

Financial Statements and Report of  
Independent Certified Public  
Accountants

**World Central Kitchen, Inc.**

December 31, 2020 and 2019

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
World Central Kitchen, Inc.

**Report on the financial statements**

We have audited the accompanying financial statements of World Central Kitchen, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Central Kitchen, Inc. as of December 31, 2020, and the changes in its their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other matters**

The financial statements of the Organization as of and for the year ended December 31, 2019 were audited by other auditors. Those auditors expressed an unmodified opinion on those 2019 financial statements in their report dated October 26, 2020.

*Grant Thornton LLP*

Arlington, Virginia  
November 23, 2021

**World Central Kitchen, Inc.**

**STATEMENTS OF FINANCIAL POSITION**

**December 31,**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash	\$ 48,047,055	\$ 19,243,018
Government contracts receivable	7,674,079	-
Pledges receivable, net	8,392,166	561,191
Investments	7,374,861	6,962,822
Prepaid expenses	254,498	74,091
Property and equipment, net	758,230	877,224
Total assets	<b>\$ 72,500,839</b>	<b>\$ 27,718,346</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 3,444,917	\$ 901,565
Accrued expenses and other liabilities	22,882	98,678
Grants payable	760,925	403,770
Total liabilities	4,228,724	1,404,013
 <b>Net assets</b>		
Without donor restrictions	55,365,747	23,544,496
With donor restrictions	12,906,368	2,769,837
Total net assets	68,272,115	26,314,333
Total liabilities and net assets	<b>\$ 72,500,839</b>	<b>\$ 27,718,346</b>

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

**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)	-
	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
	228,445,327	-	228,445,327
Total expenses			
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>	<b>10,136,531</b>	<b>41,957,782</b>
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.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenues</b>			
Contributions:			
Contributions	\$ 27,348,967	\$ 1,108,162	\$ 28,457,129
In-kind contributions	76,081	-	76,081
Event: Dine-n-Dash:			
Revenues	710,607	-	710,607
Direct donor benefits	<u>(251,216)</u>	<u>-</u>	<u>(251,216)</u>
Net	459,391	-	459,391
Interest income	122,773	-	122,773
Net asset releases	<u>1,012,638</u>	<u>(1,012,638)</u>	<u>-</u>
Total support and revenues	29,019,850	95,524	29,115,374
<b>Expenses</b>			
Programs:			
Emergency relief effort programs	13,978,865	-	13,978,865
Resilience programs	1,457,980	-	1,457,980
Management and general	913,936	-	913,936
Fundraising	<u>2,292,651</u>	<u>-</u>	<u>2,292,651</u>
Total expenses	<u>18,643,432</u>	<u>-</u>	<u>18,643,432</u>
Excess of support and revenues over expenses	10,376,418	95,524	10,471,942
Net investment return	<u>161,701</u>	<u>-</u>	<u>161,701</u>
<b>CHANGE IN NET ASSETS</b>	10,538,119	95,524	10,633,643
Net assets, beginning of year	<u>13,006,377</u>	<u>2,674,313</u>	<u>15,680,690</u>
Net assets, end of year	<u>\$ 23,544,496</u>	<u>\$ 2,769,837</u>	<u>\$ 26,314,333</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 statement 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.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2019**

	<b>Program Services</b>		<b>Supporting Activities</b>			<b>Total</b>
	<b>Emergency Relief Programs</b>	<b>Resilience Programs</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Direct Donor Benefits</b>	
Food and supplies	\$ 9,592,614	\$ 57,242	\$ 1,953	\$ 17,099	\$ -	\$ 9,668,908
U.S. salaries and benefits	1,040,627	351,644	380,081	296,120	-	2,068,472
Subcontractors	1,400,639	87,450	31,566	71,642	-	1,591,297
Travel	1,300,802	54,249	38,904	156,267	-	1,550,222
Facilities, food and entertainment	12,491	7,817	567	862,315	251,216	1,134,406
Grants	67,900	789,015	-	-	-	856,915
Professional fees	40,214	17,550	212,320	318,407	-	588,491
Licenses and fees	39,116	3,055	43,870	405,977	-	492,018
Marketing/advertising	198,830	8,371	83,567	47,049	-	337,817
Occupancy	86,033	24,456	30,851	32,591	-	173,931
Office expense	43,235	13,149	65,374	20,613	-	142,371
Postage and printing	31,470	4,028	10,770	43,406	-	89,674
In-kind food, supplies and lodging	61,081	-	-	15,000	-	76,081
Insurance	38,275	5,812	14,113	6,165	-	64,365
Depreciation expense	25,538	34,142	-	-	-	59,680
<b>Total expenses</b>	<b>13,978,865</b>	<b>1,457,980</b>	<b>913,936</b>	<b>2,292,651</b>	<b>251,216</b>	<b>18,894,648</b>
Donor benefits shown net of event revenues	-	-	-	-	(251,216)	(251,216)
<b>Expenses reported on the statement of activities</b>	<b>\$ 13,978,865</b>	<b>\$ 1,457,980</b>	<b>\$ 913,936</b>	<b>\$ 2,292,651</b>	<b>\$ -</b>	<b>\$ 18,643,432</b>

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

**World Central Kitchen, Inc.**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31,**

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 41,957,782	\$ 10,633,643
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Realized and unrealized gains on investments, net	(381,750)	(78,065)
Depreciation expense	118,994	59,680
Changes in operating assets and liabilities:		
Government contracts receivable	(7,674,079)	-
Pledges receivable, net	(7,830,975)	188,748
Prepaid expenses	(180,407)	(23,841)
Accounts payable	2,543,352	681,236
Accrued expenses and other liabilities	(75,796)	74,064
Grants payable	357,155	26,968
	28,834,276	11,562,433
<b>Investing activities:</b>		
Purchase of property and equipment	-	(595,285)
Purchase of investments	(8,706,435)	(775,274)
Proceeds from sales of investments	8,676,196	299,892
	(30,239)	(1,070,667)
<b>NET INCREASE IN CASH</b>	28,804,037	10,491,766
Cash, beginning of year	19,243,018	8,751,252
Cash, end of year	\$ 48,047,055	\$ 19,243,018

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

**World Central Kitchen, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

**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 uses the power of food to nourish communities and strengthen economies in times of crisis and beyond and has created a new model for disaster response through its work helping devastated communities recover and establish resilient food systems. It has served more than 50 million fresh meals to people impacted by natural disasters and other crises around the world in countries including The Bahamas, Indonesia, Lebanon, Mozambique, Venezuela, 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.

***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 \$46,915,461 in excess of insured limits at December 31, 2020.

***Investments***

Investments are reported at fair value. As of December 31, 2020 and 2019, 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).

***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.

**World Central Kitchen, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

***Grants Payable***

The Organization has recorded grants payable for its unconditional promises to provide funding as discussed in Note 9. 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 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. The Organization has no net assets restricted for perpetuity as of December 31, 2020 and 2019.

*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.

***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. Revenue is recognized when an unconditional promise to give is received, or when conditions are satisfied.

As of December 31, 2020 and 2019, respectively, the Organization had \$852,932 and \$0 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.

World Central Kitchen, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

- 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 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.

***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 did not earn any unrelated business taxable income for the years ended December 31, 2020 or 2019. Therefore, no provision for income taxes is reflected in the accompanying financial statements.

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

World Central Kitchen, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

**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.

**Reclassifications**

Certain amounts in the 2019 consolidated financial statements have been reclassified to conform to the 2020 presentation.

**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>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 48,047,055	\$ 19,243,018
Government contracts receivable	7,674,079	-
Pledges receivable	8,392,166	561,191
Investments	7,374,861	6,962,822
Less assets not available:		
Purpose restricted net assets (Note 6)	(12,906,368)	(2,594,084)
Receivables due in more than one year	(77,443)	(125,753)
	<u>\$ 58,504,350</u>	<u>\$ 24,047,194</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.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

**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:

	2020	2019
Less than one year	\$ 8,314,723	\$ 435,438
One to five years	100,000	150,000
	8,414,674	585,438
Less - unamortized discount	(22,557)	(24,247)
Pledges receivable, net	\$ 8,392,166	\$ 561,191

**NOTE 4 - INVESTMENTS**

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

	2020	2019
Mutual funds:		
Fixed income	\$ 3,008,251	\$ 3,027,594
Equities	256,305	272,994
	3,264,556	3,300,588
Cash	4,110,305	3,662,234
Total	\$ 7,374,861	\$ 6,962,822

Net investment return consists of the following:

	2020	2019
Interest and dividends	\$ 32,886	\$ 83,636
Realized and unrealized gains, net	381,750	78,065
Total net investment return	\$ 414,636	\$ 161,701

**World Central Kitchen, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

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

Property consists of the following:

	2020	2019
Leasehold improvements	\$ 239,735	\$ 239,735
Kitchen equipment	273,895	273,894
Vehicles	272,860	272,860
Emergency relief equipment	201,628	201,628
Accumulated depreciation	(229,888)	(110,893)
Property and equipment, net	\$ 758,230	\$ 877,224

Depreciation expense was \$118,994 and 59,680 for the years ended December 31, 2020 and 2019, respectively.

**NOTE 6 - NET ASSETS WITH RESTRICTIONS**

Net assets with restrictions consist of the following:

	2020	2019
Purpose restrictions:		
Puerto Rico - disaster relief and grants	\$ 838,841	\$ 2,571,432
Haiti - Sink to Stove Program	-	22,652
Chefs for America - Oakland, California	3,923,612	-
Chefs for America - California	4,513,315	-
Chefs for America - Miami, Florida	2,693,901	-
World Central Kitchen Direct - New York	412,329	-
Chefs for Beirut	78,483	-
Chefs for the Polls	318,444	-
Subtotal	12,778,925	2,594,084
Time restrictions:		
Pledges receivable	127,443	175,753
Total	\$ 12,906,368	\$ 2,769,837

Net assets released from restriction were \$32,008,112 and \$1,012,638 for the years ended December 31, 2020 and 2019, 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 meal delivery service for 300,000 meals during the year ended December 31, 2020. The fair value of the contributed delivery services totaled \$2,250,000. The Organization did not receive contributed delivery services in 2019.

**World Central Kitchen, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

In addition to these delivery services received in 2020, the Organization received items and services such as kitchen supplies and discounts for lodging while carrying out its mission as well as office space.

A total of \$3,182,724 and \$76,081 is recorded as in-kind contributions and included in program expenses in the statement of activities for the years ended December 31, 2020 and 2019, respectively.

**NOTE 8 - FUNDRAISING EVENT**

The Organization's annual Dine-n-Dash fundraising event was not held in 2020 due to the COVID-19 Pandemic.

For the year ended December 31, 2019, the Organization generated the following revenues and expenses from its annual Dine-n-Dash fundraising event:

Fair value of tickets sold	\$ 259,350
Sponsorships and contributions	<u>451,257</u>
Total event revenues	710,607
Direct donor benefits	<u>(251,216)</u>
Event proceeds - net	459,391
Fundraising costs	<u>(71,948)</u>
Net revenue from events	<u>\$ 387,443</u>

**NOTE 9 - 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 2020 and 2019, 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, 2020 and 2019 was \$1,474,073 and \$818,721, respectively.

**NOTE 10 - RETIREMENT PLAN**

In August 2018, the Organization adopted 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 \$100,973 and \$46,871 for 2020 and 2019, respectively.

**World Central Kitchen, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

**NOTE 11 - 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.

Rent expense is recognized on a straight-line basis over the life of the lease. Deferred rent as of December 31, 2020 and 2019 was \$3,344 and \$12,576, 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, 2020:

Years Ending December 31:

2021	\$	469,488
2022		482,395
2023		474,328
2024		457,773
2025		469,218
Thereafter		<u>2,041,384</u>
	\$	<u>4,394,586</u>

Total rental expense for the years ended December 31, 2020 and 2019 was \$107,396 and \$147,590, respectively.

**NOTE 12 - RELATED PARTY TRANSACTIONS**

The Organization received contributions from board members and other related organizations during the years ended December 31, 2020 and 2019, totaling \$0 and \$250,000, respectively.

**NOTE 13 - 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.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

**NOTE 14 - RISKS AND UNCERTAINTIES**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. The spread of COVID-19 has caused significant volatility in the U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact on its operations.

**NOTE 15 - SUBSEQUENT EVENTS**

World Central Kitchen Delegacion De Fundacion Extranjera En Espana (“World Central Kitchen Spain”) and World Central Kitchen Haiti, both wholly owned subsidiaries of World Central Kitchen, Inc. were formally registered with their respective foreign governments on April 1, 2021 and July 14, 2021, respectively.

The Organization has evaluated events and transactions for potential recognition or disclosure through November 23, 2021, the date the financial statements were available to be issued, and concluded that there were no additional subsequent event disclosures requiring adjustment or disclosure.