

**Audited Financial Statements**



**WESTSIDE**  
**FOOD BANK**

**June 30, 2022**

**Quigley & Miron**

**Westside Food Bank**  
**Audited Financial Statements**  
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**June 30, 2022**

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## Independent Auditor's Report

Board of Directors  
**Westside Food Bank**  
Santa Monica, California

### Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WSFB as of June 30, 2022, 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.

### Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of WSFB and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WSFB's ability to continue as a going concern for one year after the date that the financial statements are issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 WSFB’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WSFB’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

**Report on Summarized Comparative Information**

We have previously audited Westside Food Bank’s June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Los Angeles, California  
March 31, 2023

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

Westside Food Bank  
Statement of Financial Position  
June 30, 2022  
(with comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,841,960	\$ 4,273,826
Cash restricted to investment in equipment	53,000	53,000
Investments—Notes 3 and 4	999,671	743,648
Contributions and grants receivable—Note 5	566,022	346,547
Prepaid expenses and other assets	59,063	35,100
Inventory—Note 6	337,042	
Equipment, net—Note 7	215,983	115,118
Deposits	28,182	19,869
	<u>Total Assets</u>	<u>Total Assets</u>
	<u>\$ 6,100,923</u>	<u>\$ 5,587,108</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 160,561	\$ 114,383
PPP advance—Note 8		130,974
	<u>Total Liabilities</u>	<u>Total Liabilities</u>
	<u>160,561</u>	<u>245,357</u>
<b>Commitments and Contingencies—Notes 9 and 10</b>		
<b>Net Assets</b>		
Without donor restrictions—Note 11	4,870,189	4,842,203
With donor restrictions—Note 12	1,070,173	499,548
	<u>Total Net Assets</u>	<u>Total Net Assets</u>
	<u>5,940,362</u>	<u>5,341,751</u>
	<u>Total Liabilities and Net Assets</u>	<u>Total Liabilities and Net Assets</u>
	<u>\$ 6,100,923</u>	<u>\$ 5,587,108</u>

See notes to financial statements.

Westside Food Bank  
Statement of Activities  
Year Ended June 30, 2022  
(with summarized comparative totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<b>Operating Activities</b>				
<b>Support and Revenue</b>				
Contributions	\$ 1,584,422	\$ 16,855	\$ 1,601,277	\$ 2,154,802
Contributed food—non-governmental	1,918,177		1,918,177	1,958,260
Contributed food—governmental	323,305		323,305	590,832
Grants				
Foundations	1,524,847	310,316	1,835,163	2,569,147
Government				
Federal Emergency Food and Shelter Program		900,000	900,000	453,500
City of Santa Monica		114,377	114,377	112,687
City of Beverly Hills		200,000	200,000	150,000
Other governmental agencies	171,174		171,174	30,720
Interest and dividend income	33,574		33,574	12,470
<b>Total Support and Revenue</b>	<b>5,555,499</b>	<b>1,541,548</b>	<b>7,097,047</b>	<b>8,032,418</b>
Net assets released from restrictions	970,923	(970,923)		
<b>Total Support, Revenue, and Net Assets Released from Restrictions</b>	<b>6,526,422</b>	<b>570,625</b>	<b>7,097,047</b>	<b>8,032,418</b>
<b>Expenses</b>				
Program services				
Food assistance services	5,634,051		5,634,051	5,398,668
Community engagement event	20,073		20,073	15,431
Supporting services				
Management and general	307,951		307,951	248,362
Fund development	338,914		338,914	297,309
<b>Total Expenses</b>	<b>6,300,989</b>		<b>6,300,989</b>	<b>5,959,770</b>
<b>Change in Net Assets From Operations</b>	<b>225,433</b>	<b>570,625</b>	<b>796,058</b>	<b>2,072,648</b>
<b>Nonoperating Activities</b>				
Loss on disposal of equipment				(42,749)
Investment return, net	(197,447)		(197,447)	93,677
<b>Total Nonoperating Activities</b>	<b>(197,447)</b>		<b>(197,447)</b>	<b>50,928</b>
<b>Change in Net Assets</b>	<b>27,986</b>	<b>570,625</b>	<b>598,611</b>	<b>2,123,576</b>
<b>Net Assets at Beginning of Year</b>	<b>4,842,203</b>	<b>499,548</b>	<b>5,341,751</b>	<b>3,218,175</b>
<b>Net Assets at End of Year</b>	<b>\$ 4,870,189</b>	<b>\$ 1,070,173</b>	<b>\$ 5,940,362</b>	<b>\$ 5,341,751</b>

See notes to financial statements.

Westside Food Bank  
Statement of Functional Expenses  
Year Ended June 30, 2022  
(with summarized comparative totals for 2021)

	Program Services			Supporting Services			2022 Total	2021 Total
	Food Assistance Services	Community Engagement Event	Total Program Services	Management and General	Fund Development	Total Supporting Services		
<b>Expenses</b>								
Salaries	\$ 467,097	\$	\$ 467,097	\$ 133,794	\$ 174,749	\$ 308,543	\$ 775,640	\$ 725,653
Payroll taxes	35,895		35,895	10,097	13,187	23,284	59,179	53,635
Employee benefits	91,926		91,926	25,857	33,772	59,629	151,555	123,872
<b>Total Personnel Related</b>	<b>594,918</b>		<b>594,918</b>	<b>169,748</b>	<b>221,708</b>	<b>391,456</b>	<b>986,374</b>	<b>903,160</b>
Advertising and promotional		6,796	6,796	13,268	225	13,493	20,289	9,656
Bank and processing fees				17,987	754	18,741	18,741	41,110
Depreciation and amortization	27,612		27,612	7,144	9,331	16,475	44,087	33,028
Dues and subscriptions		250	250	27,272	15,169	42,441	42,691	40,474
Food purchases	2,417,693		2,417,693				2,417,693	2,015,685
Insurance	4,610		4,610	1,296	1,693	2,989	7,599	5,655
Miscellaneous	53,094	6,300	59,394	14,935	19,506	34,441	93,835	52,518
Occupancy	372,075		372,075	34,612	25,959	60,571	432,646	183,960
Postage and mailing services		27	27	2,191	7,671	9,862	9,889	9,093
Printing and design services		1,750	1,750	9,079	8,920	17,999	19,749	29,252
Professional fees	50,008		50,008	6,359	8,306	14,665	64,673	13,500
Supplies	36,295	4,950	41,245	2,009	16,993	19,002	60,247	25,213
Telephone	7,291		7,291	2,051	2,679	4,730	12,021	4,860
Truck-related expenses	43,908		43,908				43,908	43,514
<b>Total Expenses Before In-Kind</b>	<b>3,607,504</b>	<b>20,073</b>	<b>3,627,577</b>	<b>307,951</b>	<b>338,914</b>	<b>646,865</b>	<b>4,274,442</b>	<b>3,410,678</b>
In-kind food distributions	2,026,547		2,026,547				2,026,547	2,549,092
<b>Total Expenses</b>	<b>\$ 5,634,051</b>	<b>\$ 20,073</b>	<b>\$ 5,654,124</b>	<b>\$ 307,951</b>	<b>\$ 338,914</b>	<b>\$ 646,865</b>	<b>\$ 6,300,989</b>	<b>\$ 5,959,770</b>
Percentage of total expenses								
Without in-kind	<u>84.4%</u>	<u>0.5%</u>	<u>84.9%</u>	<u>7.2%</u>	<u>7.9%</u>	<u>15.1%</u>	<u>100.0%</u>	
With in-kind	<u>89.4%</u>	<u>0.3%</u>	<u>89.7%</u>	<u>4.9%</u>	<u>5.4%</u>	<u>10.3%</u>	<u>100.0%</u>	

See notes to financial statements.

**Westside Food Bank**  
**Statement of Cash Flows**  
**Year Ended June 30, 2022**  
**(with comparative totals for 2021)**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 598,611	\$ 2,123,576
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	44,087	33,028
Investment (gain) loss	197,667	(93,677)
Loss on disposal of equipment		42,749
(Increase) decrease in:		
Contributions and grants receivable	(219,475)	65,664
Prepaid expenses and other assets	(23,963)	(3,888)
Inventory	(337,042)	
Deposits	(8,313)	(11,687)
Increase (decrease) in:		
Accounts payable and accrued expenses	46,178	(28,961)
PPP advance	(130,974)	130,974
<b>Net Cash Provided by Operating Activities</b>	<b>166,776</b>	<b>2,257,778</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(1,278,690)	(951,019)
Proceeds from sales of investments	825,000	600,000
Proceeds from sale of equipment		1,200
Purchases of equipment	(144,952)	(92,265)
<b>Net Cash Used in Investing Activities</b>	<b>(598,642)</b>	<b>(442,084)</b>
<b>Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash</b>	<b>(431,866)</b>	<b>1,815,694</b>
<b>Cash, Cash Equivalents, and Restricted Cash at Beginning of Year</b>	<b>4,326,826</b>	<b>2,511,132</b>
<b>Cash, Cash Equivalents, and Restricted Cash at End of Year</b>	<b>\$ 3,894,960</b>	<b>\$ 4,326,826</b>
<b>Supplementary Disclosures</b>		
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, 2022**  
**(with comparative totals for 2021)**

**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. It is able to receive donated and purchased food by the truckload - a scale that surpasses the capacity of its smaller member agencies. By acting as a clearinghouse WSFB enables its partner organizations to maximize their limited resources and provide critical human services, including employment training, childcare, counseling, referrals, recovery programs, as well as parenting and money management classes to promote stability and economic independence for clients. In addition to local food acquisition and distribution programs, WSFB works with the California Association of Food Banks to advocate for policies that support food security and to coordinate large-scale food donations and hunger-relief efforts for our entire Westside service area and throughout the state.

Donated food comes from federal and state government programs, a statewide Farm to Family program, corporate food suppliers, local food retailers, and community food donors. Purchased food, which accounts for nearly half of the food WSFB distributes, complements and enhances the nutritional value of donated food, ensuring a consistent supply of a wide variety of foods. During the year ended June 30, 2022, 67% of the food distributed was nutritious perishable food that included fresh produce, protein (meat/fish), and dairy products.

WSFB receives funds from concerned individuals, religious congregations, foundations, corporations, the cities of Santa Monica and Beverly Hills, the State of California, and the Federal Government.

Westside Food Bank distributes close to five 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.

WSFB also operates several direct service mobile 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.

WSFB is a lifeline for residents of Western Los Angeles County who struggle to get adequate nutrition because of challenges brought on by the pandemic and the resulting high inflation and rising fuel, utilities, rent, and food costs. WSFB serves low-income individuals and families with children, seniors, those who are precariously housed, people experiencing homelessness, veterans, and college students who have struggled to afford or access nutritious food. Since the beginning of the COVID-19 pandemic, 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 mobile pantry program, Westside Food Bank added several new member agencies including many that did not have food distribution programs prior to COVID-19. 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.

The pandemic exposed severe cracks in our social safety net and heightened the threat of food insecurity for at least the next decade. WSFB will continue to provide dignified, equitable, and consistent access to nutritious food to local residents at-risk for hunger for as long as needed.

## Westside Food Bank

### Notes to Financial Statements—Continued

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

During the year ended June 30, 2022, WSFB signed an agreement with the California Department of Social Services (CDSS) to obtain funds of up to \$3.3 million dollars to be used towards the purchase of a warehouse facility that would serve as its permanent base of operations and secure the long term sustainability of the organization. Upon signing a purchase agreement for the facility, WSFB will receive up to 75% of the proposed funds from CDSS, with the remaining 25% of the funds to be received on a reimbursement basis, as the purchase of the facility is finalized.

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.

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, 2022 and 2021. 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.

**Westside Food Bank**  
**Notes to Financial Statements—Continued**

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

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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
<b>Cash Accounts Reported in Statements of Financial Position</b>		
Cash and cash equivalents	\$ 3,841,960	\$ 4,273,826
Cash restricted to investment in equipment	53,000	53,000
<b>Total Cash, Cash Equivalents, and Restricted Cash Reported in Statement of Cash Flows</b>	<b><u>\$ 3,894,960</u></b>	<b><u>\$ 4,326,826</u></b>

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.

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. At times, such cash and cash equivalent balances are in excess of the FDIC insurance limits. Management regularly reviews the financial stability of its cash and money market fund depositories and deems the risk of loss due to these concentrations to be minimal.

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. At times, such balances are in excess of the FDIC and SIPC coverage limits. Management reviews the financial stability of its cash and cash equivalent fund depositories and its allocation of investments and deems the risk of loss due to these concentrations to be minimal.

**Westside Food Bank**  
**Notes to Financial Statements—Continued**

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

Contributions and grants receivable at June 30, 2022 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

Revenue Recognition—In May 2014, Financial Accounting Standards Board (FASB) issued Accounting Standard Update (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 on a retrospective basis for the year ended June 30, 2021, and noted that there was no material effect on the 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. WSFB adopted ASU No. 2020-07 on a retrospective basis for the year ended June 30, 2022, and has adjusted the presentation of the financial statements accordingly.

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

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.

Functional 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.

Advertising and Promotional Expense—Advertising costs are expensed as incurred and amounted to \$20,289 and \$9,656 for the years ended June 30, 2022 and 2021, respectively.

**Westside Food Bank**  
**Notes to Financial Statements—Continued**

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

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.

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 2021—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, 2021, from which the summarized information was derived.

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, 2022 to cover operating expenses for the next fiscal year:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 3,841,960	\$ 4,273,826
Cash restricted to investment in equipment	53,000	53,000
Investments	999,671	743,648
Contributions and grants receivable	566,022	346,547
<b>Total Financial Assets</b>	<b>5,460,653</b>	<b>5,417,021</b>
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)	(53,000)
Restricted due to timing	(516,105)	(346,548)
Less net assets with time restrictions to be met within one year	616,105	446,548
Board-designated reserve fund	(111,369)	(111,369)
<b>Total Amounts Not Available to be Used Within One Year</b>	<b>(64,369)</b>	<b>(164,369)</b>
<b>Financial Assets Available to Meet General Expenditures Over the Next Twelve Months</b>	<b>\$ 5,396,284</b>	<b>\$ 5,252,652</b>

**Westside Food Bank**  
**Notes to Financial Statements—Continued**

**Note 2—Availability and Liquidity—Continued**

WSFB's goal is generally to maintain financial assets to meet 180 days of general operating expenses (approximately \$2.09 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, 2022 and 2021 consist of the following:

	<u>Cost Basis</u>	<u>Market Value</u>
<b>June 30, 2022:</b>		
Equities	\$ 773,367	\$ 647,399
Mutual funds		
Large growth	234,147	352,272
<b>Totals</b>	<b><u>\$ 1,007,514</u></b>	<b><u>\$ 999,671</u></b>
<b>June 30, 2021:</b>		
Equities	\$ 306,043	\$ 359,770
Mutual funds		
Large growth	234,147	383,878
<b>Totals</b>	<b><u>\$ 540,190</u></b>	<b><u>\$ 743,648</u></b>

Return on investment for the years ended June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Unrealized gains (losses)	\$ (197,667)	\$ 93,677
<b>Investment Return, Net</b>	<b>(197,667)</b>	<b>93,677</b>
Interest and dividend income	33,794	12,470
<b>Total Return on Investment</b>	<b><u>\$ (163,873)</u></b>	<b><u>\$ 106,147</u></b>

**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.

**Westside Food Bank**  
**Notes to Financial Statements—Continued**

**Note 4—Fair Value Measurements—Continued**

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, 2022 and 2021.

At June 30, 2022 and 2021, assets measured at fair value on a recurring basis consist of equities and mutual funds that, together, have a fair value of \$999,671 and \$743,648, respectively. The investment equities and mutual funds are actively traded and, as such, are considered Level 1 assets.

**Note 5—Contributions and Grants Receivable**

Contributions and grants receivable at June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Without donor restrictions		
Government agencies	\$ 50,000	\$
With donor restrictions		
Government agencies	450,000	244,300
Foundations	49,250	96,250
Individuals and local organizations	16,772	5,997
<b>Totals</b>	<b><u>\$ 566,022</u></b>	<b><u>\$ 346,547</u></b>

**Note 6—Inventory**

Inventory consists of food (canned, dry, frozen, fruits and vegetables) and is recorded at cost when purchased or at estimated fair market value when donated. Food donated to WSFB is capitalized as inventory and shown on the accompanying financial statements as contributions with donor restrictions. Upon distribution, the food inventory is recorded as a decrease to net assets without donor restrictions. Inventory amounted to \$337,042 at June 30, 2022.

**Note 7—Equipment, Net**

Net equipment at June 30, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Truck and warehouse equipment	\$ 403,357	\$ 259,556
Office equipment	14,598	14,598
<b>Total Equipment</b>	<b>417,955</b>	<b>274,154</b>
Less accumulated depreciation and amortization	(201,972)	(159,036)
<b>Net</b>	<b><u>\$ 215,983</u></b>	<b><u>\$ 115,118</u></b>

**Westside Food Bank**  
**Notes to Financial Statements—Continued**

**Note 8—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. As of June 30, 2022, WSFB recognized \$130,974 in grant revenue during the year ended June 30, 2022 based on qualifying expenditures incurred, with no outstanding balance at year-end. PPP grant revenue is reported in the statement of activities under other governmental agencies. On November 17, 2021, WSFB received official notice of forgiveness from the SBA for the full advance amount.

**Note 9—Commitments**

WSFB occupies office and warehouse space under a noncancellable operating lease agreement which expires on April 30, 2024. 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. On January 3, 2023, WSFB entered into a noncancellable operating lease agreement for additional warehouse space through March 2025. Future minimum annual rental payments under these agreements are as follows:

<u>Year Ending June 30,</u>		
2023	\$	535,570
2024		686,452
2025		<u>431,430</u>
<b>Total</b>	<b>\$</b>	<b><u><u>1,653,452</u></u></b>

Rent expense totaled \$362,310 and \$138,250 for the years ended June 30, 2022 and 2021, respectively.

**Note 10—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 11—Net Assets without Donor Restrictions**

Net assets without donor restrictions for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 4,758,820	\$ 4,730,834
Board-designated reserve	<u>111,369</u>	<u>111,369</u>
<b>Total Net Assets without Donor Restrictions</b>	<b><u><u>\$ 4,870,189</u></u></b>	<b><u><u>\$ 4,842,203</u></u></b>

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 12—Net Assets with Donor Restrictions**

Net assets with donor restrictions for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
For food assistance services		
Federal Emergency Food and Shelter Program	\$ 450,000	\$
California Association of Food Banks	1,068	
Purchases of equipment	53,000	53,000
Refrigerated truck purchase		100,000
Promises to give, the proceeds from which have have been restricted by donors:		
For food assistance services		
Federal Emergency Food and Shelter Program	450,000	206,800
City of Beverly Hills	50,000	
Due to timing		
Support for future periods	66,105	139,748
<b>Total Net Assets with Donor Restrictions</b>	<b><u>\$ 1,070,173</u></b>	<b><u>\$ 499,548</u></b>

Net assets released from donor restrictions for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions:		
Food purchases	\$ 524,376	\$
Federal Emergency Food and Shelter Program	244,300	154,400
Refrigerated truck purchase	100,000	
COVID-19 Relief		770,000
Restricted-use of contributed equipment		56,875
Strategic Initiative project		22,968
Satisfaction of timing restrictions	102,247	164,061
<b>Total Net Assets Released from Donor Restrictions</b>	<b><u>\$ 970,923</u></b>	<b><u>\$ 1,168,304</u></b>

**Note 13—In-Kind Food Contributions**

During the years ended June 30, 2022 and 2021, in-kind contributions consisted of food donated from government agencies and private sources. In-kind food is valued at the respective donor's assigned fair market value. When an assigned fair market value is not provided by a donor, WSFB values these donations using a rate from a national independent study multiplied by total poundage. During the years ended June 30, 2022 and 2021, management estimated the value of donated food at \$1.79 per pound, based on a national independent study. In-kind contributions of food are recognized without donor restrictions.

In-kind food contributions for the years ended June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Contributed food—non-governmental	\$ 1,918,177	\$ 1,958,260
Contributed food—governmental	323,305	590,832
<b>Total</b>	<b><u>\$ 2,241,482</u></b>	<b><u>\$ 2,549,092</u></b>

**Westside Food Bank**  
**Notes to Financial Statements—Continued**

**Note 13—In-Kind Food Contributions—Continued**

Total food distributed, including food purchased by WSFB, amounted to \$4,444,240 and \$4,564,777 for the years ended June 30, 2022 and 2021, respectively.

**Note 14—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. 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 \$30,534 and \$27,746, respectively, for the years ended June 30, 2022 and 2021. Expenses related to the Plan's administration totaled \$2,212 and \$1,860, respectively, for the years ended June 30, 2022 and 2021.

**Note 15—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 to be applied using the modified retrospective approach and 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.

**Note 16—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 17—Subsequent Events**

Management evaluated all activities of Westside Food Bank through March 31, 2023, which is the date the financial statements were available to be issued, and concluded that, other than the new lease described in Note 9, no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.