

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

World Central Kitchen, Inc. and Affiliates

December 31, 2023 and 2022

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
World Central Kitchen, Inc. and Affiliates

Opinion

We have audited the consolidated financial statements of World Central Kitchen, Inc. and Affiliates (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 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 of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 the Organization and to meet our other 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 the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Grant Thornton LLP

Arlington, Virginia
October 28, 2024

World Central Kitchen, Inc. and Affiliates

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 135,063,020	\$ 148,173,554
Government contracts receivable	410,400	710,400
Pledges receivable, net	21,292,832	32,224,447
Investments	17,606,221	13,954,218
Right-of-use assets - operating leases	3,502,727	4,377,905
Property and equipment, net	4,117,947	2,589,060
Prepaid expenses and other assets	5,468,653	2,481,359
Total assets	\$ 187,461,800	\$ 204,510,943
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 11,222,141	\$ 4,757,744
Accrued expenses and other liabilities	3,745,406	422,475
Lease liabilities - operating leases	3,736,320	4,602,713
Total liabilities	18,703,867	9,782,932
Net assets		
Without donor restrictions	159,310,570	188,256,065
With donor restrictions	9,447,363	6,471,946
Total net assets	168,757,933	194,728,011
Total liabilities and net assets	\$ 187,461,800	\$ 204,510,943

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

World Central Kitchen, Inc. and Affiliates
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions and grants	\$ 162,129,852	\$ 72,841,528	\$ 234,971,380
Contributions of non-financial assets	1,989,506	714,384	2,703,890
Government contracts	41,812	-	41,812
Contracts and agreements	-	3,026,000	3,026,000
Net asset released from restrictions	73,495,804	(73,495,804)	-
Total support and revenues	237,656,974	3,086,108	240,743,082
Expenses			
Program	244,295,728	-	244,295,728
Management and general	18,173,543	-	18,173,543
Fundraising	9,058,311	-	9,058,311
Total expenses	271,527,582	-	271,527,582
Change in net assets from operating activities	(33,870,608)	3,086,108	(30,784,500)
Nonoperating activities			
Net investment gain (loss)	6,569,572	(110,691)	6,458,881
Loss due to foreign currency transactions	(1,644,459)	-	(1,644,459)
Change in net assets from nonoperating activities	4,925,113	(110,691)	4,814,422
CHANGE IN NET ASSETS	(28,945,495)	2,975,417	(25,970,078)
Net assets, beginning of year	188,256,065	6,471,946	194,728,011
Net assets, end of year	<u>\$ 159,310,570</u>	<u>\$ 9,447,363</u>	<u>\$ 168,757,933</u>

The accompanying notes are an integral part of this consolidated financial statement.

World Central Kitchen, Inc. and Affiliates
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions and grants	\$ 285,899,049	\$ 260,612,328	\$ 546,511,377
Contributions of non-financial assets	743,591	1,053,311	1,796,902
Government contracts	179,542	-	179,542
Other income	10,280	2,519	12,799
Net asset released from restrictions	271,413,566	(271,413,566)	-
Total support and revenues	558,246,028	(9,745,408)	548,500,620
Expenses			
Programs:			
Emergency relief effort programs	440,887,495	-	440,887,495
Resilience programs	2,557,061	-	2,557,061
Management and general	10,753,740	-	10,753,740
Fundraising	10,757,652	-	10,757,652
Total expenses	464,955,948	-	464,955,948
Change in net assets from operating activities	93,290,080	(9,745,408)	83,544,672
Nonoperating activities			
Net investment (loss) gain	(1,232,666)	9,480	(1,223,186)
Change in net assets from nonoperating activities	(1,232,666)	9,480	(1,223,186)
CHANGE IN NET ASSETS	92,057,414	(9,735,928)	82,321,486
Net assets, beginning of year	96,198,651	16,207,874	112,406,525
Net assets, end of year	\$ 188,256,065	\$ 6,471,946	\$ 194,728,011

The accompanying notes are an integral part of this consolidated financial statement.

World Central Kitchen, Inc. and Affiliates

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2023

	Program Services	Supporting Activities		Total
	Emergency Relief Programs	Management and General	Fundraising	
Food and supplies	\$ 92,588,506	\$ 40,754	\$ 522	\$ 92,629,782
Salaries and benefits	5,239,539	4,678,242	3,345,006	13,262,787
Subcontractors	15,266	-	-	15,266
Travel	8,970,497	729,697	195,629	9,895,823
Facilities, food and entertainment	113,913,148	406,602	55,279	114,375,029
Grants	444,276	-	-	444,276
Professional fees	4,863,757	4,040,615	715,890	9,620,262
Licenses and fees	9,941,669	1,250,697	4,011,390	15,203,756
Marketing/advertising	331,413	3,046,111	44,628	3,422,152
Occupancy	2,371,989	304,593	-	2,676,582
Office expense	2,827,541	909,403	563,081	4,300,025
Postage and printing	1,250,418	291,612	126,886	1,668,916
Contributions of non-financial assets	714,384	1,989,506	-	2,703,890
Insurance	106,694	485,080	-	591,774
Depreciation expense	716,631	631	-	717,262
	<u>\$ 244,295,728</u>	<u>\$ 18,173,543</u>	<u>\$ 9,058,311</u>	<u>\$ 271,527,582</u>
Expenses reported on the statements of activities				

The accompanying notes are an integral part of this consolidated financial statement.

World Central Kitchen, Inc. and Affiliates

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2022

	Program Services		Supporting Activities		Total
	Emergency Relief Programs	Resilience Programs	Management and General	Fundraising	
Food and supplies	\$ 194,444,584	\$ 82,676	\$ 33,468	\$ 189	\$ 194,560,917
Salaries and benefits	4,095,651	1,039,106	3,193,503	1,614,070	9,942,330
Subcontractors	371,606	38,328	-	-	409,934
Travel	3,088,030	65,674	295,433	84,918	3,534,055
Facilities, food and entertainment	216,043,687	14,470	70,078	155,003	216,283,238
Grants	4,313,161	977,572	242,154	-	5,532,887
Professional fees	1,092,127	80,502	2,195,507	164,549	3,532,685
Licenses and fees	7,369,990	3,165	635,662	8,406,702	16,415,519
Marketing/advertising	164,815	5,733	1,590,602	972	1,762,122
Occupancy	2,140,812	4,895	708,204	436	2,854,347
Office expense	2,696,255	239,156	765,654	260,752	3,961,817
Postage and printing	3,642,514	4,279	48,018	70,061	3,764,872
Contributions of non-financial assets	1,054,067	-	742,835	-	1,796,902
Insurance	24,718	-	198,361	-	223,079
Depreciation expense	345,478	1,505	34,261	-	381,244
Expenses reported on the statements of activities	<u>\$ 440,887,495</u>	<u>\$ 2,557,061</u>	<u>\$ 10,753,740</u>	<u>\$ 10,757,652</u>	<u>\$ 464,955,948</u>

The accompanying notes are an integral part of this consolidated financial statement.

World Central Kitchen, Inc. and Affiliates

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31,

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (25,970,078)	\$ 82,321,486
Adjustments to reconcile change in net assets to cash (used in) provided by operating activities:		
Realized and unrealized (gains) losses on investments, net	(1,718,790)	1,602,374
Depreciation expense	717,262	381,244
Bad debt expense	464,853	-
Changes in operating assets and liabilities:		
Government contracts receivable	300,000	2,760,987
Pledges receivable, net	10,466,762	(23,010,253)
Prepaid expenses	(2,014,377)	(1,740,412)
Right-of-use asset	(457,149)	(4,377,905)
Accounts payable	6,337,145	1,920,671
Accrued expenses and other liabilities	3,450,183	265,166
Lease liabilities	(506,983)	4,602,713
	(8,931,172)	64,726,071
Net cash (used in) provided by operating activities		
	(8,931,172)	64,726,071
Investing activities:		
Purchase of property and equipment	(2,246,149)	(2,203,527)
Purchase of investments	(10,587,350)	(35,384,753)
Proceeds from sale of property and equipment	-	346,525
Proceeds from sales of investments	8,654,137	32,208,017
	(4,179,362)	(5,033,738)
Net cash used in investing activities		
	(4,179,362)	(5,033,738)
NET (DECREASE) INCREASE IN CASH	(13,110,534)	59,692,333
Cash and cash equivalents, beginning of year	148,173,554	88,481,221
Cash and cash equivalents, end of year	\$ 135,063,020	\$ 148,173,554

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

World Central Kitchen, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

World Central Kitchen, Inc. (the Organization, or WCK) is a nonprofit corporation organized in 2010 under the Maryland General Corporation Law. WCK is first to the frontlines, providing meals in response to humanitarian, climate, and community crises. It has served hundreds of millions of fresh meals to people impacted by natural and humanitarian disasters around the world in countries like Ukraine, Gaza, Spain, Morocco, Germany, Brazil, Türkiye, Mexico, Haiti, and the United States.

The Organization has a registered affiliate in Spain, whose financial results are consolidated herein, representing strategic positioning in Europe to leverage local resources and to improve disaster response timeliness and efficiency.

By partnering with organizations on the ground, activating a network of food trucks, and building emergency kitchens, and with the help of thousands of local contractors and volunteers, WCK's relief team provided more than 100 million meals to people in need in 2023.

Principles of Consolidation

The consolidated financial statements beginning with the year ended December 31, 2022, include the accounts of WCK and WCK Spain (collectively referred to as the Organization, or WCK). All significant intercompany transactions have been eliminated.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and are presented using accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable for not-for-profit corporations.

Use of Estimates

The preparation of financial statements, in accordance with U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Deposits in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per institution. The Organization held \$127,231,375 in excess of insured limits at December 31, 2023.

Investments

Investments are reported at fair value. As of December 31, 2023 and 2022, the Organization invested only in debt and equity securities with readily determinable fair values. Fair value is determined by reference to quoted prices in active markets for identical assets and other relevant information generated by market transactions (also known as Level 1 of the fair value hierarchy).

Fair Value Measurement

In accordance with the accounting standards for fair value measurement for those assets and liabilities that are measured at fair value on a recurring basis, the Organization has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted

World Central Kitchen, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument. The Organization's investments are considered to be Level 1 instruments.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

- Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted prices in active markets.
- Level 2 - Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Investments with values that are based on quoted market prices in active markets classified within Level 1 include active listed equities, mutual funds, exchange-trade funds and U.S. treasuries.

Pledges Receivable

Pledges receivable consist of the uncollected portion of unconditional promises from donors. See Note 3 for expected maturities and the discount recorded. Amounts are deemed fully collectible and there are no identifiable concentrations of credit risk.

Property and Equipment

The Organization's policy is to capitalize all purchases of furniture, equipment, and other capital assets with a value of \$5,000 or greater and a useful life in excess of one year. Purchased fixed assets are recorded at cost and donated fixed assets are initially recorded at estimated fair value. Depreciation is computed using the straight-line method over estimated useful lives from five to 30 years.

Leases

The Organization determines if an arrangement contains a lease at inception based on whether there is an identified asset and whether the Organization controls the use of the identified asset throughout the period of use. The Organization classifies leases as either financing or operating. Right-of-use (ROU) assets are recognized at the lease commencement date and represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments are discounted based on the risk-free rate. Expenses related to leases determined to be operating leases are recognized on a straight-line basis, while those determined to be finance leases are recognized following a front-loaded expense pattern in which interest and amortization are presented separately in the income statement.

World Central Kitchen, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

The Organization assesses whether a lease is classified as an operating lease or a finance lease at lease commencement. The Organization's ROU assets are initially measured based on the corresponding lease liability adjusted for (i) payments made to the lessor at or before the commencement date, (ii) initial direct costs incurred and (iii) lease incentives under the lease. Options to renew or terminate the lease are recognized as part of our ROU assets and lease liabilities when it is reasonably certain the options will be exercised. ROU assets are also assessed for impairments consistent with the long-lived asset guidance.

The Organization does not allocate consideration between lease and non-lease components, such as operating costs, as the Organization has elected to not separate lease and non-lease components for any leases within its existing classes of assets. Operating lease expense for fixed lease payments is recognized on a straight-line basis over the lease term. Variable lease payments for usage-based fees are not included in the measurement of the ROU assets or lease liabilities and are expensed as incurred.

Net Assets

The Organization's net assets, the excess of assets over liabilities, are reported in two classes that are based upon the existence or absence of restrictions imposed by donors:

With Donor Restrictions: Net assets with donor restrictions are restricted by a donor to be used for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions. The Organization's unspent unconditional contributions are included in this class if the donor limited their use. When a donor's restriction is satisfied, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Unconditional restricted contributions received and satisfied in the same year are recorded as net assets with donor restrictions. The Organization has no net assets restricted for perpetuity as of December 31, 2023 and 2022.

Without Donor Restrictions: Net assets without donor restrictions are available to support operations. These net assets are constrained only by the broad limits resulting for the nature of the Organization.

Support and Revenue Recognition

The Organization evaluates whether a transfer of assets is: (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred; or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under Topic 606. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both: (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised; and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. Support is recognized when an unconditional contribution is received, or when conditions are satisfied.

Revenues from contracts and agreements qualifying as contributions are recorded by the Organization upon notification of the award and satisfaction of all conditions, if applicable. Such contracts and agreements are classified as net assets with donor restrictions when use of the funds is limited to specific purposes or is restricted for use in future periods.

Contributed services, if any, are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. The Organization receives a significant amount of services from volunteers which do not meet the above criteria for recognition in financial statements.

World Central Kitchen, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

Functional Expenses

Expenses are classified in the following functional categories:

Program Services - Program services consist of direct costs of the following program focus areas and an allocation of overhead costs. Consult the Organization's website at <https://www.worldcentralkitchen.org> for more detailed explanations.

- Emergency Relief. Within hours, WCK provides meals domestically and internationally in affected areas after natural and man-made disasters.
- Resilience Programs. WCK's food resilience programs advance human and environmental health, offer access to professional culinary training, create jobs, and improve food security for the people the Organization serves. This program ended in 2022.

Management and General - Management and general activities are those that provide governance, oversight, business and financial management, financial recordkeeping, budgeting, legal, and human resource management services.

Fundraising - Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Activities include publicizing and conducting fundraising campaigns, maintaining donor lists, conducting fundraising events, and any other activities that solicit contributions from corporations, foundations, individuals and others.

Direct expenses are assigned to the various functional categories based on the purpose achieved by each expense. Indirect expenses are allocated to more than one functional category in accordance with an estimate of the relative benefit received by the expenses. Indirect expenses consist mainly of certain personnel and occupancy costs. Salaries and wages, benefits and payroll taxes are allocated based on employee estimates of the percentage of time spent in each function. Occupancy and insurance costs are allocated based on salary allocations.

Translation of Foreign Currencies

Foreign currency transactions and financial statements are translated into U.S. dollars at current exchange rates. Exchange gains and losses resulting from foreign currency transactions are included in the accompanying consolidated statements of activities.

Tax-Exempt Status

The Organization follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Organization is exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

World Central Kitchen, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("CECL"). The FASB has subsequently issued additional guidance amending certain aspects of the measurement of CECL. The new guidance has replaced the incurred loss methodology of recognizing credit losses on financial instruments with a methodology that estimates the expected credit loss on financial instruments and reflects the net amount expected to be collected on the financial instrument. WCK adopted Topic 326 as of January 1, 2022, using the modified retrospective basis. The adoption of this ASU did not have a material impact to the Organization's financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of the date of the statement of financial position are as follows:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash	\$ 135,063,020	\$ 148,173,554
Government contracts receivable	410,400	710,400
Pledges receivable	21,292,832	32,224,447
Investments	17,606,221	13,954,218
Less assets not available:		
Purpose restricted net assets (Note 6)	(6,247,363)	(6,318,083)
Receivables due in more than one year	<u>(1,555,445)</u>	<u>(153,863)</u>
Available financial assets	<u>\$ 166,569,665</u>	<u>\$ 188,590,673</u>

The Organization has structured its financial assets to be available as its general expenditures and liabilities come due. The Organization does not generally experience cash deficits and, therefore, has instituted no mechanism for financing them. The Organization invests cash in excess of foreseeable cash needs in highly liquid investments. See Note 4.

World Central Kitchen, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

NOTE 3 - PLEDGES RECEIVABLE, NET

Pledges receivable represents pledges that are expected to be received in the future. The net amount expected to be received is discounted at an estimated risk adjusted rate of 2% related to a single multi-year pledge. Pledges receivable is expected to be received as follows:

	2023	2022
Less than one year	\$ 19,737,387	\$ 32,070,584
One to five years	1,555,445	170,000
	21,292,832	32,240,584
Less: unamortized discount	-	(16,137)
Pledges receivable, net	\$ 21,292,832	\$ 32,224,447

NOTE 4 - INVESTMENTS

The following provides a summary of amounts held as of December 31:

	2023	2022
Mutual and exchange traded funds:		
Fixed income	\$ 6,117,533	\$ 7,264,940
Equities	7,547,400	6,387,504
U.S. Treasuries	1,568,249	-
Equities	2,217,082	-
	17,450,264	13,652,444
Cash	155,957	301,774
Total	\$ 17,606,221	\$ 13,954,218

Net investment return consists of the following:

	2023	2022
Interest and dividends	\$ 4,740,091	\$ 379,188
Realized and unrealized gains (losses), net	1,718,790	(1,602,374)
Total net investment gain (loss)	\$ 6,458,881	\$ (1,223,186)

World Central Kitchen, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

Investments were recorded at fair value as of December 31, 2023 based on the following level of hierarchy:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds and exchange-traded funds:				
Fixed income	\$ 6,117,533	\$ 6,117,533	\$ -	\$ -
Equities	7,547,400	7,547,400	-	-
U.S. Treasuries	1,568,249	1,568,249	-	-
Equities	<u>2,217,082</u>	<u>2,217,082</u>	<u>-</u>	<u>-</u>
	<u>\$ 17,450,264</u>	<u>\$ 17,450,264</u>	<u>\$ -</u>	<u>\$ -</u>

Investments were recorded at fair value as of December 31, 2022 based on the following level of hierarchy:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds and exchange-traded funds:				
Fixed income	\$ 7,264,940	\$ 7,264,940	\$ -	\$ -
Equities	<u>6,387,504</u>	<u>6,387,504</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,652,444</u>	<u>\$ 13,652,444</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 - PROPERTY AND EQUIPMENT, NET

Property consists of the following:

	<u>2023</u>	<u>2022</u>
Kitchen equipment	\$ 269,343	\$ 264,433
Vehicles	4,642,986	2,325,729
Emergency relief equipment	264,902	201,628
Software	-	205,200
Other equipment	181,236	181,051
Accumulated depreciation	<u>(1,240,520)</u>	<u>(588,981)</u>
Property and equipment, net	<u>\$ 4,117,947</u>	<u>\$ 2,589,060</u>

Depreciation expense was \$717,262 and \$381,244 for the years ended December 31, 2023 and 2022, respectively.

World Central Kitchen, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

NOTE 6 - NET ASSETS WITH RESTRICTIONS

Net assets with restrictions consist of the following:

	2023	2022
Purpose restrictions:		
Public health (COVID)	\$ 4,729,055	\$ 4,729,055
WCK direct	395,879	461,195
Community response	1,122,429	1,127,833
Subtotal	6,247,363	6,318,083
Time restrictions:		
Pledges receivable	3,200,000	153,863
Total	\$ 9,447,363	\$ 6,471,946

Net assets released from restriction were \$73,495,804 and \$271,413,566 for the years ended December 31, 2023 and 2022, respectively. Net assets were released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes specified by the donors or due to the passage of time.

NOTE 7 - CONTRIBUTIONS OF NON-FINANCIAL ASSETS

The Organization's consolidated financial statements include the following contributions of non-financial assets:

	2023	2022
Donated goods	\$ 176,507	\$ 964,124
Professional services	2,527,383	832,778
Total	\$ 2,703,890	\$ 1,796,902

Donated goods are comprised of food, supplies and lodging that are used in emergency relief programs. Professional services are comprised of attorneys who advise the Organization on various legal matters. Donated goods and services are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. Donated goods and services are valued based upon estimates or fair valued for similar products sold and current rates for similar services.

In-kind contributions are not monetized, and contributions of non-financial assets had donor restrictions which totaled \$714,384 and \$1,053,311 as of December 31, 2023 and 2022, respectively. These are recorded as contributions of non-financial assets and are included in program expenses in the statements of activities for the years ended December 31, 2023 and 2022, respectively.

World Central Kitchen, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

NOTE 8 - GRANT EXPENSE

The Organization partners with non-profit organizations and small businesses through its resilience programs to advance human and environmental health, offer access to professional culinary training, create jobs, and improve food security. In the summer of 2022, the organization sunset its resilience programs and associated grants. Previously, the organization had partnered with non-profit organizations and small businesses to advance human and environmental health, offer access to professional culinary training, create jobs, and improve food security. As a part of that work, in early 2022, the Organization made grants to smallholder farmers, fishers, and small food-related businesses.

Grant expense for the years ended December 31, 2023 and 2022 was \$444,276 and \$5,532,887, respectively. The Organization continues to make infrequent grants to nonprofit partners as part of its response efforts.

NOTE 9 - RETIREMENT PLAN

The Organization has a 403(b) retirement savings plan available to all full time employees. The Organization matches 50% of employee contributions, not to exceed four percent of the employee's salary. Retirement plan expense was \$296,954 and \$232,127 for 2023 and 2022, respectively.

NOTE 10 - OPERATING LEASES

The Organization has operating leases for real estate and has entered into various operating lease agreements with property owners.

The Organization adjusted the opening ROU asset balance based on its remaining deferred rent liabilities, rent abatement, and lease incentives. On January 1, 2022, the Organization recorded \$5,068,756 in operating lease ROU assets, and \$5,258,527 in operating lease liabilities. During 2023 and 2022, operating lease assets exchanged for new liabilities totaled \$114,493 and \$353,410, respectively.

The components of lease cost for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 1,044,971	\$ 1,010,668
Short-term lease cost	10,404	96,920
Variable lease costs	<u>126,052</u>	<u>133,347</u>
Total lease cost	<u>\$ 1,181,427</u>	<u>\$ 1,240,935</u>

The lease term and discount rate for operating leases is as follows:

	<u>2023</u>	<u>2022</u>
Weighted average remaining lease term	6.05 years	6.46 years
Weighted average discount rate	1.75%	1.47%

Operating cash flow information related to leases during 2023 and 2022 includes cash paid for leases in the amount of \$942,450 and \$1,070,020, respectively.

World Central Kitchen, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

Future undiscounted minimum future lease payments under non-cancelable leases as of December 31, 2023, are as follows:

<u>Years Ended December 31,</u>	
2024	\$ 765,259
2025	593,277
2026	498,506
2027	485,958
2028	498,107
2029 and thereafter	<u>1,093,502</u>
Total future lease payments	3,934,609
Less: imputed interest	<u>(198,289)</u>
Present value of lease liabilities	<u>\$ 3,736,320</u>

NOTE 11 - RELATED PARTY TRANSACTIONS

The Organization receives contributions from board members and other related organizations in the normal course of business. There were no material related party transactions for the years ended December 31, 2023 and 2022.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

All funds expended by the Organization in connection with government grants and contracts are subject to audit by government agencies. In the opinion of management, any cost disallowances resulting from these audits would not have a material impact on the Organization's financial statements.

In the normal course of business, the Organization may from time to time be subject to various claims and lawsuits. Certain lawsuits may be covered, in full or in part, by external insurance coverage. In the opinion of management, there are no lawsuits outstanding that would have a material adverse effect on the financial statements of the Organization.

NOTE 13 - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through October 28, 2024, the date the financial statements were available to be issued, and concluded that there were no subsequent events requiring adjustment or disclosure.