

Audited Financial Statements



June 30, 2024

Quigley & Miron

Westside Food Bank
Audited Financial Statements
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Independent Auditor's Report

Board of Directors
Westside Food Bank
Santa Monica, California

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, 2024, 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, 2024, 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, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 6, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, reading "Zigley & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California
June 19, 2025

Westside Food Bank
Statement of Financial Position
June 30, 2024
(with comparative totals for 2023)

	2024	2023
Assets		
Current assets		
Cash and cash equivalents	\$ 1,553,666	\$ 2,263,712
Cash restricted to investment in equipment	50,000	50,000
Investments—Note 3	1,379,795	1,154,291
Contributions and grants receivable—Note 4	157,427	326,610
Prepaid expenses and other assets	98,466	86,836
Inventory—Note 5	611,251	596,728
Total Current Assets	3,850,605	4,478,177
Noncurrent assets		
Property and equipment, net—Note 6	6,166,689	184,047
Operating lease right-of-use-asset—Note 7	537,676	1,077,094
Deposits	75,168	75,168
Total Noncurrent Assets	6,779,533	1,336,309
Total Assets	\$ 10,630,138	\$ 5,814,486
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 232,228	\$ 246,031
Operating lease liability, current—Note 7	564,269	687,452
Total Current Liabilities	796,497	933,483
Noncurrent liabilities		
Operating lease liability—Note 7		402,258
Mortgage loan—Note 8	3,000,000	
Total Noncurrent Liabilities	3,000,000	402,258
Total Liabilities	3,796,497	1,335,741
Commitments and Contingencies—Notes 7 and 9		
Net Assets		
Without donor restrictions—Note 10	6,544,905	3,979,371
With donor restrictions—Note 11	288,736	499,374
Total Net Assets	6,833,641	4,478,745
Total Liabilities and Net Assets	\$ 10,630,138	\$ 5,814,486

See notes to financial statements.

Westside Food Bank
Statement of Activities
Year Ended June 30, 2024
(with summarized comparative totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Operating Activities				
Support and Revenue				
Contributions	\$ 1,238,538	\$	\$ 1,238,538	\$ 1,058,931
Contributed food—non-governmental—Note 12	1,577,899		1,577,899	2,920,036
Contributed food—governmental—Note 12	493,434		493,434	149,339
Grants				
Foundations	1,445,599	646,033	2,091,632	1,781,120
Governments—Note 13	3,134,747	425,000	3,559,747	393,415
Special events revenue				
Gross Revenue	15,789		15,789	
Loss cost of direct benefits to donors	(12,820)		(12,820)	
Special Events Revenue, Net	2,969		2,969	
Interest and dividend income	154,651		154,651	97,459
Total Support and Revenue	8,047,837	1,071,033	9,118,870	6,400,300
Net assets released from restrictions	1,281,671	(1,281,671)		
Total Support, Revenue, and Releases from Restrictions	9,329,508	(210,638)	9,118,870	6,400,300
Expenses				
Program services				
Food assistance services	5,656,550		5,656,550	7,112,574
Community engagement event	25,521		25,521	14,585
Supporting services				
Management and general	464,845		464,845	386,012
Fund development	829,467		829,467	481,680
Total Expenses	6,976,383		6,976,383	7,994,851
Change in Net Assets From Operations	2,353,125	(210,638)	2,142,487	(1,594,551)
Nonoperating Activities				
Investment return, net	212,409		212,409	144,816
Total Nonoperating Activities	212,409		212,409	144,816
Change in Net Assets	2,565,534	(210,638)	2,354,896	(1,449,735)
Net Assets at Beginning of Year, as previously reported	3,979,371	499,374	4,478,745	5,940,362
Cumulative effect of adoption of ASU 2016-02, <i>Leases (Topic 842)</i> — Note 8				(11,882)
Net Assets at Beginning of Year, as restated	3,979,371	499,374	4,478,745	5,928,480
Net Assets at End of Year	\$ 6,544,905	\$ 288,736	\$ 6,833,641	\$ 4,478,745

See notes to financial statements.

Westside Food Bank
Statement of Functional Expenses
Year Ended June 30, 2024
(with summarized comparative totals for 2023)

	Program Services			Supporting Services			Special Event	2024 Total	2023 Total
	Food Assistance Services	Community Engagement Event	Total Program Services	Management and General	Fund Development	Total Supporting Services			
Expenses									
Salaries	\$ 689,769	\$	\$ 689,769	\$ 161,665	\$ 226,331	\$ 387,996	\$	\$ 1,077,765	\$ 949,551
Payroll taxes	51,407		51,407	12,048	16,868	28,916		80,323	69,917
Employee benefits	159,289		159,289	37,333	52,267	89,600		248,889	210,888
Total Personnel Related Expenses	900,465		900,465	211,046	295,466	506,512		1,406,977	1,230,356
Advertising and promotional		9,297	9,297	13,693		13,693		22,990	22,398
Bank and processing fees				14,042	698	14,740		14,740	17,795
Consultants	49,516		49,516	7,365	225,509	232,874		282,390	164,358
Cost of direct benefitt to donors							12,820	12,820	0.00
Depreciation and amortization	40,231		40,231	9,429	13,201	22,630		62,861	56,179
Dues and subscriptions				29,007	14,864	43,871		43,871	44,169
Food purchases	1,726,798		1,726,798					1,726,798	2,647,404
Insurance	17,104		17,104					17,104	11,298
Interest					93,333	93,333		93,333	0
Miscellaneous	21,356	1,016	22,372	5,005	7,007	12,012		34,384	29,307
Occupancy	782,431		782,431	72,784	54,588	127,372		909,803	567,553
Postage and mailing services				853	17,675	18,528		18,528	22,278
Printing and design services		125	125	5,898	91,859	97,757		97,882	72,545
Professional fees	13,824		13,824	4,090	4,536	8,626		22,450	49,703
Supplies	11,506	8,040	19,546	89,982	8,420	98,402		117,948	58,782
Telephone		7,043	7,043	1,651	2,311	3,962		11,005	10,593
Truck-related expenses	33,914		33,914					33,914	26,396
Total Expenses Before In-Kind	3,597,145	25,521	3,622,666	464,845	829,467	1,294,312	12,820	4,929,798	5,031,114
In-kind food distributions	2,059,405		2,059,405					2,059,405	2,963,736
Total Expenses After In-Kind	5,656,550	25,521	5,682,071	464,845	829,467	1,294,312	12,820	6,989,203	7,994,850
Less expenses included with revenues in the statement of activities									
Cost of direct benefits to donors							(12,820)	(12,820)	
Total Expenses	\$ 5,656,550	\$ 25,521	\$ 5,682,071	\$ 464,845	\$ 829,467	\$ 1,294,312	\$	\$ 6,976,383	\$ 7,994,850
Percentage of total expenses									
Without in-kind	73.0%	0.5%	73.5%	9.4%	16.8%	26.3%	0.3%	100.0%	
With in-kind	80.9%	0.4%	81.3%	6.7%	11.9%	18.5%	0.2%	100.0%	

See notes to financial statements.

Westside Food Bank
Statement of Cash Flows
Year Ended June 30, 2024
(with comparative totals for 2023)

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 2,354,896	\$ (1,449,735)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	62,861	56,179
Investment gain	(212,409)	(144,816)
Noncash lease expenses	539,418	(1,088,976)
(Increase) decrease in:		
Contributions and grants receivable	169,183	239,412
Prepaid expenses and other assets	(11,630)	(27,773)
Inventory	(14,523)	(259,686)
Deposits		(46,986)
Increase in:		
Accounts payable and accrued expenses	(13,803)	85,470
Operating lease liability	(525,441)	1,089,710
Net Cash Provided by (Used in) Operating Activities	2,348,552	(1,547,201)
Cash Flows from Investing Activities		
Purchases of investments	(13,095)	(9,804)
Purchases of property and equipment	(6,045,503)	(24,243)
Net Cash Used in Investing Activities	(6,058,598)	(34,047)
Cash Flows from Financing Activities		
Proceeds from mortgage loan	3,000,000	
Net Cash Provided by Financing Activities	3,000,000	
Net Decrease in Cash, Cash Equivalents, and Restricted Cash	(710,046)	(1,581,248)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	2,313,712	3,894,960
Cash, Cash Equivalents, and Restricted Cash at End of Year	\$ 1,603,666	\$ 2,313,712
Supplementary Disclosures		
Cash paid for interest	\$ 93,333	\$
Cash paid for taxes	\$	\$

See notes to financial statements.

Westside Food Bank
Notes to Financial Statements
June 30, 2024
(with comparative totals for 2023)

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.

WSFB serves as a hub that supports food assistance programs throughout West Los Angeles County. WSFB provides more than 4 million pounds of free nutritious food annually to a diverse network of partner agencies, shouldering the collective burden of fundraising for food. The in-kind subsidy that this food represents supports the continued operations of the 30+ partner food pantries that are entirely volunteer-run and have little or no financial resources but together distribute the vast majority of WSFB's food. These food pantry programs, along with WSFB's five weekly mobile free food markets, function as a powerful homelessness prevention measure, providing rent-burdened families with free groceries that save them \$300 or more each month—critical funds that can go toward housing and other essential needs.

For the 25+ WSFB partner agencies that provide food in conjunction with other programs, WSFB's support allows these organizations to allocate their limited resources toward essential social services, including workforce development, case management, counseling, recovery services, and healthcare, as well as temporary and permanent housing for adults and transitional aged youth. Clients of these programs have continuous access to free nutritious food as they move through the continuum of care, often accessing services from multiple partner agencies on their journeys to greater self-sufficiency. Agencies that support low-income households such as senior programs, K-12 schools and afterschool programs, colleges and universities, YMCA programs, community kitchens, and veterans' programs are able to supplement their services with free nutritious food for the unique populations they serve without having to worry about the cost of food.

In addition to engaging in large-scale food acquisition and supporting food distribution programs throughout West Los Angeles (West LA) County, WSFB works with the California Association of Food Banks on the state level, and with regional coalitions on the local level, to advocate for policies that support food security and to coordinate statewide food donations and regional collaboration on hunger-relief, poverty alleviation, and disaster response efforts.

Sources of Financial and In-kind Support

WSFB sources slightly more than half of its food through in-kind donations, with bulk food purchases at the best available wholesale prices comprising the remainder. The ability to receive donated and purchased food by the truckload - a scale that surpasses the capacity of its smaller partner agencies - demonstrates the critical role Westside Food Bank plays in the local food security system.

Donated food comes from federal and state government programs, a statewide Farm to Family produce program, corporate food suppliers, local food retailers, and community food drives. Purchased food 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, 2024, 67% of the food distributed was nutritious food that included fresh produce, protein (meat/fish), and dairy products.

The bulk of Westside Food Bank's funding comes from the private sector via foundations, religious congregations, corporations, local businesses, and thousands of caring individuals and families. Government sources, such as the Federal Government, the State of California, Los Angeles County, and the cities of Beverly Hills and Santa Monica, typically make up less than 20% of the organization's revenue.

Westside Food Bank
Notes to Financial Statements—Continued

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

WSFB and its network of partner agencies provide a lifeline for low-income residents of Western LA County at a time when rising prices for housing, food, fuel, and other basic needs strain household budgets as they continue to adjust to the loss of pandemic-era economic supports. The rate of food insecurity across Los Angeles County peaked at 30% in FY 22-23 and remains around 25%, demonstrating the continued need for food assistance as local households work to gain stability.

Community Engagement Event – WSFB’s 33rd Annual Hunger Walk, 11/5/2023

WSFB held its community engagement event, the 33rd Annual 5K Hunger Walk, on November 5, 2023. There was no cost or fundraising requirement to participate in the event so as to provide equal access to everyone in the community, from food pantry clients and partner agency staff, to major donors and corporate funders. Participants also included individuals and teams from local schools, businesses, congregations, clubs, and family and friend groups. A total of 388 people attended the event including more than 40 volunteers. All participants received an event T-shirt and swag bag. Participants had the option to raise funds for WSFB’s hunger-relief work via a complementary peer-to-peer website where they could invite others to walk with them or donate. WSFB partner agencies were offered the opportunity to form fundraising teams and receive 75% of the funds raised by their team to support their operations. This can be particularly impactful for agencies that lack the capacity to hold their own fundraising events. The annual Hunger Walk is an event that brings the community together to raise awareness about local hunger and food insecurity and foster community connections. Participants at the 2023 Hunger Walk also enjoyed entertainment, awards, raffle prizes, a Family Fun Zone and a scenic 5K walk on the Ocean Front Walk path in Santa Monica.

Fundraising Event – Rock for Hunger, 11/30/2023

Westside Food Bank held a new fundraising event, the benefit concert Rock for Hunger, at the iconic Viper Room nightclub in West Hollywood on November 30, 2023. Close to 200 attendees enjoyed a magic show, comedy, and music while supporting Westside Food Bank through ticket sales, a raffle, and a food drive. Westside Food Bank was honored by the City of West Hollywood for its hunger relief work and the event raised \$2,969 after expenses and helped to introduce WSFB to new supporters.

Annex Warehouse Building Purchase – 1914 14th Street

As part of its efforts to expand capacity and infrastructure in the face of sustained record-high need, WSFB closed escrow on a 10,000 square foot annex warehouse located at 1914 14th Street, Santa Monica, California in January 2024. The \$3M down payment was funded with a grant from the California Department of Social Services (CDSS) for food bank capacity building that had to be used by June 30, 2024; the remaining half of the \$6M purchase price was financed with an interest-only loan from CalPrivate Bank.

This annex warehouse is the first building WSFB has owned in its 40+ year history. During FY 23-24, hundreds of volunteers worked in the new annex warehouse sorting and boxing donated and purchased food to create pre-packed food boxes for our Summer Food for Children program and to supply our free mobile market distributions. The additional dry storage space is essential as WSFB works to sustain its expanded service post pandemic. Owning this building will also allow WSFB to significantly expand its cold storage capacity with the installation of 1,000 square feet of freezer and cooler space expected to be complete by July 2025. This improvement will allow WSFB to expand accept donated fresh produce, and frozen foods, that it previously had to turn away due to lack of cooler space.

WSFB is committed to continuing to expand its capacity, scale its operations, and strengthen its long-term sustainability in order to meet the record high need for food assistance in its service area and surrounding communities for as long as its services are needed.

Westside Food Bank
Notes to Financial Statements—Continued

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

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, 2024 and 2023. 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 three months 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash Accounts Reported in Statements of Financial Position		
Cash and cash equivalents	\$ 1,553,666	\$ 2,263,712
Cash restricted to investment in equipment	50,000	50,000
Total Cash, Cash Equivalents, and Restricted Cash		
Reported in Statement of Cash Flows	<u>\$ 1,603,666</u>	<u>\$ 2,313,712</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.

Contracts with Customers—Accounting standards require an organization to recognize revenue arising from contracts with customers at the time the customer obtains control of a contracted goods or service. 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.

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.

Property and 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, investments in securities, and receivables.

WSFB places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At times, such cash balances may exceed FDIC insurance limits during the normal course of business.

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

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, per institution. SIPC insurance protects the custody function of the investment custodian; it does not provide protection against fluctuations in market value. At times, such balances may exceed SIPC insurance limits during the normal course of business.

While WSFB is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf, WSFB's management has assessed the credit risk associated with its cash deposits and investments at June 30, 2024 and believes it is not exposed to any significant credit risk with its cash and cash equivalents and investments. However, due to the current risk and uncertainties affecting financial institutions (see Note 14), the potential related impact cannot be reasonably estimated at this time.

Contributions and grants receivable at June 30, 2024 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 credit losses is not necessary.

Recently Adopted Accounting Principles

Leases—In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards (ASU) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)*, which requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. This standard replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The new guidance affects organizations that hold financial assets and net investments in leases that are not accounted for at fair value with changes in fair value reported in net income, including loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. WSFB adopted ASU No. 2016-13 on a retrospective basis for the year ended June 30, 2024 with no resulting impact on the financial statement presentation.

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, 2023, 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

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

Government grants—Revenues from government grants are reported as increases in net assets without donor restrictions 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.

Special Events—Special event income is recognized when such income is earned. A portion of the gross special event proceeds paid by the participants represents payment for the direct cost of benefits received by the participants at the event. WSFB values such benefits at the actual cost.

Interest and dividend income—Interest and dividend income earned on investments is recognized when earned and is reported as interest and dividends under revenue and support in the statement of activities.

In-Kind Contributions—WSFB records the value of donated materials and services, which includes donated food, at their fair value at the date of donation. In-kind services are recorded 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.

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.

Advertising and Promotional Expense—Advertising costs are expensed as incurred and amounted to \$22,990 and \$22,398 for the years ended June 30, 2024 and 2023, respectively.

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 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.

Comparative Totals for 2023—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, 2023, 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.

Reclassifications—Certain amounts in 2023 have been reclassified to conform with the 2024 financial statement presentation.

Westside Food Bank
Notes to Financial Statements—Continued

Note 2—Availability and Liquidity

The following represents the availability and liquidity of WSFB's financial assets at June 30, 2024 to cover operating expenses for the next fiscal year:

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 1,553,666	\$ 2,263,712
Cash restricted to investment in equipment	50,000	50,000
Investments	1,379,795	1,154,291
Contributions and grants receivable	157,427	326,610
Total Financial Assets	3,140,888	3,794,613
Less amounts not available to be used within one year:		
Net assets with donor restrictions		
Restricted due to purpose		
Purchases of equipment	(50,000)	(50,000)
Restricted due to timing	(232,810)	(346,124)
Less net assets with time restrictions to be met within one year	232,810	346,124
Board-designated reserve fund	(111,369)	(111,369)
Total Amounts Not Available to be Used Within One Year	(161,369)	(161,369)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 2,979,519	\$ 3,633,244

WSFB's goal is generally to maintain financial assets to meet 180 days of general operating expenses (approximately \$2.63 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 and 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.

Westside Food Bank
Notes to Financial Statements—Continued

Note 3—Investments and Fair Value Measurements—Continued

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, 2024 and 2023.

Fair values of investments measured on a recurring basis at June 30, 2024 and 2023 are as follows:

	Fair Value	Level 1	Level 2	Level 3
June 30, 2024:				
Equities	\$ 882,152	\$ 882,152	\$	\$
Mutual funds - Large growth	497,643	497,643		
Totals	\$ 1,379,795	\$ 1,379,795	\$	\$
June 30, 2023:				
Equities	\$ 749,231	\$ 749,231	\$	\$
Mutual funds - Large growth	405,060	405,060		
Totals	\$ 1,154,291	\$ 1,154,291	\$	\$

Return on investment for the years ended June 30, 2024 and 2023 is as follows:

	2024	2023
Unrealized gains	\$ 212,409	\$ 144,816
Investment Return, Net	212,409	144,816
Interest and dividend income	154,651	97,459
Total Return on Investment	\$ 367,060	\$ 242,275

Note 4—Contributions and Grants Receivable

Contributions and grants receivable at June 30, 2024 and 2023 consist of the following:

	2024	2023
With donor restrictions		
Government agencies	\$ 98,083	\$ 70,750
Foundations	51,250	212,825
Individuals and local organizations	8,094	43,035
Totals	\$ 157,427	\$ 326,610

Note 5—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 without donor restrictions. Upon distribution, the food inventory is recorded as a decrease to net assets without donor. Inventory amounted to \$611,251 and \$596,728 at June 30, 2024 and 2023, respectively.

Westside Food Bank
Notes to Financial Statements—Continued

Note 6—Property and Equipment, Net

In January 2024, WSFB closed escrow on a 10,000 square foot warehouse located at 1914 14th Street, Santa Monica, California. The \$3M down payment was funded with a grant from the California Department of Social Services (CDSS) for food bank capacity building that had to be used by June 30, 2024; the remaining half of the \$6M purchase price was financed with an interest-only loan from CalPrivate Bank.

Net property and equipment at June 30, 2024 and 2023 consists of the following:

	2024	2023
Land	\$ 5,700,000	\$
Truck and warehouse equipment	433,159	387,656
Building	300,000	
Office equipment	14,598	14,598
Total Property and Equipment	6,447,757	402,254
Less accumulated depreciation and amortization	(281,068)	(218,207)
Net	\$ 6,166,689	\$ 184,047

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 totaled \$62,861 and \$56,179, respectively.

Note 7—Operating Lease Liability

WSFB occupies office and warehouse space under a noncancellable 12-month operating lease agreement which expired on April 30, 2024. On March 11, 2024, WSFB renewed this lease for an additional 12-month term, expiring on April 30, 2025. On December 20, 2024, WSFB renewed this lease for an additional 12-month term, which expires on April 30, 2026. On January 3, 2023, WSFB entered into a noncancellable lease agreement for additional warehouse space through March 2025. Upon the expiration of this lease, WSFB vacated the property. At June 30, 2024, the operating lease right-of-use asset and the related liability amounted to \$537,676 and \$564,269, respectively. At June 30, 2023, the operating lease right-of-use asset and the related liability amounted to \$1,077,094 and \$1,089,710, respectively.

Future minimum annual rental commitments by year for operating leases with maturities greater than one year from June 30, 2024, are as follows:

<u>Year Ending June 30,</u>	
2025	\$ 571,430
	Gross Rental Payments 571,430
Less effect of discounting	(7,161)
	Operating Lease Liability \$ 564,269

Rent expense totaled \$727,049 and \$464,433 for the years ended June 30, 2024 and 2023, respectively.

Westside Food Bank
Notes to Financial Statements—Continued

Note 8—Mortgage Loan

As described in Note 6, WSFB purchased a 10,000 square foot warehouse for a total purchase price of \$6 million dollars. One half of the purchase price was financed through a mortgage loan (loan) from a bank. The loan is secured by a deed of trust associated with the property and requires monthly interest-only payments at a rate of 7.00% per annum of \$17,500. The loan matures in January 2029, at which point the full principal amount of \$3 million dollars is due.

Note 9—Commitments and 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, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Undesignated	\$ 6,433,536	\$ 3,868,002
Board-designated reserve	111,369	111,369
Total Net Assets without Donor Restrictions	<u>\$ 6,544,905</u>	<u>\$ 3,979,371</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.

Note 11—Net Assets with Donor Restrictions

Net assets with donor restrictions for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Purchases of equipment	\$ 50,000	\$ 50,000
For food assistance services		
Food purchases	5,926	95,000
Federal Emergency Food and Shelter Program		8,250
Promises to give, the proceeds from which have		
have been restricted by donors:		
For food assistance services		
City of Beverly Hills	62,500	62,500
Due to timing		
Support for future periods	170,310	283,624
Total Net Assets with Donor Restrictions	<u>\$ 288,736</u>	<u>\$ 499,374</u>

Westside Food Bank
Notes to Financial Statements—Continued

Note 11—Net Assets with Donor Restrictions—Continued

Net assets released from donor restrictions for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Satisfaction of purpose restrictions:		
Food purchases	\$ 664,799	\$ 722,531
Holiday support	35,000	10,000
Summer Children Food Program	10,000	
Mobile food pantries	5,000	
Purchases of equipment		12,600
Satisfaction of timing restrictions	<u>566,872</u>	<u>761,855</u>
Total Net Assets Released from Donor Restrictions	<u>\$ 1,281,671</u>	<u>\$ 1,506,986</u>

Note 12—In-Kind Food Contributions

In-kind contributions of food for the years ended June 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Contributed food—non-governmental	\$ 1,577,899	\$ 2,920,036
Contributed food—governmental	<u>493,434</u>	<u>149,339</u>
Totals	<u>\$ 2,071,333</u>	<u>\$ 3,069,375</u>

In-kind contributions of food were valued based on the average market price for comparable products, and were received without donor restrictions. Additionally, in-kind contributions of food were not monetized. Total food distribution, including food purchases, amounted to \$3,786,202 and \$5,611,140 for the years ended June 30, 2024 and 2023, respectively.

Note 13—Government Grants

Government grants for the years ended June 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
State of California	\$ 3,109,747	\$
City of Beverly Hills	250,000	250,000
City of Santa Monica	175,000	117,465
Other governmental agencies	25,000	9,450
Federal Emergency Food and Shelter Program		16,500
Totals	<u>\$ 3,559,747</u>	<u>\$ 393,415</u>

Westside Food Bank
Notes to Financial Statements—Continued

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 in the form of profit-sharing. Employees are eligible to participate in the Plan effective immediately upon commencement of employment with no conditions of age or service required. Each participant may elect to contribute up to the maximum limit by federal law. Participants are vested immediately upon entering the Plan with 100% non-forfeitability of all employer matched contributions.

WSFB's matching contributions totaled \$37,619 and \$34,888, respectively, for the years ended June 30, 2024 and 2023. Expenses related to the Plan's administration totaled \$2,733 and \$2,187, respectively, for the years ended June 30, 2024 and 2023.

Note 15—Subsequent Events

Management evaluated all activities of Westside Food Bank through June 19, 2025, which is the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.