reserve fund		(111,369)
		(111,369)
	Total Amounts Not Available to be Used Within One Year	(341,737)
	Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 2,880,558

WSFB's goal is generally to maintain financial assets to meet 180 days of general operating expenses (approximately \$1.25 million). The board-designated reserve fund is intended by board of director policy to be used for specific purposes, projects or investments, and to provide funds to allow WSFB to operate effectively despite reduction or curtailment of portions of its funding in the future.

Note 3—Investments

Investments at June 30, 2020 and 2019 consist of the following:

	Cost Basis	Market Value
June 30, 2020:		
Mutual funds		
Large growth	\$ 224,322	\$ 298,952
	Totals	\$ 298,952
	\$ 224,322	\$ 298,952
June 30, 2019:		
Mutual funds		
Large growth	\$ 205,410	\$ 267,820
Debt securities		
U.S. Treasury bills	695,898	698,271
	Totals	\$ 966,091
	\$ 901,308	\$ 966,091

Westside Food Bank
Notes to Financial Statements—Continued

Note 4—Fair Value Measurements

In determining the fair value of assets and liabilities, WSFB utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. WSFB determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Quoted market prices in active markets for identical assets or liabilities. Level 1 assets include equity securities and mutual funds valued at the closing price reported on the active market on which the individual securities are traded.

Level 2—Observable market-based inputs, either directly or indirectly, but are other than quoted prices in actively traded markets. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs that can be corroborated by observable market data. WSFB had no Level 2 assets or liabilities at June 30, 2020 and 2019.

Level 3—Unobservable inputs that are supported by little or no market activity which are significant to the fair value of the asset or liability. Unobservable inputs reflect the best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date. WSFB had no Level 3 assets or liabilities at June 30, 2020 and 2019.

WSFB may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by WSFB to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. WSFB had no assets or liabilities classified at NAV as a practical expedient during the years ended June 30, 2020 and 2019.

At June 30, 2020 and 2019, assets measured at fair value on a recurring basis consist of an investment mutual fund and debt securities that, together, have, respectively, a fair value of \$298,952 and \$966,091. The investment mutual fund and debt securities are actively traded and, as such, are considered Level 1 assets.

Note 5—Contributions and Grants Receivable

Contributions and grants receivable at June 30, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Without donor restrictions		
Government agencies	\$ 93,750	\$
With donor restrictions		
Government agencies	154,400	193,700
Foundations	144,100	
Individuals and local organizations	19,961	11,158
Totals	<u>\$ 412,211</u>	<u>\$ 204,858</u>

Westside Food Bank
Notes to Financial Statements—Continued

Note 6—Equipment, Net

Net equipment at June 30, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Office equipment	\$ 14,598	\$ 14,598
Program equipment	77,557	77,557
Truck and warehouse equipment	214,634	192,474
	<u>Total Equipment</u>	<u>284,629</u>
Less accumulated depreciation and amortization	(206,959)	(176,029)
	<u>Net</u>	<u>\$ 99,830</u>
		<u>\$ 108,600</u>

Note 7—Commitments

WSFB occupies office and warehouse space under a noncancellable operating lease agreement (Agreement) which expires on April 30, 2024. Future minimum annual rental payments under the Agreement are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 138,250
2022	142,310
2023	146,590
2024	125,200
	<u>Total</u>
	<u>\$ 552,350</u>

Rent expense totaled \$134,230 and \$128,260 for the years ended June 30, 2020 and 2019, respectively.

Note 8—Contingencies

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although that is a possibility, the Board deems the contingency remote since, by accepting the gifts subject to their terms, the Board is acknowledging the requirements of the grantor at the time of receipt of the grant.

Note 9—Net Assets without Donor Restrictions

Net assets without donor restrictions for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 2,655,501	\$ 1,096,039
Board-designated reserve	111,369	111,369
	<u>Total Net Assets without Donor Restrictions</u>	<u>\$ 2,766,870</u>
		<u>\$ 1,207,408</u>

The board-designated reserve consists of voluntary board-approved segregations of unrestricted net assets for specific purposes, projects or investments, and to provide funds to allow WSFB to operate effectively despite reductions or curtailment of portions of its funding in the future.

Westside Food Bank
Notes to Financial Statements—Continued

Note 10—Net Assets with Donor Restrictions

Net assets with donor restrictions for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Strategic Initiative project	\$ 22,968	\$ 145,594
Purchases of equipment	53,000	53,000
Restricted-use of contributed equipment	56,875	72,387
Promises to give, the proceeds from which have have been restricted by donors:		
For food assistance services		
Federal Emergency Food and Shelter Program	154,400	193,700
Due to timing		
Support for future periods	164,062	9,857
Total Net Assets with Donor Restrictions	<u>\$ 451,305</u>	<u>\$ 474,538</u>

Net assets released from donor restrictions for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions:		
Strategic Initiative project	\$ 122,626	\$ 9,406
Student Leaders Program internship		4,000
Federal Emergency Food and Shelter Program	193,700	162,697
Restricted-use of contributed equipment	15,511	5,170
Satisfaction of timing restrictions	9,857	86,535
Total Net Assets Released from Donor Restrictions	<u>\$ 341,694</u>	<u>\$ 267,808</u>

Note 11—Retirement Plan

WSFB's 401(k) plan (the Plan) consists primarily of two components: (1) WSFB's matching 100% of employee contributions in an amount up to 4% of annual salary and (2) employee deferred payroll contributions to the Plan. Additionally, WSFB has the option to make additional non-elective contributions to the Plan in the form of profit-sharing. Employees are eligible to participate in the Plan effective immediately upon commencement of employment with no conditions of age or service required. Each participant may elect to contribute up to the maximum limit by federal law. Participants are vested immediately upon entering the Plan with 100% non-forfeitability of all employer matched contributions.

WSFB's matching contributions totaled \$26,482 and \$23,061, respectively, for the years ended June 30, 2020 and 2019. Expenses related to the Plan's administration totaled \$1,830 and \$3,436, respectively, for the years ended June 30, 2020 and 2019.

Westside Food Bank
Notes to Financial Statements—Continued

Note 12—Recent Accounting Pronouncements

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2021, with early adoption permitted. WSFB is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

Gifts-in-Kind—In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. There are additional required disclosures regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity's policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. ASU No. 2020-07 is to be applied retrospectively and is effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Early adoption is permitted. WSFB is currently evaluating the impact that the adoption of ASU No. 2020-07 will have on its financial statements.

Note 13—Risks and Uncertainties

In early March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been, and continues to be, severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. WSFB has continued to conduct its food assistance services activities on-site and to monitor the ongoing impact of the pandemic response on its overall operations.

Note 14—Subsequent Events

On July 1, 2020, WSFB received a Paycheck Protection Program (PPP) advance of \$130,974, granted by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Under the program terms, PPP advances are forgiven and recognized as grant revenue if the proceeds are used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent, and utilities) incurred following receipt of the advance. WSFB believes that it used the proceeds of the PPP advance for purposes consistent with the PPP and intends to apply for full forgiveness of the loan.

Management has evaluated subsequent events through March 22, 2021, the date the financial statements were available to be issued.