

Audited Financial Statements and Other Information



WESTSIDE
FOOD BANK

June 30, 2021

Quigley & Miron

Westside Food Bank
 Audited Financial Statements and Other Information
 Table of Contents
 June 30, 2021

Page
Number

Independent Auditor’s Report 1

Audited Financial Statements

Statement of Financial Position..... 3
 Statement of Activities..... 4
 Statement of Functional Expenses..... 5
 Statement of Cash Flows..... 6
 Notes to Financial Statements..... 7

Other Information

Schedule of Expenditures of Federal Awards 17
 Notes to Schedule of Expenditures of Federal Awards..... 18
 Summary Schedule of Prior Audit Findings..... 19
 Independent Auditor's Report on Internal Control Over Financial Reporting
 and on Compliance and Other Matters Based on an Audit of Financial
 Statements Performed in Accordance with *Government Auditing Standards*..... 20
 Independent Auditor's Report on Compliance for Each Major Federal Program
 and Report on Internal Control over Compliance in Accordance with
 the Uniform Guidance..... 22
 Schedule of Findings and Questioned Costs..... 24
 Corrective Action Plan..... 26

Suite 1660
3550 Wilshire Boulevard
Los Angeles, California 90010

Telephone: (213) 639-3550
Facsimile: (213) 639-3555

Suite 700
1999 South Bascom Avenue
Campbell, California 95008

Telephone: (408) 614-0100
Facsimile: (213) 639-3555

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, 2021, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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, 2021, 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

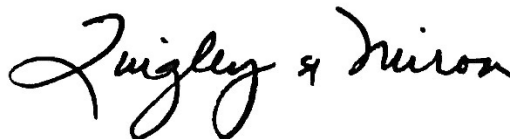
We have previously audited Westside Food Bank's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 25, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued reports dated April 25, 2022, on our consideration of Westside Food Bank's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Westside Food Bank's internal control over financial reporting and compliance.



Los Angeles, California
April 25, 2022

Westside Food Bank
Statement of Financial Position
June 30, 2021
(with comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 4,273,826	\$ 2,458,132
Cash restricted to investment in equipment	53,000	53,000
Investments—Notes 3 and 4	743,648	298,952
Contributions and grants receivable—Note 5	346,547	412,211
Prepaid expenses and other assets	35,100	31,212
Equipment, net—Note 6	115,118	99,830
Deposits	19,869	8,182
	<u><u>\$ 5,587,108</u></u>	<u><u>\$ 3,361,519</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 114,383	\$ 143,344
PPP advance—Note 7	130,974	
	<u>245,357</u>	<u>143,344</u>
Total Liabilities	245,357	143,344
Commitments and Contingencies—Notes 8 and 9		
Net Assets		
Without donor restrictions—Note 10	4,842,203	2,766,870
With donor restrictions—Note 11	499,548	451,305
	<u>5,341,751</u>	<u>3,218,175</u>
Total Net Assets	5,341,751	3,218,175
Total Liabilities and Net Assets	<u><u>\$ 5,587,108</u></u>	<u><u>\$ 3,361,519</u></u>

See notes to financial statements.

Westside Food Bank
Statement of Activities
Year Ended June 30, 2021
(with comparative totals for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
Operating Activities				
Support and Revenue				
Contributions	\$ 2,148,805	\$ 5,997	\$ 2,154,802	\$ 1,213,061
Contributed food—governmental	590,832		590,832	
Contributed food—non-governmental	1,958,260		1,958,260	
Agency fees				34,221
Grants				
Foundations	1,602,897	966,250	2,569,147	2,302,227
Government				
Federal Emergency Food and Shelter Program	246,700	206,800	453,500	154,400
City of Santa Monica	112,687		112,687	122,687
City of Beverly Hills	112,500	37,500	150,000	125,000
Other governmental agencies	30,720		30,720	27,311
Pass-through grants-in-aid				15,397
Interest and dividend income	12,470		12,470	29,694
Total Support and Revenue	6,815,871	1,216,547	8,032,418	4,023,998
Net assets released from restrictions	1,168,304	(1,168,304)		
Total Support, Revenue, and Net Assets Released from Restrictions	7,984,175	48,243	8,032,418	4,023,998
Expenses				
Program services				
Food assistance services	5,398,668		5,398,668	2,041,675
Community engagement event	15,431		15,431	13,279
Supporting services				
Management and general	248,362		248,362	209,669
Fund development	297,309		297,309	244,304
Total Expenses	5,959,770		5,959,770	2,508,927
Change in Net Assets From Operations	2,024,405	48,243	2,072,648	1,515,071
Nonoperating Activities				
Loss on disposal of equipment	(42,749)		(42,749)	
Investment return, net	93,677		93,677	21,158
Total Nonoperating Activities	50,928		50,928	21,158
Change in Net Assets	2,075,333	48,243	2,123,576	1,536,229
Net Assets at Beginning of Year	2,766,870	451,305	3,218,175	1,681,946
Net Assets at End of Year	\$ 4,842,203	\$ 499,548	\$ 5,341,751	\$ 3,218,175

See notes to financial statements.

Westside Food Bank
Statement of Functional Expenses
Year Ended June 30, 2021
(with comparative totals for 2020)

Expenses	Program Services			Supporting Services			2021 Total	2020 Total
	Food Assistance Services	Community Engagement Event	Total Program Services	Management and General	Fund Development	Total Supporting Services		
Salaries	\$ 440,142	\$	\$ 440,142	\$ 123,807	\$ 161,704	\$ 285,511	\$ 725,653	\$ 684,194
Payroll taxes	32,532		32,532	9,151	11,952	21,103	53,635	52,704
Employee benefits	75,134		75,134	21,134	27,604	48,738	123,872	116,707
Total Personnel Related	547,808		547,808	154,092	201,260	355,352	903,160	853,605
Advertising and promotional		5,110	5,110	424	4,122	4,546	9,656	8,433
Bank and processing fees				33,955	7,155	41,110	41,110	24,192
Depreciation and amortization	28,114		28,114	2,808	2,106	4,914	33,028	30,930
Dues and subscriptions				25,307	15,167	40,474	40,474	27,102
Food purchases	2,015,685		2,015,685				2,015,685	1,194,207
Insurance	3,430		3,430	965	1,260	2,225	5,655	5,653
Miscellaneous	28,293	3,562	31,855	8,960	11,703	20,663	52,518	27,753
Occupancy	158,205		158,205	14,717	11,038	25,755	183,960	223,969
Postage and mailing services		9	9	1,502	7,582	9,084	9,093	13,053
Printing and design services		1,500	1,500	1,926	25,826	27,752	29,252	22,387
Professional fees	8,189		8,189	2,303	3,008	5,311	13,500	12,500
Supplies	13,390	5,250	18,640	574	5,999	6,573	25,213	32,016
Telephone	2,948		2,948	829	1,083	1,912	4,860	5,483
Truck-related expenses	43,514		43,514				43,514	27,644
Total Expenses Before In-Kind	2,849,576	15,431	2,865,007	248,362	297,309	545,671	3,410,678	2,508,927
In-kind food distributions	2,549,092		2,549,092				2,549,092	
Total Expenses	\$ 5,398,668	\$ 15,431	\$ 5,414,099	\$ 248,362	\$ 297,309	\$ 545,671	\$ 5,959,770	\$ 2,508,927
Percentage of total expenses								
Without in-kind	83.5%	0.5%	84.0%	7.3%	8.7%	16.0%	100.0%	
With in-kind	90.6%	0.3%	90.8%	4.2%	5.0%	9.2%	100.0%	

See notes to financial statements.

Westside Food Bank
Statement of Cash Flows
Year Ended June 30, 2021
(with comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 2,123,576	\$ 1,536,229
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	33,028	30,930
Investment gain	(93,677)	(21,158)
Loss on disposal of equipment	42,749	
(Increase) decrease in:		
Contributions and grants receivable	65,664	(207,353)
Prepaid expenses and other assets	(3,888)	419
Deposits	(11,687)	
Increase in:		
Accounts payable and accrued expenses	(28,961)	79,420
PPP advance	130,974	
Net Cash Provided by Operating Activities	<u>2,257,778</u>	<u>1,418,487</u>
Cash Flows from Investing Activities		
Purchases of investments	(951,019)	(1,692,681)
Proceeds from sales of investments	600,000	2,380,978
Proceeds from sale of equipment	1,200	
Purchases of equipment	(92,265)	(22,160)
Net Cash Provided by (Used in) Investing Activities	<u>(442,084)</u>	<u>666,137</u>
Net Increase in Cash, Cash Equivalents, and Restricted Cash	1,815,694	2,084,624
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	<u>2,511,132</u>	<u>426,508</u>
Cash, Cash Equivalents, and Restricted Cash at End of Year	<u><u>\$ 4,326,826</u></u>	<u><u>\$ 2,511,132</u></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, 2021
(with comparative totals for 2020)

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. Westside Food Bank obtains food through donations and bulk food purchases at the best available wholesale prices. Food purchases round out the nutritional value of donated food and ensure a consistent supply of the full range of nutrients in its distribution. Sources of donated food include community food drives, a prepared and perishable food rescue program, and corporate food donations.

WSFB distributes close to 5 million pounds of free, nutritious food annually through more than 65 food assistance programs—food pantries, senior citizen meal and grocery delivery programs, hot meals at pre-school/after-school programs, food programs on college campuses, domestic violence shelters, bridge housing facilities, transitional housing spaces, community kitchens, recovery centers, and group homes, as well as access centers for un-housed youth, adults, and veterans—located in Santa Monica, Venice, Culver City, West Los Angeles, Malibu, West Hollywood, Inglewood, and the Los Angeles International Airport (LAX) area. About 90% of food is distributed through food pantries, with the remaining 10% being provided through shelters, transitional housing, community kitchens, and via school-related and veterans’ programs.

Beyond these myriad community access points, WSFB also operates several direct service pop-up pantries that provide fresh groceries to low-income households in Culver City, West Los Angeles, Santa Monica and via the Veterans’ Administration campus in Westwood.

During the COVID period, WSFB saw the need for food assistance in its service area more than double and is now distributing more than twice as much food compared with pre-pandemic figures. In addition to expanding its direct service pop-up pantry program, Westside Food Bank added several new member agencies including many that did not have food distribution programs prior to COVID. The amount of food provided to local college students more than tripled with expanded food distributions at Santa Monica College, Mount Saint Mary’s University, and UCLA.

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. WSFB’s net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of 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.

Westside Food Bank
Notes to Financial Statements—Continued

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

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.

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, 2021 and 2020. 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,273,826	\$ 2,458,132
Cash restricted to investment in equipment	53,000	53,000
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 4,326,826</u>	<u>\$ 2,511,132</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.

Westside Food Bank

Notes to Financial Statements—Continued

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

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.

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, 2021.

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, 2021 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 Principle

Restricted Cash—In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard 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.

Westside Food Bank

Notes to Financial Statements—Continued

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

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—In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. WSFB opted to adopt ASU No. 2014-09 for the year ended June 30, 2021, and noted that there was 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.

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.

During the year ended June 30, 2021, in-kind contributions consisted of food donated from government agencies and private sources. Government agency in-kind food is valued at the respective agency's assigned value. WSFB values its private source in-kind donations using a rate from a national independent study multiplied by total poundage.

Westside Food Bank
Notes to Financial Statements—Continued

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

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 2020—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, 2020, from which the summarized information was derived.

Reclassifications—Certain amounts in 2020 have been reclassified to conform with the 2021 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.

Note 2—Availability and Liquidity

The following represents the availability and liquidity of WSFB's financial assets at June 30, 2021 to cover operating expenses for the next fiscal year:

Financial assets		
Cash and cash equivalents	\$	4,273,826
Cash restricted to investment in equipment		53,000
Investments		743,648
Contributions and grants receivable		346,547
		<hr/>
	Total Financial Assets	5,417,021
Less amounts not available to be used within one year:		
Net assets with donor restrictions		
Restricted due to purpose		
Refrigerated truck purchase		(100,000)
Purchases of equipment		(53,000)
Restricted due to timing		(346,548)
Less net assets with time restrictions to be met within one year		446,548
Board-designated reserve fund		(111,369)
		<hr/>
	Total Amounts Not Available to be Used Within One Year	(164,369)
		<hr/>
	Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 5,252,652

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.

Westside Food Bank
Notes to Financial Statements—Continued

Note 3—Investments

Investments at June 30, 2021 and 2020 consist of the following:

	<u>Cost Basis</u>	<u>Market Value</u>
June 30, 2021:		
Equities	\$ 306,043	\$ 359,770
Mutual funds		
Large growth	234,147	383,878
Totals	<u>\$ 540,190</u>	<u>\$ 743,648</u>
June 30, 2020:		
Mutual funds		
Large growth	\$ 224,322	\$ 298,952
Totals	<u>\$ 224,322</u>	<u>\$ 298,952</u>

Return on investment for the years ended June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Unrealized gains	\$ 93,677	\$ 9,847
Realized gains		11,311
	Investment Return, Net	
Interest and dividend income	12,470	29,694
Total Return on Investment	<u>\$ 106,147</u>	<u>\$ 50,852</u>

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 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.

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 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, 2021 and 2020.

Westside Food Bank
Notes to Financial Statements—Continued

Note 4—Fair Value Measurements—Continued

At June 30, 2021 and 2020, assets measured at fair value on a recurring basis consist of equities, an investment mutual fund, and debt securities that, together, have a fair value of \$743,648 and \$298,952, respectively. 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, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Without donor restrictions		
Government agencies	\$	\$ 93,750
With donor restrictions		
Government agencies	244,300	154,400
Foundations	96,250	144,100
Individuals and local organizations	5,997	19,961
Totals	<u>\$ 346,547</u>	<u>\$ 412,211</u>

Note 6—Equipment, Net

Net equipment at June 30, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Truck and warehouse equipment	\$ 259,556	\$ 292,191
Office equipment	14,598	14,598
Total Equipment	<u>274,154</u>	<u>306,789</u>
Less accumulated depreciation and amortization	(159,036)	(206,959)
Net	<u>\$ 115,118</u>	<u>\$ 99,830</u>

Note 7—PPP Advance

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. The PPP advance was forgiven subsequent to year end on November 17, 2021.

Westside Food Bank
Notes to Financial Statements—Continued

Note 8—Commitments

WSFB occupies office and warehouse space under a noncancellable operating lease agreement which expires on April 30, 2024. Subsequent to year-end, on July 1, 2021, WSFB entered into a one-year noncancellable operating lease agreement for additional warehouse space, which was amended to extend the lease term through November 5, 2022. Future minimum annual rental payments under these agreements are as follows:

<u>Year Ending June 30,</u>		
2022	\$	382,310
2023		259,090
2024		<u>125,200</u>
Total	\$	<u>766,600</u>

Rent expense totaled \$138,250 and \$134,230 for the years ended June 30, 2021 and 2020, respectively.

Note 9—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 10—Net Assets without Donor Restrictions

Net assets without donor restrictions for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 4,730,834	\$ 2,655,501
Board-designated reserve	<u>111,369</u>	<u>111,369</u>
Total Net Assets without Donor Restrictions	<u>\$ 4,842,203</u>	<u>\$ 2,766,870</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 11—Net Assets with Donor Restrictions

Net assets with donor restrictions for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Refrigerated truck purchase	\$ 100,000	\$ 22,968
Strategic Initiative project		53,000
Purchases of equipment	53,000	56,875
Restricted-use of contributed equipment		56,875
Promises to give, the proceeds from which have have been restricted by donors:		
For food assistance services		
Federal Emergency Food and Shelter Program	206,800	154,400
Due to timing		
Support for future periods	139,748	164,062
Total Net Assets with Donor Restrictions	<u>\$ 499,548</u>	<u>\$ 451,305</u>

Net assets released from donor restrictions for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions:		
COVID-19 Relief	\$ 770,000	\$ 193,700
Federal Emergency Food and Shelter Program	154,400	15,511
Restricted-use of contributed equipment	56,875	122,626
Strategic Initiative project	22,968	
Satisfaction of timing restrictions	164,061	9,857
Total Net Assets Released from Donor Restrictions	<u>\$ 1,168,304</u>	<u>\$ 341,694</u>

Note 12—In-Kind Food Contributions

In-kind food contributions for the year ended June 30, 2021 consist of the following:

Contributed food—governmental	\$ 590,832
Contributed food—non-governmental	1,958,260
Total	<u>\$ 2,549,092</u>

Total food distribution, including food purchases, amounted to \$4,564,777 and \$1,194,207 for the years ended June 30, 2021 and 2020, respectively.

Westside Food Bank
Notes to Financial Statements—Continued

Note 13—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-forfeatability of all employer matched contributions.

WSFB's matching contributions totaled \$27,746 and \$26,482, respectively, for the years ended June 30, 2021 and 2020. Expenses related to the Plan's administration totaled \$1,860 and \$1,830, respectively, for the years ended June 30, 2021 and 2020.

Note 14—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 15—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.

Westside Food Bank
Notes to Financial Statements—Continued

Note 16—Subsequent Events

Management evaluated all activities of Westside Food Bank through April 25, 2022, which is the date the financial statements were available to be issued, and concluded that, other than the forgiveness of the PPP advance described in Note 7 and the new lease for additional warehouse space described in Note 8, no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.

Westside Food Bank
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

<u>Federal Grantor/Pass-Through Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor's Number</u>	<u>Grant Period</u>	<u>Expenditures</u>
<u>U.S. Department of the Treasury</u>				
COVID-19 Coronavirus Relief Fund				
Passed through State of California				
Department of Social Services				
Food Commodities	21.019	19-3070	8/1/20 - 4/20/21	\$ 316,725
Freight Costs	21.019	19-3070	8/1/20 - 4/20/21	6,896
Distribution Costs	21.019	19-3070	8/1/20 - 4/20/21	26,700
Passed through Los Angeles				
Regional Food Bank				
Food Commodities	21.019	19-3070	7/1/20 - 6/30/21	67,062
			Total CFDA 21.019	417,383
			Total Department of Treasury	417,383
<u>U.S. Department of Agriculture</u>				
Food Distribution Cluster				
Emergency Food Assistance Program				
Food Commodities				
Passed through Los Angeles				
Regional Food Bank	10.569	N/A	7/1/20 - 6/30/21	193,270
			Total Food Distribution Cluster, CFDA Nos. 10.565, 10.568, and 10.569	193,270
Specialty Crop Block Grant Program				
Farm Bill				
Distribution Costs				
Passed through California				
Association of Food Banks	10.170	N/A	7/1/20 - 6/30/21	6,879
			Total CFDA 10.170	6,879
			Total Department of Agriculture	200,149
<u>U.S. Department of Homeland Security</u>				
Emergency Food and Shelter National				
Board Program	97.024	PHASE 37	7/1/20 - 6/30/21	154,400
	97.024	PHASECARES	7/1/20 - 6/30/21	246,700
			Total CFDA 97.024	401,100
			Total Department of Homeland Security	401,100
			Total Federal Awards	\$ 1,018,632

See notes to schedule of expenditures of federal awards.

Westside Food Bank
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Note A—Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Westside Food Bank under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Westside Food Bank, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Westside Food Bank.

Note B—Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the schedule represent adjustments or credits made in the normal course of operations to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note C—Indirect Cost Rate

Westside Food Bank has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Westside Food Bank
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021**

There were no prior year audit findings.

Suite 1660
3550 Wilshire Boulevard
Los Angeles, California 90010

Telephone: (213) 639-3550
Facsimile: (213) 639-3555

Suite 700
1999 South Bascom Avenue
Campbell, California 95008

Telephone: (408) 614-0100
Facsimile: (213) 639-3555

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Westside Food Bank
Santa Monica, California

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Westside Food Bank (WSFB), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated April 25, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered WSFB's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WSFB's internal control. Accordingly, we do not express an opinion on the effectiveness of WSFB's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. *A material weakness* is a significant deficiency, or combination of significant deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a material weakness.

Compliance and Other Matters

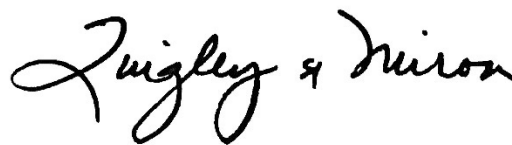
As part of obtaining reasonable assurance about whether WSFB's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

WSFB's Response to Findings

WSFB's response to the finding identified in our audit is described in the accompanying corrective action plan. WSFB's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of WSFB's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WSFB's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Los Angeles, California
April 25, 2022

Suite 1660
3550 Wilshire Boulevard
Los Angeles, California 90010

Telephone: (213) 639-3550
Facsimile: (213) 639-3555

Suite 700
1999 South Bascom Avenue
Campbell, California 95008

Telephone: (408) 614-0100
Facsimile: (213) 639-3555

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Board of Directors
Westside Food Bank
Santa Monica, California

Report on Compliance for Each Major Federal Program

We have audited the compliance of Westside Food Bank (WSFB) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended June 30, 2021. WSFB's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of WSFB's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our compliance audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about WSFB's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of WSFB's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal award program for the year ended June 30, 2021.

Report on Internal Control over Compliance

WSFB's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered WSFB's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of WSFB's internal control over compliance.

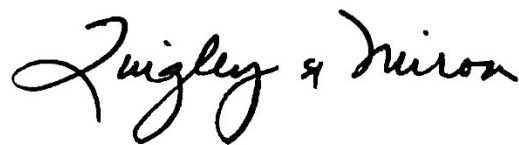
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance, and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Los Angeles, California
April 25, 2022



Westside Food Bank
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Westside Food Bank were prepared in accordance with accounting principles generally accepted in the United States of America.
2. One material weakness disclosed during the audit of the financial statements is reported in this schedule.
3. No instances of noncompliance material to the financial statements of Westside Food Bank were disclosed during the audit.
4. No material weaknesses or significant deficiencies were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs of Westside Food Bank expresses an unmodified opinion.
6. Audit findings that required reporting in this schedule in accordance with Title 2 U.S. *Code of Federal Regulations* section 200.516(a) are reported in this schedule.
7. The program tested as a major program was the U.S. Department of the Treasury, COVID-19 Coronavirus Relief Fund, CFDA No. 21.019.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Westside Food Bank was determined to not be a low-risk auditee.

B. Findings—Financial Statement Audit

See schedule of findings following, detailing finding 2021-001.

C. Findings and Questioned Costs—Major Federal Award Programs

None

Westside Food Bank
Schedule of Findings and Questioned Costs—Continued
Year Ended June 30, 2021

A. Findings—Financial Statements Audit

Finding 2021-001: Accounting for In-Kind Contributions of Food

Material Weakness over Financial Reporting

Criteria: According to Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*, organizations must recognize contributions of goods and services received in-kind as long as they (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. Organizations should design and implement internal controls adequate to ensure that the accounting records accurately reflect the receipt and distribution of donated food.

Condition: Historically, WSFB has not recognized in-kind contributions of food due to a lack of materiality; however, after a series of discussions and analysis of donated food, it was determined that WSFB received a material amount of donated food during the year ended June 30, 2021 which was not recognized.

Effect or Potential Effect: Due to the control deficiency described above, contributed food was understated by \$2,472,512 in both the statement of activities and the statement of functional expenses for the year ended June 30, 2021.

Cause: WSFB did not record financial transactions for in-kind contributed food due to lack of materiality.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend WSFB implement procedures to account for all donated food in its financial records, including an accounting for any food remaining in inventory at the end of the accounting period.

Views of responsible officials and planned corrective actions: WSFB agrees with the finding and will implement a process to account for donated food.

**Westside Food Bank
Corrective Action Plan
Year Ended June 30, 2021**

Findings—Financial Statements Audit

Finding 2021-001: Accounting for In-Kind Contributions of Food

Corrective Action: WSFB agrees with the finding and will implement a process to account for donated food in its financial records.

Name of Contact Person: Bruce Rankin, Executive Director

Proposed Completion Date: May 31, 2022