



**Financial Statements
September 30, 2023 & 2022**

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Westerville Area Resource Ministry

Opinion

We have audited the accompanying financial statements of Westerville Area Resource Ministry (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, cash flows, and functional expenses for the years 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 Westerville Area Resource Ministry as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States in America.

Change in Accounting Principle

The Organization adopted FASB Accounting Standards Update 2016-02, Leases (Topic 842) effective October 1, 2022 using the modified retrospective approach which does not require prior periods to be restated. See notes 2 and 11 of these financial statements.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Westerville Area Resource Ministry and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 Westerville Area Resource Ministry's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

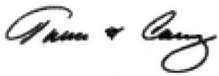
Auditor's Responsibilities for the Audit of the Financial Statements

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 generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually and 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 generally accepted auditing standards, 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 Westerville Area Resource Ministry'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 a substantial doubt about Westerville Area Resource Ministry'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.



Westerville, Ohio
January 23, 2024

Westerville Area Resource Ministry
Statements of Financial Position
As of September 30, 2023 and 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 290,771	\$ 767,676
Certificates of Deposit	298,791	-
Contributions receivable	47	447
Grants receivable	41,250	41,250
Inventory	317,159	223,081
Prepaid expenses	11,467	5,295
Total Current Assets	<u>959,485</u>	<u>1,037,749</u>
FIXED ASSETS		
Building	915,506	915,506
Land	289,107	289,107
Improvements	239,475	239,475
Equipment	369,246	328,907
Vehicles	92,645	92,645
Furniture	122,527	122,527
Deposits on fixed assets	-	11,824
Less: accumulated depreciation	(603,474)	(522,935)
Total Fixed Assets	<u>1,425,032</u>	<u>1,477,057</u>
OTHER ASSETS		
Deposits	897	897
Right of Use Asset, net	8,787	-
Beneficial interest in assets held by community foundation	<u>359,942</u>	<u>253,469</u>
Total Other Assets	<u>369,626</u>	<u>254,366</u>
TOTAL ASSETS	<u><u>\$ 2,754,143</u></u>	<u><u>\$ 2,769,172</u></u>

Westerville Area Resource Ministry
Statements of Financial Position
As of September 30, 2023 and 2022

LIABILITIES AND NET ASSETS

	2023	2022
CURRENT LIABILITIES		
Accounts payable	\$ 39,757	\$ 12,440
Credit card payable	6,450	4,894
Current portion of operating lease liability	8,787	-
Accrued other expenses	30,962	21,290
Total Current Liabilities	<u>85,956</u>	<u>38,624</u>
LONG-TERM LIABILITIES		
Operating lease liability, net	<u>-</u>	<u>-</u>
Total Long-Term Liabilities	-	-
TOTAL LIABILITIES	85,956	38,624
NET ASSETS		
Without Donor Restriction:		
Undesignated	2,183,006	2,205,606
Designated by board	359,942	253,469
Total Without Donor Restriction	<u>2,542,948</u>	<u>2,459,075</u>
With Donor Restrictions	<u>125,240</u>	<u>271,473</u>
Total Net Assets	<u>2,668,188</u>	<u>2,730,548</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,754,143</u></u>	<u><u>\$ 2,769,172</u></u>

Westerville Area Resource Ministry
Statements of Activities
For the Years Ended September 30, 2023 and 2022

	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
PUBLIC SUPPORT AND REVENUE:		
Public Support:		
Cash contributions	\$ 1,224,451	\$ 1,116,180
Donated food	1,380,746	1,314,683
Donated goods	426	8,384
Total Public Support	<u>2,605,623</u>	<u>2,439,247</u>
Revenue:		
Special events income	133,423	128,806
Grants revenue	207,115	510,545
Net investment income	30,349	5,394
Distributions from and change in value of beneficial interests in assets held by others	24,253	(61,781)
Miscellaneous income	161	414
Total Revenue	<u>395,300</u>	<u>583,378</u>
Total Public Support and Revenue	3,000,923	3,022,625
Net Assets Released From Restrictions	<u>146,233</u>	<u>59,841</u>
	3,147,156	3,082,466
EXPENSES:		
Program Services:		
Resource center	2,706,578	2,492,817
Supporting Services:		
Management and general	210,943	166,746
Fundraising	202,011	295,185
Total Program & Supporting Services	<u>3,119,532</u>	<u>2,954,748</u>
Total Expenses	3,119,532	2,954,748
Increase in Net Assets Without Donor Restrictions	27,624	127,718

Westerville Area Resource Ministry
Statements of Activities
For the Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Grants revenue	56,250	271,473
Restrictions satisfied by payment	<u>(146,233)</u>	<u>(59,841)</u>
Increase/(Decrease) in Net Assets With Donor Restrictions	<u>(89,983)</u>	<u>211,632</u>
Increase/(Decrease) in Total Net Assets	(62,359)	339,350
Total Net Assets at Beginning of Year	<u>2,730,548</u>	<u>2,391,198</u>
Total Net Assets at End of Year	<u><u>\$ 2,668,188</u></u>	<u><u>\$ 2,730,548</u></u>

Westerville Area Resource Ministry
Statements of Cash Flow
For the Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase/(Decrease) in Net Assets	\$ (62,359)	\$ 339,348
Adjustments to Reconcile Increase/(Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Amortization of loan costs	-	887
Reduction in carrying amount of right of use assets - operating leases	9,333	-
Depreciation	80,539	78,205
Decrease (Increase) in Current Assets:		
Unconditional Promises to Give	(9,333)	
Contributions receivable	400	989
Grants receivable	(0)	(3)
Inventory	(94,078)	17,991
Prepays	(6,172)	241
Increase (Decrease) in Current Liabilities:		
Accounts payable	27,317	(17,562)
Credit cards payable	1,556	(3,026)
Accrued other expenses	9,673	4,143
Net Cash Provided (Used) by Operating Activities	<u>(43,125)</u>	<u>421,213</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(40,341)	(20,753)
Deposits on fixed assets	11,824	(11,824)
Change in beneficial interest in assets held by by community foundation	(106,473)	(28,469)
Certificate of deposit investments	(298,791)	-
Net Cash Provided (Used) by Investing Activities	<u>(433,781)</u>	<u>(61,046)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Note payable payments	-	(476,231)
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>(476,231)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(476,905)	(116,064)
CASH AT BEGINNING OF PERIOD	<u>767,676</u>	<u>883,738</u>
CASH AT END OF PERIOD	<u><u>\$ 290,771</u></u>	<u><u>\$ 767,674</u></u>
SUPPLEMENTARY INFORMATION:		
Interest paid	-	4,706

Westerville Area Resource Ministry
Statements of Functional Expense
For the Years Ended September 30, 2023 and 2022

	Resource Center	Supporting Services Management and General	Fund Raising	2023 Total Expenses	2022 Total Expenses
SALARIES AND RELATED EXPENSES:					
Officer compensation	\$ 38,079	\$ 38,079	\$ 38,079	114,237	\$ 164,242
Salaries & wages	688,160	39,742	42,017	769,919	722,971
Payroll taxes	53,777	6,909	5,944	66,630	59,904
Employee benefits	47,155	5,095	11,621	63,871	42,263
Workers' compensation insurance	3,785	497	649	4,931	3,327
TOTAL SALARIES AND RELATED EXPENSES:	830,957	90,322	98,310	1,019,589	992,706
EXPENSES:					
Assistance to individuals	1,606,189	-	-	1,606,189	1,520,374
Professional fees	21,650	95,032	57,391	174,073	67,767
Supplies	34,396	5,224	6,358	45,978	67,633
Occupancy	50,517	1,254	1,254	53,025	52,062
Telephone	4,033	1,015	1,018	6,066	6,253
Postage & shipping	182	120	5,728	6,030	9,004
Repairs & maintenance	52,831	459	1,307	54,597	68,820
Printing & publications	2,518	574	21,597	24,689	26,460
Insurance	18,979	1,021	1,282	21,282	20,336
Travel & meals	1,096	1,863	704	3,663	7,586
Interest expense	-	-	-	-	4,706
Other expenses	6,808	12,287	4,719	23,814	31,949
TOTAL EXPENSES BEFORE DEPRECIATION	2,630,154	209,171	199,668	3,038,993	2,875,656
Depreciation expense	76,424	1,772	2,343	80,539	79,092
TOTAL EXPENSES	<u>\$ 2,706,578</u>	<u>\$ 210,943</u>	<u>\$ 202,011</u>	<u>\$ 3,119,532</u>	<u>\$ 2,954,748</u>

The accompanying notes are an integral part of these financial statements.

Westerville Area Resource Ministry (WARM)
Notes to Financial Statements
September 30, 2023 and 2022

1. Organization and Nature of Activities

In the early 1970s, volunteers from St. Paul's Catholic Church created an emergency food pantry, originally known as Paul's Pantry. Families in need received food and emergency assistance through the efforts of these volunteers. In the 1980s, ministers from other area churches decided to collaborate their efforts rather than have each church work individually. The Westerville Area Ministerial Association adopted the project, and the Westerville Area Resource Ministry (WARM) was formed. WARM's services are concentrated on helping families that reside within the fifty-two square mile area representing the Westerville school district and live at or below 200% of the poverty thresholds established by the U.S. Department of Health and Human Services.

WARM expanded services and obtained 501(c)(3) non-profit status, exempt from federal income taxes, from the Internal Revenue Service in 2001. During 2014, the Organization purchased the building at 150 Heatherdown Drive, Westerville, Ohio and moved all operations to this location.

WARM is a faith-based social service organization. The Organization works with individuals and families that are on the economic and spiritual journey to self-sufficiency. WARM provides compassionate, short-term assistance, educational services, and spiritual support in order to encourage individuals to achieve a God-reliant, self-sufficient life while restoring dignity and hope. With an emphasis on self-sufficiency, WARM works to provide "a hand up, not a handout" to clients in need.

WARM is funded through private donations from Westerville-area churches, businesses, individuals, civic organizations, and foundations. The Organization also holds an annual Prayer Event, Holiday Food Drive, and other fundraising events which help support the ongoing programs.

WARM operates a variety of programs to achieve its mission to support families who are on the economic and spiritual journey to self-sufficiency. The programs consist of the following:

- **Choice Market**
 - Online Choice food selection and help center empowers clients to maximize limited resources
 - Provides a 6-day supply of food to eligible clients
 - Assistance with personal goals while meeting nutritional needs
- **Child Nutrition Programs**
 - *Share Bac a Pac*
 - Provides eligible children with free, nutritious weekend meals
 - Packs provided when school is in session
 - *Westerville Area Kids Lunch Club*
 - Provides eligible children with free, nutritious meals weekdays
 - Enrichment activities when school is not in session
- **Other Client Assistance**
 - *Client Services Team*
 - The professional practice of partnering with clients so that over time they may acquire the resources, skills, and sustained behavior changes necessary to attain and preserve their economic independence
 - *Way2Work Employment Support*
 - Offer career exploration sessions & upskill opportunities
 - Offer employment coaching & personal presentation assistance
 - Provide resume, job search, & interviewing support

Westerville Area Resource Ministry (WARM)
Notes to Financial Statements
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements of Westerville Area Resource Ministry (WARM) are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations and, accordingly, reflect all significant receivables, payables, and other liabilities.

(b) Basis of Presentation

The financial statements of WARM have been prepared in accordance with Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities, which requires WARM to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of WARM's management and board of directors. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated operating reserve endowment and a board-designated asset-replacement endowment.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of WARM or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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

(c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates.

(d) Cash and Cash Equivalents

For the purpose of balance sheet classification and the statements of cash flows, the Organization considers all short-term, highly liquid investments with maturities of six months or less at the date of their acquisition to be cash and cash equivalents.

Westerville Area Resource Ministry (WARM)
Notes to Financial Statements
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies (cont.)

(e) Contributions Receivable

The Organization receives unconditional promises to give from donors and these are recorded as contribution revenue. If outstanding contributions are to be paid over a period of years, they are recorded at the present value of their expected cash flows using a risk-adjusted discount rate (such as prime rate) in the year of contribution. Discount amortization is recognized in contribution revenue. Contributions receivable are also reflected net of an allowance for uncollectible amounts based on management's judgment, past payment experience, and other relevant factors. Promises to give are written off when deemed uncollectible.

There were no material contributions receivable or related allowance for uncollectible as of September 30, 2023 and 2022.

(f) Depreciation

The Organization capitalizes expenditures over \$1,000 for furniture, fixtures, and equipment at historical cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the related assets, which range from three to forty years.

(g) Certificate of Deposits & Investments

Certificates of Deposit and investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, they are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

(h) Beneficial Interest in Assets Held by Community Foundation

During 2021, the WARM Board of Trustees established two endowment funds at The Columbus Foundation (the "Foundation"), an unrelated third party, and named WARM as beneficiary. WARM has granted the Foundation variance power which will apply if the purpose of the funds becomes unnecessary, undesirable, impractical, or impossible to fulfill. The funds are held and invested by the Foundation for WARM's benefit and are reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

(i) Fair Value

WARM holds certain assets which it measures at fair value on a recurring basis under Accounting Standard Codification (ASC) Topic 820, Fair Value Measurement. ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Westerville Area Resource Ministry (WARM)
Notes to Financial Statements
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies (cont.)

(j) Contributions

Unconditional contributions are considered to be available for use, without donor restrictions, unless specifically restricted by the donor. Amounts received that are designed for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. Amounts required to be maintained in perpetuity by the donor are also reported as net assets with donor restrictions.

Contributions, including unconditional promises to give, are recognized in the period received. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. A donor restriction expires when a time restriction ends or when the purpose for which it was intended to attain. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon expiration of donor restrictions and are reported in the statements of activities as net assets released from restrictions. Contributions received with related restrictions that are met in the same year are recognized in net assets without donor restrictions.

A portion of the Organization's revenue is derived from grants which are conditioned upon certain performance requirements and/or the incurrence of allowance qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No amounts have been received in advance as of September 30, 2023 and 2022.

(k) Leases

Prior to July 1, 2022, WARM followed the lease accounting guidance in FASB Accounting Standards Codification (ASC) Topic 840. Effective July 1, 2022, WARM follows the lease accounting guidance in FASB ASC Topic 842. Feeding America determines if an arrangement is a lease at inception of the contract. Under Topic 842, a lease is a contract, or part of a contract, which conveys the right to control the use of an identified asset for a period of time in exchange for consideration. WARM's contracts determined to be or contain a lease include explicitly or implicitly identified assets where WARM has the right to obtain substantially all of the economic benefits of the assets and has the ability to direct how and for what purpose the assets are used during the lease term.

Lease are classified as either operating or finance. WARM currently has only one operating lease. For operating leases, WARM recognizes a lease liability equal to the present value of the remaining lease payments, and a right-of-use (ROU) asset equal to the lease liability, subject to certain adjustments, such as for prepaid rents and other lease incentives. The lease term may include options to extend or terminate the lease when it is reasonably certain that WARM will exercise such an option. When the rate implicit in the lease is not readily determinable, WARM has made a policy election to use the Organization's incremental borrowing rate. This rate is determined based on the rate of interest the Organization would pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term. Operating lease expense is recognized on a straight-line basis over the lease term.

WARM defines a short-term lease as any lease arrangement with an original lease term of twelve months or less that does not include an option to purchase the underlying asset. WARM has made a policy election to not recognize ROU assets and lease liabilities for short-term leases. As a result, short-term lease payments are recognized as expense on a straight-line basis over the lease term, and variable lease payments are recognized in the period in which the obligation is incurred.

Westerville Area Resource Ministry (WARM)
Notes to Financial Statements
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies (cont.)

(k) Leases (cont.)

For lease arrangements with lease and non-lease components, WARM has made a policy election to account for lease and non-lease components, separately, for all classes of assets.

Certain of WARM's leases also include variable lease costs. These variable payments typically represent additional services or supplies transferred to WARM, such as overage charges for related services or supplies and these are recorded as an expense in the period incurred. WARM's lease agreements do not contain any residual value guarantees or restrictive covenants.

(l) Functional Expense Allocations

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expense by function. Certain categories of expenses are attributable to more than one program or supporting services of WARM. Therefore, some expenses have been allocated among the programs and supporting services benefited. The expenses that are allocated include depreciation, interest, telephone, and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

(m) New Adopted Accounting Pronouncement

The FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in FASB ASC Topic 840, *Leases*, which is intended to increase transparency and comparability among organizations related to their leasing arrangements. The new lease standard, including all the related amendments subsequent to its issuance, supersedes the current guidance for lease accounting and requires lessees to recognize a ROU asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term for substantially all leases, as well as disclose key quantitative and qualitative information about leasing arrangements.

WARM adopted Topic 842 effective on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior period financial statements. Under this transition provision, WARM has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the legacy guidance under ASC Topic 842, *Leases*, (ASC 840). The adoption did not result in a cumulative-effect adjustment to the opening balance of net assets.

In addition to policy election choices, Topic 842 includes practical expedient choices, WARM elected the package of practical expedients available in the standard and as a result, did not reassess the lease classification of existing leases, whether a preexisting contract is deemed to be or to include a lease or the initial direct costs associated with existing leases. WARM did not elect the hindsight practical expedient, and so did not re-evaluate lease terms for existing leases and will measure the ROU asset and lease liability using the remaining portion of the lease term at adoption on July 1, 2022.

Adoption of the new lease standard resulted in the recording of operating lease ROU asset of \$18,120 and operating lease liability of \$18,120 as of July 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended September 30, 2023.

Westerville Area Resource Ministry (WARM)
Notes to Financial Statements
September 30, 2023 and 2022

2. *Summary of Significant Accounting Policies (cont.)*

(n) *Reclassifications*

Certain reclassifications of amounts previously reported have been made to the accompanying financials statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

3. *Financial Instruments and Credit Risk*

As of September 30, 2023 and 2022, cash and cash equivalents were comprised of bank deposits and money market funds. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government (FDIC insurance). The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to WARM. As of September 30, 2023 and 2022, the Organization had uninsured cash balances of \$163,551 and \$486,713, respectively. The Organization does not anticipate any loss resulting from this risk.

Credit risk associated with contributions and grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from individuals, businesses, foundations, and agencies supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by us and the Board of Trustees. Although the fair values of investments are subject to fluctuations on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of WARM.

4. *Tax Status & Accounting for Uncertainty in Income Taxes*

WARM qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (as an association of churches) and, accordingly, is not subject to Federal income tax. The Internal Revenue Service has determined this status in their determination letter dated March 16, 2001. The Organization does file an income tax return (Form 990) in the U.S. federal jurisdiction.

In addition, WARM is incorporated in the State of Ohio and is registered as a nonprofit organization. The Organization was determined to be exempt from the annual registration and reporting requirements of the Attorney General for the State of Ohio.

The Financial Accounting Standards Board (FASB) has issued FASB ASC 740-10 (formerly Interpretation No. 48), Accounting for Uncertainty in Income Taxes. FASB ASC 740-10 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's (including non-profit enterprises) financial statements in accordance with FASB ASC 740-10-125 (formerly FASB Statement No. 109) Accounting for Income Taxes. FASB ASC 740-10 also prescribes a recognition threshold and measurement standard for the financial statement recognition and measurement of an income tax position taken or expected to be taken in a tax return. In addition, FASB ASC 740-10 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

The Organization treats tax positions taken using the more-likely-than-not recognition threshold. Tax positions are measured in the year that the Organization believes that the position is more-likely-than-not to be sustained. Any positions that are not expected to be sustained will be recorded as a liability. The Organization believes that none of the tax positions taken would be material to the financial statements.

Westerville Area Resource Ministry (WARM)
Notes to Financial Statements
September 30, 2023 and 2022

5. *Certificates of Deposit & Investments*

The cost and fair value of certificates of deposit as well as the unrecorded accrued interest as of September 30, 2023, are as follows:

	Cost	Unrealized Loss	Fair Value	Accrued Interest
4.7% CD, matures 2/15/2024	\$ 100,000	\$ 344	\$ 99,656	\$ 2,936
5.35% CD, matures 2/28/2024	100,000	51	99,949	469
4.7% CD, matures 8/15/2024	100,000	814	99,186	206
Total	<u>\$ 300,000</u>	<u>\$ 1,209</u>	<u>\$ 298,791</u>	<u>\$ 3,611</u>

The components of net investment income for the years ended September 30, 2023 and 2022 are as follows:

	2023	2022
Dividend/Interest Income	\$ 30,473	\$ 5,745
Realized gains/(loss)	1,085	(351)
Unrealized loss	(1,209)	-
Total	<u>\$ 30,349</u>	<u>\$ 5,394</u>

6. *Grants Receivable*

Grants receivable consist of grants that have been awarded to date but not received by the financial statement date. All grant receivable funds have been or will be received in a subsequent year.

7. *Inventories*

The Organization maintains inventories of food and household items to meet the needs of their Choice Market clients. Since a substantial portion of the inventory is donated to the Organization, the actual cost of the inventory is not known.

The value of food is measured based on a value assigned to measurements of pounds of food. Based upon established measurements, a pound of food for 2023 and 2022 has a value of \$1.92 and \$1.86, respectively. WARM also receives and provides household goods to its clients. The value of which has been included as an integral part of the Choice Market inventory. The cost per pound difference of these household goods was not determined during 2023 or 2022. The impact on the inventory value is determined to be immaterial to the overall financial statements. As of September 30, 2023 and 2022, WARM had on hand food and household items for the Choice Market of 148,933 pounds and 112,415 pounds, respectively. Therefore, the Choice Market inventory value has been estimated at \$285,951 for 2023 and \$201,223 for 2022.

The Organization also maintains inventories for their Share Bac-A-Pac program. The ending inventory on September 30, 2023 and 2022 has been estimated at \$31,208 and \$21,858, respectively, based on a physical inventory of the food items on hand. For 2023 and 2022, the value of this inventory, which consisted of food items purchased and packaged directly by WARM, was measured based on a value assigned to measurements of pounds of food (\$1.92 and \$1.86, respectively). As of September 30, 2023 and 2022, WARM had on hand food for the Share Bac-A-Pac program of 16,254 pounds and 12,211 pounds, respectively.

Total food and household item inventory as of September 30, 2023 and 2022 is \$317,159 and \$223,081, respectively. It is at least reasonably possible that the Organization's estimate of the inventory on hand will change in the near term.

Westerville Area Resource Ministry (WARM)
Notes to Financial Statements
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8. Beneficial Interest in Assets Held by Community Foundation

On September 24, 2021, WARM's Board of Trustees approved the transfer of funds to The Columbus Foundation (the "Foundation") to create the WARM Endowment Fund and the WARM Asset Replacement Fund with initial funding coming from existing net assets without donor restrictions. The WARM Endowment Fund was established to support WARM's greatest needs with an intended time horizon of more than 20 years and initial funding of \$105,000. This fund is meant to replace the board's previous required minimum cash reserve policy, see note 11. The WARM Asset Replacement Fund was established to support WARM's needs regarding asset replacement, repair, and enhancement with an intended time horizon of 3-5 years and initial funding of \$120,000. The Organization reports the fair value of the Funds as Benefit Interest in Assets Held by Community Foundation in the statements of financial position. Distributions received and changes in the value of the Funds are reported in the statements of activities. Changes in the Funds for the years ended September 30, 2023 and 2022 are as follows:

	Year ended September 30,			
	2023			2022
	Endowment Fund	Asset Replacement Fund	Total	Total
Balance on October 1,	\$ 78,843	\$ 174,626	\$ 253,469	\$ 225,000
Additional amounts invested	-	82,220	82,220	90,250
Share of depreciation of funds	7,490	16,763	24,253	(61,781)
Distributions received	-	-	-	-
Balance on September 30,	<u>\$ 86,333</u>	<u>\$ 273,609</u>	<u>\$ 359,942</u>	<u>\$ 253,469</u>

The Foundation holds and invests the funds on behalf of WARM. The Board of Trustees of WARM has the right to suggest to the Trustees of the Foundation as to the distribution of the funds to WARM, including the distribution of all income and principal in the funds. The Board of Trustees of WARM may also request the entire fund be expended and distributed to WARM. These must be in writing and be approved by at least a two-thirds majority vote of all then-serving members of the Board of Trustees of WARM, provided there are not less than seven board members approving such direction.

9. Fair Value Measurements and Disclosures

The Organization holds certain assets which it measures at fair value. All such assets are measured on a recurring basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices including within Level 1 that are observable for the asset or liability, either directly or indirectly. These 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, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

Westerville Area Resource Ministry (WARM)
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9. Fair Value Measurements and Disclosures (cont.)

The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to management's assessment of the quality, risk, or liquidity profile of the asset or liability.

The fair value of the beneficial interest in assets held by community foundation has been valued, as a practical expedient, at the fair value of the Organization's share of the Foundation's investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting.

The following table presents assets and liabilities measured at fair value on a recurring basis as of September 30, 2023:

Asset	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by community foundation	\$ -	\$ -	\$ 359,942	\$ 359,942
Total	\$ -	\$ -	\$ 359,942	\$ 359,942

The following table presents assets and liabilities measured at fair value on a recurring basis as of September 30, 2022:

Asset	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by community foundation	\$ -	\$ -	\$ 253,469	\$ 253,469
Total	\$ -	\$ -	\$ 253,469	\$ 253,469

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended September 30, 2023 and 2022:

Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)		Beneficial Interest in Assets Held by Others
Balance as of September 30, 2021	\$	253,469
Amounts invested in funds		90,250
Share of apprec/(deprec) of funds		(61,781)
Distributions		-
Balance as of September 30, 2022	\$	253,469
Additional amounts invested in funds		82,220
Share of depreciation of funds		24,253
Distributions		-
Balance as of September 30, 2023	\$	359,942

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10. Current Liabilities

Accounts payable as of September 30, 2022 include the expense reimbursements for the Executive Director, a related party.

Accrued other expenses consist of amounts owed for wages, paid time off, employer payroll taxes, and retirement deferral funding liability. During 2015, the Organization applied for and received an exemption for all real estate taxes related to the property owned by the Organization. The exemption will remain in place so long as the Organization continues its primary tax-exempt purpose. Therefore, no accrued real estate tax is recorded on September 30, 2023 and 2022.

11. Leases

As disclosed in Note 2, the Organization adopted FASB ASC 842 for the year ended September 30, 2023. In 2019, WARM entered into an office equipment lease with an unrelated third party with a term of 63 months and payments of \$810 per month for total annual payments of \$9,720. As of September 30, 2023, the net right-of-use (ROU) asset balance and current portion lease liability balance was \$8,787. The lease asset and liability were calculated using the Organization's incremental borrowing rate of 2.79%. The weighted-average remaining lease term for the operating lease is 1 year as of September 30, 2023. Total cost related to this lease totaled \$9,720 for the year ended September 30, 2023. Cash paid for operating leases for the year ended September 30, 2023 was \$9,720.

As of September 30, 2023, the future minimum lease payments under non-cancellable lease agreements are as follows:

	2024	\$	<u>8,910</u>
Total lease payments			8,910
Less present value discount			<u>(123)</u>
Total lease obligation			8,787
Less current portion			<u>(8,787)</u>
Long term lease obligation		\$	<u>-</u>

WARM also pays subscription and training fees for the use of various online fundraising, inventory, and client service software and databases on a month-to-month or quarter-to-quarter basis. Total cost related to these short-term subscription agreements totaled \$22,968 for the years ended September 30, 2023.

As previously discussed, as of September 30, 2022, WARM followed the lease accounting guidance in FASB Accounting Standards Codification (ASC) Topic 840. Under this guidance, total operating lease expense was \$9,880 and short-term subscription agreements totaled \$34,829 for the year ended September 30, 2022. WARM's future minimum lease commitments, under previous guidance, were:

2023	\$	9,720
2024		<u>8,910</u>
	\$	<u>18,630</u>

12. Net Assets Without Donor Restrictions

As discussed in Note 8, during 2022, the WARM board of directors designated certain net assets to be maintained for emergency operational reserves and asset replacement reserves. These have been included in net assets without donor restrictions, designated by board.

The undesignated net assets without donor restrictions relate to surplus cash and are anticipated to be used for future programs, initiatives funding, and community impact investments.

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13. Net Assets with Donor Restrictions

Net assets with donor restrictions were designated for the Way2Work Employment Support, Child Nutrition Support, and Choice Market programs. All are for use in subsequent years. Net assets with donor restrictions are available for use in the following purpose and year:

	2023	2022
Way2Work Employment Support	\$ 68,990	\$ 200,223
Holiday Food Drive 2022	-	15,000
Choice Market	56,250	56,250
Total	<u>\$ 125,240</u>	<u>\$ 271,473</u>

14. Liquidity and Availability of Resources

The Organization's financial assets available within one year of September 30, 2023 for general expenditures are as follows:

	2023
Cash and cash equivalents	\$ 290,771
Certificates of deposit	298,791
Contributions and grants receivable	41,297
Total financial assets available within one year	630,859
Less: Donor-imposed restrictions	(125,240)
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 505,619</u>

The Organization receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operation needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets at a minimum of twice the amount of current liabilities. To achieve these targets, the Organization forecasts its future cash flows and monitors its liquidity and reserves quarterly. During the years ended September 30, 2023 and 2022, the level of liquidity and reserves was managed within the policy requirements.

Westerville Area Resource Ministry (WARM)
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15. Donated Food & Goods

A primary operating activity of the Organization is a "client choice" market located at 150 Heatherdown Drive in Westerville, Ohio. Throughout the year, there were in-kind donations of food and other goods to the market from the following sources:

- | | |
|---|--|
| • Mid Ohio Food Bank | • Area Grocery Stores |
| • Westerville Area Churches | • Area food distributors & restaurants |
| • Annual Post Office Food Drive | • Local farmers & produce vendors |
| • Westerville School District Food Drives | • Individual Donations |
| • Area Business Food Drives | • Civic Organization Food Drives |
| • Otterbein College Food Drives | • Community and Holiday Food Drives |

During the years ended September 30, 2023 and 2022, the Organization received an estimated 636,077 lbs. (estimated value of \$1,221,457) and 704,668 lbs. (estimated value of \$1,310,761) of food and household items, respectively. Based on their considerable purchasing power, the Organization also receives significant purchase discounts from the Mid-Ohio Food Bank and local grocery stores. These purchase discounts were estimated at \$159,715 for 2023 and \$12,306 for 2022. Therefore, total donated food support recognized during 2023 was \$1,381,172 and 2022 was \$1,323,067.

WARM also participates in the Meijer "Simply Give" program which runs several times a year and allows customers to purchase a \$10 "Simply Give" donation card at checkout which is then converted into a Meijer Food-Only Gift Card and donated directly to a local food pantry selected by Meijer. Total gift cards received from Meijer as part of this program totaled \$22,310 in 2023 and \$11,180 in 2022 and are reported with cash contributions in these financial statements.

16. Donated Services

The Organization relies on hundreds of volunteers annually to assist in the market and distribution center as well as educational and spiritual support classes. The total number of volunteer hours given during 2023 and 2022 was approximately 31,534 and 29,000 hours, respectively. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ASC 958-605-25-16 (formerly SFAS No. 116, "Accounting for Contributions Received and Contributions Made").

During the years ended September 30, 2023 and 2022, the Organization did not receive any material contributed services from sources that meet the criteria for recognition under FASB ASC 958-605-25-16.

17. Special Events

The WARM annual fundraising "Prayer Event" is held in the spring each year to coincide with the National Day of Prayer. Most of the supplies and services for this event are provided at no cost to the Organization. During 2023, the event held was a "Prayer Breakfast". Gross revenue from the event was \$97,361 and total expenses paid by the Organization for the event were \$9,554 for an approximate net fundraising effort of \$87,807. During 2022, the event held was a "Prayer Walk". Gross revenue from the event was \$9,658 and total expenses paid by the Organization for the event were \$3,122 for an approximate net fundraising effort of \$6,536.

During 2023 and 2022, WARM also held the annual event, "Holiday Food Drive". This event was designed to raise awareness regarding poverty and hunger. For 2023, the gross fundraising receipts from this event totaled \$57,436 and the Organization incurred approximately \$19,474 in expenses related to this special event for an approximate net fundraising effort of \$37,962. For 2022, the gross fundraising receipts from this event totaled \$67,229 and the Organization incurred approximately \$12,129 in expenses related to this special event for an approximate net fundraising effort of \$55,100.

Westerville Area Resource Ministry (WARM)
Notes to Financial Statements
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17. Special Events (cont.)

During 2022, the Organization held a special 50th Anniversary Gala fundraising event. The event was organized to celebrate the Organization's 50th anniversary and raise general funds for the Organization. The gross fundraising receipts from this event totaled \$103,948 and the Organization incurred approximately \$37,409 in expenses directly related to this special event for an approximate net fundraising effort of \$66,539. The Organization currently plans to hold an anniversary event every five years.

WARM held miscellaneous other fundraising events during the years ended September 30, 2023 and 2022 which produced revenue of \$10,262 and \$2,062, respectively. Expenses related to these special events were \$2,608 and \$1,431, respectively, for a net fundraising effort of \$7,654 and \$631, respectively.

18. Assistance to Individuals

Amounts paid through WARM's various programs on behalf of families and individuals as assistance in 2023 and 2022 consisted of the following types of expenditures:

	2023	2022
Food Purchased	\$ 245,941	\$ 138,875
Supplies Purchased	55,540	36,709
Client Assistance	6,584	3,018
Miscellaneous	1,905	1,120
Total Cost of Assistance Given	309,970	179,722
Food Donated & Distributed	1,296,219	1,340,652
Total Assistance for Individuals	<u>\$ 1,606,189</u>	<u>\$ 1,520,374</u>

19. Food Distributed

In addition to its other services, WARM provides assistance of food and household items to its clients throughout the year with additional assistance during Easter, Thanksgiving and Christmas. Through the Client Choice Market program, the clients of WARM are permitted to select their own food choices within guidelines provided by WARM.

WARM measures its market assistance by pounds of food and household items provided and count of families served. Each encounter with a family during the year is measured as a "household served."

All food and household items donated to the Organization during the fiscal years ended September 30, 2023 and 2022 were weighed as received (see note 7). During 2023 and 2022, WARM's market served 9,232 and 6,394 households, respectively.

The cost of providing food and household items to clients consists of the food served to clients, as well as the cost of expired food and food given to other programs. During the years ended September 30, 2023 and 2022, food and household items provided to clients were estimated at approximately 781,375 lbs. (approx. \$942,663) and 760,134 lbs. (approx. \$664,727), respectively. The Organization incurred waste (due to expired dating on perishables) and provided food items to other organizations that were nearing expiration for immediate use of approximately 239,574 lbs. (approx. \$459,982) in 2023 and 372,078 lbs. (approx. \$692,065) in 2022. Therefore, the total cost of food and household items provided during 2023 and 2022 were \$1,402,645 and \$1,356,792, respectively (of which WARM purchased \$106,426 for 2023 and \$16,140 for 2022).

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19. Food Distributed (cont.)

The Kids Summer Lunch Club (KLC) is a free program that provides children eighteen and under with nutritious meals and coordinated enrichment activities throughout the summer when school is not in session. In 2023, WARM operated sixteen sites and supplied a total of 23,638 meals. In 2022, WARM operated sixteen sites and supplied a total of 29,603 meals. Additionally, KLC distributed thousands of pounds of fresh produce in 2023 and 2022 to further help children and families throughout the community. WARM's cost of meals provided and other expenses related to KLC was \$71,728 in 2023 and \$94,806 in 2022. During 2023 and 2022, the Organization received \$74,115 and \$82,713, respectively in qualified meal and other expense reimbursements from the State of Ohio related to KLC.

The Share Bac a Pac program provides healthy foods and snacks to children who are at risk of hunger on weekends and school breaks when free and reduced meals are not available. During 2023 and 2022, the program distributed approximately 114,900 and 78,150 meals, respectively, through 20 schools located within the Westerville School District, at a total cost of \$89,924 and \$48,906, respectively.

20. Retirement Plan

In June 2016, WARM adopted a new non-ERISA 403(b) plan eligible to religious organizations. The plan allows pre-tax deferral and Roth deferral contributions by the participants and discretionary contributions by the employer but is not subject to the provisions of ERISA. A discretionary employer contribution of \$0 and \$5,000 was made for the years ended September 30, 2023 and 2022, respectively.

21. Concentrations

WARM relies on hundreds of volunteers to conduct their program services. The Organization also relies on food donations from a variety of sources (see note 15). Diversification of sources is done in an effort to minimize risk from any one major donor or source of volunteers. In the event that these sources of support were to be eliminated, it is likely that the Organization would need to reduce its current operations, at least temporarily. The Organization does not expect that this support will be lost in the near term.

During 2023, the Organization did not have any individual donors or grants that represented more than 10% of the Organization's cash support.

During 2022, the Organization received a grant that represented approximately 23% of the Organization's cash support.

22. Subsequent Events

Subsequent events were evaluated through January 23, 2024, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. No significant events have occurred subsequent to year end.