

Consolidated Financial Statements,  
Report of Independent Certified Public  
Accountants and Single Audit Reports

**World Central Kitchen, Inc. and Affiliates**

December 31, 2021 and 2020

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
World Central Kitchen, Inc., and Affiliates

**Report on the financial statements****Opinion**

We have audited the consolidated financial statements of World Central Kitchen, Inc. and Affiliates (the “Entity”), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, 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 Entity as of December 31, 2021 and 2020, and the changes in their net assets and their 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Entity and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the 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 Entity’s ability to continue as a going concern for one year after the date the financial statements are issued or 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 and *Government 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 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 and *Government Auditing Standards*, 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 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 Entity'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 Entity'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.

### **Supplementary information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards for the year ended December 31, 2021, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and

certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

### **Other reporting required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2022 on our consideration of the Entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

*Grant Thornton LLP*

Arlington, Virginia  
September 28, 2022

**World Central Kitchen, Inc. and Affiliates**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**December 31,**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash	\$ 88,481,221	\$ 48,047,055
Government contracts receivable	3,471,387	7,674,079
Pledges receivable, net	9,214,194	8,392,166
Investments	12,379,856	7,374,861
Prepaid expenses	740,947	254,498
Property and equipment, net	1,113,302	758,230
Total assets	\$ 115,400,907	\$ 72,500,839
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 2,837,073	\$ 3,444,917
Accrued expenses and other liabilities	157,309	22,882
Grants payable	-	760,925
Total liabilities	2,994,382	4,228,724
 <b>Net assets</b>		
Without donor restrictions	96,198,651	55,365,747
With donor restrictions	16,207,874	12,906,368
Total net assets	112,406,525	68,272,115
Total liabilities and net assets	\$ 115,400,907	\$ 72,500,839

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

**World Central Kitchen, Inc. and Affiliates**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and revenues</b>			
Contributions and grants	\$ 81,974,322	\$ 25,565,139	\$ 107,539,461
In-kind contributions	794,148	-	794,148
Government contracts	15,001,633	-	15,001,633
Interest income	3,632	-	3,632
Net asset releases	22,263,633	(22,263,633)	-
Total support and revenues	120,037,368	3,301,506	123,338,874
<b>Expenses</b>			
Programs:			
Emergency relief effort programs	68,833,256	-	68,833,256
Resilience programs	2,486,501	-	2,486,501
Management and general	5,782,140	-	5,782,140
Fundraising	2,438,052	-	2,438,052
Total expenses	79,539,949	-	79,539,949
Excess of support and revenues over expenses	40,497,419	3,301,506	43,798,925
Net investment return	335,485	-	335,485
<b>CHANGE IN NET ASSETS</b>	40,832,904	3,301,506	44,134,410
Net assets, beginning of year	55,365,747	12,906,368	68,272,115
Net assets, end of year	\$ 96,198,651	\$ 16,207,874	\$ 112,406,525

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

**World Central Kitchen, Inc.**

**STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and revenues</b>			
Contributions and grants	\$ 208,027,384	\$ 42,144,643	\$ 250,172,027
In-kind contributions	3,182,724	-	3,182,724
Government contracts	16,618,581	-	16,618,581
Interest income	15,141	-	15,141
Net asset releases	32,008,112	(32,008,112)	-
Total support and revenues	259,851,942	10,136,531	269,988,473
<b>Expenses</b>			
Programs:			
Emergency relief effort programs	220,888,719	-	220,888,719
Resilience programs	2,386,867	-	2,386,867
Management and general	3,085,358	-	3,085,358
Fundraising	2,084,383	-	2,084,383
Total expenses	228,445,327	-	228,445,327
Excess of support and revenues over expenses	31,406,615	10,136,531	41,543,146
Net investment return	414,636	-	414,636
<b>CHANGE IN NET ASSETS</b>	31,821,251	10,136,531	41,957,782
Net assets, beginning of year	23,544,496	2,769,837	26,314,333
Net assets, end of year	\$ 55,365,747	\$ 12,906,368	\$ 68,272,115

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

**World Central Kitchen, Inc. and Affiliates**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2021**

	<u>Program Services</u>		<u>Supporting Activities</u>		<u>Total</u>
	<u>Emergency Relief Programs</u>	<u>Resilience Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	
Food and supplies	\$ 59,492,788	\$ 118,214	\$ 516,021	\$ 7,267	\$ 60,134,290
U.S. salaries and benefits	2,189,407	906,168	2,682,490	796,636	6,574,701
Subcontractors	2,656,843	15,659	91,090	45,969	2,809,561
Travel	875,998	70,684	150,838	25,055	1,122,575
Facilities, food and entertainment	297,420	8,301	2,076	-	307,797
Grants	664,570	1,294,601	250,000	-	2,209,171
Professional fees	290,181	14,197	788,764	80,546	1,173,688
Licenses and fees	49,473	5,597	110,721	1,336,953	1,502,744
Marketing/advertising	-	10,333	118	361	10,812
Occupancy	76,069	4,657	359,221	1,532	441,479
Office expense	719,340	30,755	495,118	117,247	1,362,460
Postage and printing	584,938	1,500	91,888	25,470	703,796
In-kind food, supplies and lodging	794,147	-	-	-	794,147
Insurance	17,422	105	243,795	1,016	262,338
Depreciation expense	124,660	5,730	-	-	130,390
Expenses reported on the statements of activities	<u>\$ 68,833,256</u>	<u>\$ 2,486,501</u>	<u>\$ 5,782,140</u>	<u>\$ 2,438,052</u>	<u>\$ 79,539,949</u>

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

World Central Kitchen, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	Program Services		Supporting Activities		Total
	Emergency Relief Programs	Resilience Programs	Management and General	Fundraising	
Food and supplies	\$ 207,203,656	\$ 48,147	\$ 41,197	\$ 307	\$ 207,293,307
U.S. salaries and benefits	1,870,295	664,112	1,911,940	432,286	4,878,633
Subcontractors	6,879,206	36,136	132,202	1,500	7,049,044
Travel	1,772,230	27,135	5,796	62,471	1,867,632
Facilities, food and entertainment	6,060	13,261	142	30,584	50,047
Grants	10,200	1,463,873	-	-	1,474,073
Professional fees	283,023	91,880	339,885	52,803	767,591
Licenses and fees	22,195	6,066	157,231	1,468,983	1,654,475
Marketing/advertising	2,439	5,161	5,428	689	13,717
Occupancy	63,576	3,887	115,788	1,422	184,673
Office expense	131,301	19,624	170,162	24,492	345,579
Postage and printing	262,805	7,585	9,283	8,799	288,472
In-kind food, supplies and lodging	2,254,262	-	-	-	2,254,262
Insurance	89,480	-	115,301	47	204,828
Depreciation expense	37,991	-	81,003	-	118,994
Expenses reported on the statements of activities	<u>\$ 220,888,719</u>	<u>\$ 2,386,867</u>	<u>\$ 3,085,358</u>	<u>\$ 2,084,383</u>	<u>\$ 228,445,327</u>

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

**World Central Kitchen, Inc. and Affiliates**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31,**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 44,134,410	\$ 41,957,782
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Realized and unrealized gains on investments, net	(335,485)	(381,750)
Depreciation expense	130,390	118,994
Changes in operating assets and liabilities:		
Government contracts receivable	4,202,692	(7,674,079)
Pledges receivable, net	(822,028)	(7,830,975)
Prepaid expenses	(486,449)	(180,407)
Accounts payable	(607,844)	2,543,352
Accrued expenses and other liabilities	134,427	(75,796)
Grants payable	(760,925)	357,155
	45,589,188	28,834,276
<b>Investing activities:</b>		
Purchase of property and equipment	(485,462)	-
Purchase of investments	(11,373,789)	(8,706,435)
Proceeds from sales of investments	6,704,229	8,676,196
	(5,155,022)	(30,239)
<b>NET INCREASE IN CASH</b>	40,434,166	28,804,037
Cash, beginning of year	48,047,055	19,243,018
Cash, end of year	\$ 88,481,221	\$ 48,047,055

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

## World Central Kitchen, Inc. and Affiliates

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 and 2020

#### 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, and building resilient food systems with locally led solutions. It has served millions of fresh meals to people impacted by natural and humanitarian disasters around the world in countries like Gaza, Spain, Australia, Germany, Brazil, Venezuela, Guatemala, Haiti, and the United States. Additionally, WCK has trained hundreds of chefs and school cooks, advanced clean cooking practices, and awarded grants to farms, fisheries and small food businesses while also providing training and networking opportunities through its programs in the Caribbean and Central America.

During 2021 the Organization registered 2 new affiliates in Haiti and Spain representing this a strategic positioning in Europe and the Caribbean to leverage local resources and to improve disaster response timeliness and efficiency. In Spain, over 230,000 fresh meals were served for 6 months to the communities affected by a volcan eruption in La Palma.

No disaster response has occurred since Haiti entity registration, but WCK was present and active in multiple locations during the devastating 2021 Haiti earthquake serving fresh meals and nutritious food kits across the country.

#### ***Principles of Consolidation***

The consolidated financial statements beginning with the year ended December 31, 2021, include the accounts of WCK, WCK Haiti, 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***

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 \$87,446,190 in excess of insured limits at December 31, 2021.

#### ***Investments***

Investments are reported at fair value. As of December 31, 2021 and 2020, 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).

**World Central Kitchen, Inc. and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

***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 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 Organizations 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.

***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 5 to 30 years.

***Grants Payable***

The Organization has recorded grants payable for its unconditional promises to provide funding as discussed in Note 8. All grant commitments are expected to be disbursed in the subsequent year.

***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

## World Central Kitchen, Inc. and Affiliates

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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, 2021 and 2020.

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

As of December 31, 2021 and 2020, respectively, the Organization had \$0 and \$852,932 in unrecognized federal contracts revenue. The revenue related to these agreements is conditional based on the Organization incurring allowable expenditures under the terms of the agreements.

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.

#### **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.

Management and General - those activities 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

## World Central Kitchen, Inc. and Affiliates

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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.

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

#### ***Recent Accounting Pronouncements***

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). The amendments in ASU 2016-02 create FASB Accounting Standards Codification (ASC) Topic 842, *Leases*, and supersede the requirements in ASC Topic 840, *Leases*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for all leases, including operating leases, with a term greater than 12 months. Under the guidance of ASU 2016-02, a lessee should recognize in the statement of financial position, a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The accounting applied by a lessor under ASU 2016-02 is largely unchanged from that applied under ASC Topic 840. The effective date for this guidance is for the fiscal year ending December 31, 2022. The Organization is currently in the process of evaluating the impact of the new standard on its financial statements.

In July 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendment is intended to increase transparency of contributed nonfinancial assets for not-for-profit entities through enhancements in presentation and disclosure requirements. Under the new ASU, not-for-profit entities will be required to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU will be effective for the Organization for the year ending December 31, 2022. The Organization is currently evaluating the impact of the adoption of this guidance on the consolidated financial statements.

**World Central Kitchen, Inc. and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

**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:

	2021	2020
Financial assets:		
Cash	\$ 88,327,402	\$ 48,047,055
Government contracts receivable	3,471,387	7,674,079
Pledges receivable	9,214,194	8,392,166
Investments	12,379,856	7,374,861
Less assets not available:		
Purpose restricted net assets (Note 6)	(16,082,126)	(12,778,925)
Receivables due in more than one year	(120,749)	(77,443)
Available financial assets	\$ 97,612,840	\$ 58,581,793

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.

**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:

	2021	2020
Less than one year	\$ 9,093,445	\$ 8,314,723
One to five years	158,000	100,000
	9,251,487	8,414,674
Less - unamortized discount	(37,251)	(22,557)
Pledges receivable, net	\$ 9,214,194	\$ 8,392,166

**World Central Kitchen, Inc. and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

**NOTE 4 - INVESTMENTS**

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

	2021	2020
Mutual and exchange traded funds:		
Fixed income	\$ 4,980,146	\$ 3,008,251
Equities	6,198,067	256,305
	11,178,213	3,264,556
Cash	1,201,643	4,110,305
Total	\$ 12,379,856	\$ 7,374,861

Net investment return consists of the following:

	2021	2020
Interest and dividends	\$ 3,632	\$ 32,886
Realized and unrealized gains, net	335,485	381,750
Total net investment return	\$ 339,117	\$ 414,636

**NOTE 5 - PROPERTY AND EQUIPMENT, NET**

Property consists of the following:

	2021	2020
Leasehold improvements	\$ 239,735	\$ 239,735
Kitchen equipment	302,432	273,895
Vehicles	379,828	272,860
Emergency relief equipment	201,628	201,628
Software	188,100	-
Other equipment	161,855	-
Accumulated depreciation	(360,275)	(229,888)
Property and equipment, net	\$ 1,113,302	\$ 758,230

Depreciation expense was \$130,390 and \$118,994 for the years ended December 31, 2021 and 2020, respectively.

**World Central Kitchen, Inc. and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

**NOTE 6 - NET ASSETS WITH RESTRICTIONS**

Net assets with restrictions consist of the following:

	2021	2020
Purpose restrictions:		
Public health (COVID)	\$ 5,887,240	\$ 11,130,828
Relief general pool	5,671,734	78,482
Climate disaster fund	2,459,416	838,841
WCK direct	1,933,143	412,329
Community response	135,592	318,592
	16,082,126	12,778,925
Time restrictions:		
Pledges receivable	120,749	127,443
	\$ 16,207,874	\$ 12,906,368

Net assets released from restriction were \$22,263,633 and \$32,008,112 for the years ended December 31, 2021 and 2020, 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 - IN-KIND CONTRIBUTIONS**

The Organization received donated goods totaling \$257,000 and \$854,000 during the years ended December 31, 2021 and 2020. The Organization also received donated services totaling \$538,000 and \$2,250,000 during the years ended December 31, 2021 and 2020. These are recorded as in-kind contributions and included in program expenses in the statements of activities for the years ended December 31, 2021 and 2020, respectively

**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 2021 and 2020, the Organization made grants to smallholder farmers, fishers, and small food-related businesses in Puerto Rico, US Virgin Islands, The Bahamas, and Guatemala by providing funding, training, and networking opportunities as well as to support a culinary school in Haiti to prepare young, aspiring chefs for their first job in the commercial kitchens of local restaurants, hotels, caterers, and other institutions like schools or hospitals.

Grant expense for the years ended December 31, 2021 and 2020 was \$2,209,170 and \$1,474,073, respectively.

**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 \$177,374 and \$100,973 for 2021 and 2020, respectively.

**World Central Kitchen, Inc. and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

**NOTE 10 - OPERATING LEASES**

On December 1, 2018, the Organization entered a 25-month lease for its office space in Washington, D.C. office space. The lease required monthly payments and was terminated in October 2020, and the Organization did not sign another long-term lease for office space.

On January 22, 2020, the Organization entered into a lease agreement for a warehouse in Washington, DC with a term of 124 months.

On July 17, 2020, the Organization entered into a lease for a warehouse in Sacramento, California with a term of 36 months commencing August 1, 2020.

Subsequent to December 31, 2021, the Organization into a lease for a warehouse in Marrero, Louisiana with a term of 24 months commencing April 15, 2022. Future payments on this lease are reflected in the future minimum rental payments table below.

Rent expense is recognized on a straight-line basis over the life of the lease. Deferred rent as of December 31, 2021 and 2020 was \$49,728 and \$3,344, respectively, and is included in accrued expenses and other liabilities in the statement of financial position.

The following is a schedule of the approximate future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2021:

Years Ending December 31:

2022	\$ 610,011
2023	531,328
2024	476,773
2025	469,217
2026	480,948
Thereafter	<u>1,560,436</u>
	<u>\$ 4,028,713</u>

Total rental expense for the years ended December 31, 2021 and 2020 was \$292,846 and \$107,396, respectively.

**NOTE 11 - RELATED PARTY TRANSACTIONS**

The Organization receive contributions from board members and other related organizations in the normal course of business.

**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.

**World Central Kitchen, Inc. and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

**NOTE 13 - SUBSEQUENT EVENTS**

The Organization has evaluated events and transactions for potential recognition or disclosure through September 28, 2022, the date the financial statements were available to be issued, and concluded that there were no additional subsequent event disclosures requiring adjustment or disclosure other than the disclosure included within Note 10.

Subsequent to December 31, 2021, the Organization entered into a lease for a warehouse in Marrero, Louisiana with a term of 24 months commencing April 15, 2022.

## SINGLE AUDIT REPORTS

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
World Central Kitchen, Inc. and Affiliates

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of World Central Kitchen, Inc. and Affiliates (the “Entity”), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2022.

### **Report on internal control over financial reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Entity’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on compliance and other matters**

As part of obtaining reasonable assurance about whether the Entity’s consolidated financial statements are free from material misstatement, we performed tests of its

compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this report**

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

*Grant Thornton LLP*

Arlington, Virginia  
September 28, 2022

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
World Central Kitchen, Inc. and Affiliates

### **Report on compliance for each major federal program**

#### **Opinion on each major federal program**

We have audited the compliance of World Central Kitchen, Inc., and Affiliates (the “Entity”) with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget’s *OMB Compliance Supplement* that could have a direct and material effect on each of the Entity’s major federal programs for the year ended December 31, 2021. The Entity’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Entity complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

#### **Basis for opinion on each major federal program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (US GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Entity and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Entity’s compliance with the compliance requirements referred to above.

#### **Responsibilities of management for compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Entity’s federal programs.

### **Auditor's responsibilities for the audit of compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Entity's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Entity's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on internal control over compliance**

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

material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the Entity's internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Grant Thornton LLP*

Arlington, Virginia  
September 28, 2022

World Central Kitchen, Inc. and Affiliates  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Number	Federal Expenditures	Provided to Subrecipients
<b>U.S. Department of the Treasury:</b>				
Pass-through awards:				
City of San Jose - COVID-19 Coronavirus Relief Fund	21.019	665919	\$ 2,425,195	\$ -
Total Coronavirus Relief Fund			<u>2,425,195</u>	<u>-</u>
<b>Total U.S. Department of Treasury</b>			<u>2,425,195</u>	<u>-</u>
<b>U.S. Department of Homeland Security:</b>				
Pass-through awards:				
Ventura County Area Agency				
Disaster Grants - Public Assistance (Presidentially Declared Disasters) City of San Jose -	97.036	4482-DR-CA, Cal OES ID:111-00000	3,367,813	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters) City of Oakland -	97.036	665920	3,045,359	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters) Baltimore City Health Department -	97.036	3005774	2,728,983	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters) United Way Worldwide -	97.036	396000	1,240,812	-
COVID -19 Disaster Grants - Public Assistance (Presidentially Declared Disasters) Little Rock - City of Arkansas	97.036	N/A	853,642	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FP-104-010-03	<u>47,845</u>	<u>-</u>
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			<u>11,284,454</u>	<u>-</u>
<b>Total U.S. Department of Homeland Security</b>			<u>11,284,454</u>	<u>-</u>
<b>U.S. Department of Agriculture</b>				
Farmers Market and Local Food Promotion Program (B)	10.175	N/A	43,250	-
Total U.S. Department of Agriculture			<u>43,250</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 13,752,899</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

**World Central Kitchen, Inc. and Affiliates**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year ended December 31, 2021**

**NOTE A - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards for the year ended December 31, 2021 (the Schedule) presents expenditures of World Central Kitchen, Inc. and Affiliates (the Organization) charged to federal awards programs. The information in this schedule is presented on the accrual basis of accounting and is in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

**NOTE B - INDIRECT COST RATE**

The Organization has not elected to use the 10 percent de minimis cost rate allowed under Uniform Guidance.

**World Central Kitchen, Inc. and Affiliates**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year ended December 31, 2021**

**I. Summary of Auditor's Results**

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes  X  no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes  X  None reported

Noncompliance material to financial statements noted

\_\_\_\_\_ yes  X  no

***Federal Awards***

Internal control over major program:

- Material weakness(es) identified? \_\_\_\_\_ yes  X  no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes  X  None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

\_\_\_\_\_ yes  X  no

Identification of major programs:

Federal Assistance Listing Number

Name of Federal Program

21.019  
97.036

COVID-19 Coronavirus Relief Fund  
Disaster Grants - Public Assistance  
(Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and B programs

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes  X  no

**World Central Kitchen, Inc. and Affiliates**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**Year ended December 31, 2021**

**II. Financial Statement Findings**

None reported

**III. Federal Award Findings and Questioned Costs**

None reported